

PROCUREMENT POLICY

OCTOBER, 2002

JOINT OCEANOGRAPHIC INSTITUTIONS

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PROCUREMENT OPERATIONS MISSION STATEMENT

JOI's objective in implementing procurement policies and practices is to provide a foundation for timely delivery of the best value products and services to sponsoring agencies and to procure products and services which satisfy corporate needs for cost, quality, and regulatory requirements.

As a nonprofit institution, JOI receives grants and cooperative agreements. Therefore, JOI is required to follow the procurement standards in OMB Cir A-110. OMB CirA-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations. The Federal Acquisition Regulation (FAR) establishes the regulatory and statutory requirements for JOI's contractual activities. OMB Cir A-122, Cost Principles for Non-Profit Organizations and OMB Cir A-133, Audits of Institutions of Higher Education and Other Non-Profit Institutions, provide additional guidance on cost accounting standards and audits. Requirement for grants (OMB Cir A-110) and contracts (FAR) are summarized in Appendix 4-01, Requirements for Grants and Contracts.

PROCUREMENT OPERATIONS STANDARDS AND RESPONSIBILITIES

1-01 STANDARDS OF PROCUREMENT OPERATIONS

Effective Date: 10/1/02

The expected standards of procurement operations at JOI are as follows:

- a. JOI personnel who deal with suppliers shall exercise absolute integrity.
- b. All suppliers or potential suppliers will receive fair and impartial treatment. JOI personnel shall not engage in technical leveling, technical transference, or auctioneering.
- c. JOI will not enter into contractual agreements with a supplier if a JOI employee has a financial interest in the supplier's business affairs.
- d. JOI personnel who have an interest in any company that supplies or proposes to supply goods and services to JOI shall promptly disclose the nature of this interest to the Director of Contracts.
- e. Procurement decisions will be made based on the overall best value for each action.
- f. Solicitation from vendors of gifts or compensation in any form is strictly prohibited.
- g. JOI personnel shall notify the Director of Contracts if a supplier or potential supplier offers to compensate JOI personnel in any way for the purpose of obtaining business.

1-02 CONTRACT DEPARTMENT RESPONSIBILITIES

Effective Date: 10/1/02

The Contracts Department is responsible for acquiring all supplies and services; administering contracts, subcontracts, subawards, and purchase orders; and assisting JOI Program personnel in the preparation of proposals to sponsoring agencies. Department objectives are:

- a. Make all purchases in the best interest of JOI and the sponsoring agency;
- b. Obtain timely delivery of quality supplies and services;
- a. Procure from responsive and responsible sources of supply;
- b. Develop a competitive procurement environment;
- c. Deal fairly and impartially with all subcontractors;
- d. Document each transaction;
- e. Procure a fair share of supplies and services from small, small disadvantaged and women-owned businesses;
- f. Avoid conflicts of interest or the appearance of conflicts of interest in all contracting activities.

The Contracts Department has primary responsibility for contract/subcontract negotiations, administration, and closeout as well as travel and routine office ordering agreements.

Contracts and travel personnel shall:

- a. Upon request, assist requisitioners in preparing Purchase Requests/Check Requests (PR's).
- b. Review PR's to ensure complete and accurate information.
- c. Review PR's for authorized signatures.
- d. Obtain price delivery information to develop budget and purchase request estimates.
- e. Prepare documentation for subaward/subcontract approval
- f. Be responsible for proper distribution of award/subaward and purchase order documentation.

The Director of Contracts also assists in preparing proposals, ensures that proposals conform to sponsoring agency requirements, and coordinates with the Director of Finance to provide budgetary data.

Proposal preparation for contracts and grants is a team effort between the JOI Program Offices, Finance and the Contracts Department. The JOI Program Offices have the primary responsibility to initiate proposals for sponsored support. Within the team effort, contracts personnel are responsible for:

- a. Ensuring that proposals provide required administrative, financial and business information; and that required forms, verifications, and representations are submitted.
- b. Coordinating preparation of budget pages with the Director of Finance.

1-03 REQUISITIONER RESPONSIBILITIES

Effective Date: 10/1/02

Requisitioners are responsible for:

- a. Preparing the Purchase Request/Check Request (See Appendix 4-03. Instructions for Preparing Purchase Requests/Check Requests.)
- b. Providing adequate justification for sole source procurements.
- c. Assisting the Contracts Department in negotiating the technical requirements of procurement.
- d. Determining the technical acceptance of supplies or services.
- e. Bringing to Contracts attention the need to make an out of scope change to an existing purchase action.

Contracts reviews the Purchase Request to determine that the estimated cost reflects information provided on backup documents, whether competition is required (over \$2.5K) and whether the sole source justification is adequate if a non-competitive buy is requested. After a determination of the appropriate procurement vehicle (i.e. corporate charge, check request,

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purchase order or subaward/subcontract), the PR is routed to Accounting to do a check of the account codes/job numbers and to consult with the requisitioner if they are not correct.

1-04 DOCUMENTATION

Effective Date: 10/1/02

The Contracts Department establishes files containing the records for all procurement actions. Documentation is sufficient to provide a complete history of the action to:

- a. Provide the background as a basis for informed decisions;
- b. Support the actions taken;
- c. Provide information for reviews and investigations;
- d. Furnish the essential facts in case of litigation;

Examples of the records normally contained in contract files are found at FAR 4.803, Contents of Contract files.

1-05 NUMBERING SYSTEM

Effective Date: 10/1/02

Purchase Orders

When a Purchase Order is the preferred method, they will be numbered sequentially. Purchase order numbers consist of a J, the last two digits of the fiscal year and a sequential four-digit number. For example, the fifth purchase order issued in FY 02 was numbered J020005.

Subcontracts

Subcontracts are numbered sequentially in the fiscal year and begin with the prefix JSC. For example, the first subcontract of FY 02 was numbered JSC 2-01.

APPROVAL AND CONTRACTING AUTHORITY

2-01 APPROVAL AUTHORITY ON PURCHASE REQUESTS

Effective Date: 10/1/02

Before the Contracts Department takes action, authorized signatures from personnel with delegated authority must be obtained on the Purchase Request. Delegations of Authority are issued by the President in writing and disseminated to all JOI personnel. Original delegations are maintained in the contracts department.

2-02 CONTRACTING AUTHORITY

Effective Date: 10/1/02

Authority to legally bind JOI resides in the President of JOI. The President delegates the authority to enter into, administer, and terminate contracts on behalf of JOI to the Director of Contracts. NOTE: JOI personnel who make contractual commitments without an official delegation of authority may make themselves personally liable for the action.

THE ACQUISITION PROCESS

3-01 TYPES OF AQUISITIONS

Effective Date: 10/1/02

When the Contracts Department receives a properly authorized Purchase Request, or is notified that a program office intends to submit a proposal, the acquisition process begins. There are three types of acquisitions:

1. Actions less than \$2,500 are considered micro-purchases and may be awarded orally and without competition.
2. The use of simplified acquisition procedures applies for actions greater than \$2,500 and less than \$100,000. The requester will need to include a sole source justification on the Purchase Request if only one source will satisfy the requirement. The Contracts Department, in conjunction with the requester, will determine the appropriate means to solicit the requirement. The Contracts Department will prepare a Small Purchase Recommendation (Appendix 4-05. Small Purchase Recommendation) prior to award. Refer to Appendix 4-02 for detailed procedures for actions under \$100K.
3. For actions in excess of \$100,000. The use of large purchase procedures is normally appropriate. Contracts Department will request all Sponsoring Agency approvals that are required by the terms and conditions of the prime contract or cooperative agreement. Depending on the type of solicitation contemplated, procedures in FAR Part 14, Sealed Bidding or FAR Part 15, Contracting By Negotiation will be followed. Types of contracts are discussed at FAR Part 16.

3-02 ACQUISITION ELEMENTS AND RESPONSIBILITIES

Effective Date: 10/1/02

Responsibilities for the elements of the acquisition are identified in Table 1 below.

Element	Contracts Department	Program Office	Finance & Accounting
a. Proposal Preparation			
(1) Technical		X	
(2) Business/Contractual	X		
(3) Budgetary			X
b. Contract Execution			
(1) Presolicitation Phase			
• Determining Need			
• Initiating the Procurement	X	X	
• Analyzing Requirements	X	X	
• Sourcing	X	X	
(2) Solicitation-Award			

<ul style="list-style-type: none"> • Solicitation • Evaluation • Award 	<ul style="list-style-type: none"> X X X 	<ul style="list-style-type: none"> X X 	
<p>(3) Contract Administration</p> <ul style="list-style-type: none"> • Startup • Planning • Ordering • Subcontracting • Quality Assurance • Monitoring and Problem Solving • Property • Reporting Performance Problems • Payment & Accounting • Modifications, Closeout, Termination, & Claims 	<ul style="list-style-type: none"> X X X X X X X X X X 	<ul style="list-style-type: none"> X X X X 	<ul style="list-style-type: none"> X X

3-03 BID AND PROPOSAL PROCESSING

Effective Date: 10/1/02

Bids are publicly opened by the Contracts Departments at the appointed bid opening time. At the bid opening, the apparent low bidder is announced. A Contract award is made to the responsive and responsible bidder whose bid is most advantageous to the corporation considering price and price related factors.

Proposals are received by the Contracts Department and forwarded to the requisitioner for technical evaluation. The Contracts Department reviews the business elements of the proposal. Subcontracts will be awarded to the bidder ranking highest under the evaluation scheme identified in the Request for Proposal (RFP).

3-04 BEST AND FINAL OFFERS (BAFOs)

Effective Date: 10/1/02

BAFO's are submitted by bidders in a competitive negotiated procurement after written and oral discussions have been conducted. The Contracts Department will issue a request for BAFOs which includes the following information:

- a. Notice that the period of discussion is ended;
- b. Notice of the final submission date and,
- c. Ramifications of a late submission.

3-05 CONTRACT AND SUBCONTRACT INTERNAL REVIEW

Effective Date: 10/1/02

The Director of Contracts will coordinate major contract actions with the requestor prior to signature. A JOI Routing and Transmittal Sheet will be used to document review, comments and concurrences.

3-06 DOCUMENT DISTRIBUTION

Effective Date: 10/1/02

Subcontracts:

Subawardee	1 Signed Original
Contract File	1 Signed Original
Finance & Accounting	1 Signed Copy
Requisitioner	1 Signed Copy

Modifications:

Subawardee	1 Signed Original
Contract File	1 Signed Original
Finance & Accounting	1 Signed Copy
Requisitioner	1 Signed Copy

3-07 SUBAWARD/SUBCONTRACT ADMINISTRATION

Effective Date: 10/1/02

Subaward administration refers to steps taken by the JOI Contracts Department and Program Offices to ensure compliance with the terms and conditions of the subaward/subcontract. Such steps include routine tasks such as monitoring subaward/subcontract progress, reviewing invoices, processing payments, and closing out subaward/subcontract files. They also include activities that are required by unforeseen circumstances such as scope changes, problems, and disagreements that arise following award. The procedures contained in FAR Part 42 are followed in the conduct of subaward/subcontract administration.

3-08 CLOSEOUTS

Effective Date: 10/1/02

Purchase Orders: Files are closed upon acceptance of service/product and verification from Accounting of a paid, final invoice.

Subawards/Subcontracts: Upon expiration of a subaward/subcontract, the Contracts Department shall send a closeout modification to the subcontractor that establishes the final cost and terminates JOI's obligations under the award.

All funds not invoiced should be deobligated from the order/subcontract as part of the closeout process.

3-09 MODIFICATIONS

Effective Date: 10/1/02

Modifications are any written change to the terms and conditions of a subaward/subcontract, the specifications, delivery, period of performance, or other provisions contained within the agreement.

Bilateral modifications (supplemental agreements) are signed by both parties to the subcontract/subaward and reflect mutual agreement.

Unilateral modifications (change orders) are signed only by JOI and are used to make administrative changes, make changes authorized by clauses, and issue termination notices.

3-10 TERMINATIONS AND CANCELLATIONS

Effective Date: 10/1/02

The Contracts Department shall process terminations or cancellations as appropriate prior to completion of subawards and in accordance with FAR Part 49.

Termination for Convenience. The right to terminate or cancel performance of work in whole or in part if the termination is in JOI's best interest.

Termination for Default. The right to completely or partially terminate performance of work because of a subcontractor's anticipatory or actual failure to perform.

No Cost Cancellation. A mutual agreement to cancel a subcontract at no cost to either party in lieu of termination for convenience.

3-11 REQUEST FOR USE OF CONSULTANTS

Effective Date: 10/1/02

The requestor forwards a completed Purchase Request to the Contracts Department. Competition will be required in selecting a consultant unless the requestor can provide clear and convincing evidence that a particular consultant should be retained on a sole source basis. After the consultant is selected, the Contracts Department will negotiate a contractual arrangement and obtain any necessary approvals from sponsoring agencies. Guidance in FAR Subpart 37.2 is followed when contracting for consultant services.

3-12 FELLOWSHIPS

Effective Date: 10/1/02

Requestors initiate Fellowship grants using a Purchase Request. The Contracts Department shall initiate a bilateral agreement with the proposed Fellow and, upon execution of the agreement, create a purchase order in the MAS 90 accounting system. The Finance Department shall make full payment in advance of performance.

APPENDIX 4-01

REQUIREMENTS FOR GRANTS AND CONTRACTS

Requirements for Grants and Contracts

Requirement	Grants	Contracts
Standards of Conduct	Written Standards of Conduct.	Standards of conduct required prior to award of a Federal agency contract or modification in excess of \$100,000 (FAR 3.104-9).
Competition	All procurements provide, to the maximum extent practical, open and free competition. Awards are made to the bidder whose bid is responsive and most advantageous, price, quality, and other factors considered.	See "Procurement Procedures".
Procurement procedures	Written procedures provide for avoidance of purchasing unnecessary items, analyzing Lease vs. purchase options where appropriate. Solicitations provide for clear and accurate technical requirements, all factors to be used in evaluation, functional requirements if possible, and brand name or equal features, metric as practical. Positive efforts are made to implement energy conservation, small, small disadvantaged, and woman-owned businesses. Contract types selected as appropriate.	Contractor Purchasing System Reviews are conducted for each contractor whose sales to the government exceed \$10 million per year. Areas reviewed include: <ul style="list-style-type: none"> • Price competition • Pricing policies, techniques, and methods. • Methods of evaluating subcontractor responsibility. • Small, small disadvantaged, and women-owned small business concern policies. • Planning, award, and postaward management of major subcontract programs. • Compliance with Cost Accounting Standards. • Appropriateness of types of contracts used.
Requirement	Grants	Contracts
Responsibility	Only responsible subcontractors are used. Evaluation factors include	Prime contractors are responsible for determining the responsibility of their prospective subcontractors (FAR 9.104-4).

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	<p>integrity, past performance, and financial and technical resources.</p> <p>Awards will not be made to subcontractors on the debarred or suspended list.</p>	<p>A prime contractor may be required to provide written evidence of a proposed subcontractor's responsibility.</p> <p>Contractors debarred, suspended, or proposed for debasement are excluded from receiving contracts, and agencies shall not consent to subcontracts with these contractors unless the agency head or a designee determines that there is a compelling reason for such action (FAR 9.405).</p>
Agency review	<p>Agency review is required for solicitations or modifications greater than small purchase threshold.</p>	<p>Consent is required under cost reimbursement contracts for subcontracts that have research work as one of their purposes.</p> <p>Consent is required for all subcontracts over \$25,000 if the contractor does not have an approved purchasing system.</p>
Cost and price analysis	<p>Cost and price analysis are made and documented for every procurement action.</p>	<p>FAR Part 30 - Cost Accounting Standards are applicable to negotiated contracts and subcontracts.</p> <p>Cost and price analysis procedures are subject to CPSR review.</p>
Records	<p>Procurement records and files for large purchases include, at a minimum, the basis for award, justification for lack of competition, and cost or price analysis.</p>	

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Requirement	Grants	Contracts
Contract administration	A system of contract administration is maintained.	See "Procurement Procedures".
	Subcontracts contain provisions to remedy breach of contract (default), termination for convenience, and the basis of settlement.	
	Negotiated contracts greater than the small purchase threshold shall include a provision that the Federal awarding agencies, recipients, the Comptroller General, or authorized representatives will have access to all data pertinent to audits exams.	
Reports	<p>Annual - 90 days after the grant year.</p> <p>Quarterly or semi-annual - 30 days after the reporting period.</p> <p>Federal award agencies may require annual reports before the anniversary date of multiyear awards.</p> <p>Final performance report - 90 day after completion, expiration or termination.</p>	
Freedom of Information Act	FOIA applies.	FOIA applies.

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<p>Contract provisions</p>	<p>All contractual actions shall contain the following provisions:</p> <ul style="list-style-type: none"> • Equal Employment Opportunity • Copeland “Anti-Kickback” Act • Davis-Bacon Act • Contract Work Hours and Safety Standards Act • Right to Inventions Made under a Contract or Agreement • Clean Air Act and Water Pollution Control Act • Byrd Anti-Lobbying Amendment • Debarment and Suspension 	<p>Clauses inapplicable to subcontracts below the simplified acquisition threshold:</p> <p>28.102-3, Miller Act 52.203-1, Officials Not to Benefit 52.203-4, Contingent Fee Representation and Agreement 52.203-5, Covenant Against Contingent Fee 52.203-6, Restriction on Subcontractor Sales to the Government 52.203-7, Anti-Kickback Procedures 52.215-1, Examination of records by the Comptroller General 52.222-4, Contract Work Hours and Safety Standards Act - Overtime Compensation 52.223-5, Certification Regarding a Drug-Free Workplace, except for individuals 52.223-6, Drug-Free Workplace, except for individuals.</p> <p>Acquisition of Commercial Items - provisions required to be included in subcontracts: 52.212-5, Contract Terms and Conditions Required to Implement Statutes or Executive Orders - Commercial Items.</p> <p>Cost -reimbursement contracts and subcontracts, if the terms of the prime contract are extended to the sub, it ordinarily requires the type of insurance in 28.307-2 with the minimum amounts of liability listed. Prior approval is required under cost reimbursement contracts before buying insurance under a group plan.</p>
<p>Termination rights</p>	<p>Awards may be terminated by the Federal awarding agency for default, by mutual agreement, or by the recipient.</p>	<p>Awards may be terminated by the Federal awarding agency for convenience or for default.</p>
<p>Records retention</p>		<p>4 years after final payment.</p>

APPENDIX 4-02

SIMPLIFIED ACQUISITION PROCEDURES AT JOI

PURPOSE

The Federal Acquisition Regulation (FAR) identifies a threshold called the “simplified acquisition threshold” which is for procurements less than \$100,000.00 in value.

The purpose of this document is to outline the techniques and extent of competition that JOI contracts and travel department will follow to procure items and services below the Simplified Acquisition Threshold.

SIMPLIFIED PURCHASE

Currently the term-simplified purchase applies to all procurements with thresholds of \$100,000 or less. There are two purchase categories under the simplified acquisition threshold.

Purchases under \$2,500 are called ***micro purchases***. For these purchases, it is not necessary to obtain any competition and the set-aside for small business does not apply.

Purchases of \$2,501.00 to \$100,000.00 are called ***simplified purchases***. The small business reservation does apply to this level and competition must be achieved.

Purchase Request (PR)

This is the document that JOI uses to request a procurement action. The Purchase Request (PR) provides the necessary authorization to proceed with a procurement. Purchase requests at JOI are reviewed by the Program Manager for need, by the Director of Finance for funding source, allocability and allowability and approved by the Director of Contracts as ready for commencement of the purchase process. Contracts and Travel personnel with delegated purchasing authority shall not take any actions to commit the corporation until a properly completed and approved PR has been received.

Purchase Order (PO)

A written offer made by JOI to buy supplies or non-personal services from commercial sources. The offer is based upon specified FAR terms and conditions that are attached to the PO. The aggregate amount of a single PO shall not exceed the simplified acquisition threshold, currently \$100,000.

APPENDIX 4-02 (Cont'd)

SOLE SOURCE PROCUREMENT

A contract or purchase order over \$2,500.00 for the purchase of supplies or services that is entered into after soliciting and negotiating with only one source. Such procurements must be fully justified to indicate the reasons why competition is not possible.

INSTRUMENTS TO EFFECT SIMPLIFIED PURCHASES

Simplified Purchases at JOI may be accomplished by several methods. These methods are purchase order, corporate purchasing cards, consulting agreements, and Check Requests. As the objective is to eliminate paperwork and achieve optimal efficiency for both the purchasing and finance departments, the following methods are to be utilized to the maximum extent possible.

Purchase Order (PO)

Description: A written offer made by JOI to buy certain supplies or non-personal services from commercial sources. The offer is based upon specified terms and conditions. The aggregate amount shall not exceed the small purchase limit, currently \$100,000. Purchase orders may be used to procure consulting services and establish blanket purchase agreements.

Used: When an action is greater than \$2,500.00 in value or when any of the above procedures cannot be used.

Procedures:

1. Assign P.O. # Purchase Orders will be numbered sequentially with a preface of J (for JOI); 02 for the current fiscal year and 0001, 0002, etc. Purchase Orders for travel and meetings will follow the same scheme except they will begin with "T", for example T02-0001, etc.
2. The purchasing specialist will prepare the purchase order in the MAS-90 system. The PO with the small purchase recommendation form is prepared by the purchasing specialist and reviewed/approved by the Director, Contracts.
3. After signature, make 3 copies of PO.
Distribution: Original to PO file; Copy to Vendor; and copy to original requestor of PR.
4. Place file in OPEN PO file to await receipt and invoice.

APPENDIX 4-02 (Cont'd)

PURCHASE ORDER FILES

Purchase Order files shall be maintained with all pertinent information regarding ordering, processing and receipting. As a minimum a copy of the original PR, the request for competitive quotes, and the small purchase recommendation form must be enclosed. Refer to Federal Acquisition Regulation (FAR) for maintenance and close-out procedures for Purchase Order Files.

When the item or service has been received by JOI and payment has been made in full to the vendor, the original copy of the purchase order must be signed and dated by the requestor. All funds not spent on purchase orders must be “deobligated” from the Purchase Order. Approval of Finance and the requestor is obtained on the JOI Route sheet. The purchase order folder is initialed, marked and filed in the closed-out section.

BLANKET PURCHASE ORDERS (BPO)

This is an order with vendors to cover repetitive small acquisitions for a fiscal year. BPOs are established based on a projection of yearly needs and an approved PR to establish a ceiling amount. BPOs allows JOI to place verbal or online orders up to that limit and eliminate repetitive PRs for recurring office needs.

CORPORATE CREDIT CARD CHARGE

Description: A telephonic or paper charge to the JOI corporate purchase, travel and/or meeting card.

Used: As the priority instrument to complete a procurement for actions up to \$5,000.00 in value.

Procedures: Upon receipt of a properly signed PR, contracting/travel personnel with delegated authority up to \$2,500.00 may call in the charge. Charges over \$2,500.00 must pursue appropriate competition with accompanying file documentation and be reviewed/approved by the Director of Contracts.

CONSULTING AGREEMENTS

This is a procurement (effected by PO, Contract or Subcontract) to procure advice or service from an individual who gives professional advice or services. In general, consultants are individuals who are in business for themselves, offer their services to the public and have an investment in facilities.

CHECK REQUEST

Description: The preparation of a corporate check by Finance to pay for supplies or services which cannot be procured on a corporate charge card.

Used: Actions up to \$2,500.00 when a corporate credit card charge cannot be used. Generally check requests are used for honoraria, postage charges, rent and legal fees and other items that cannot be charged on the purchase card.

Procedures: A PR is forwarded via Finance to the Contracts Dept. Contracts determines that it cannot be applied to the corporate charge card, circles Y for Check Request on the PR form and passes the PR to the accounting department. Accounting holds the PR and issues a check upon receipt of a proper invoice.

PETTY CASH OUTLAY

This is the disbursement of cash for emergency stationery and office supply purchases of \$75.00 and under. Unanticipated transactions greater than \$75.00 must be processed through a Check Request. **Petty Cash reimbursement is not processed via the Contracts Department.** Disbursements of Petty Cash must be properly documented and be for a valid business purpose. With prior supervisory approval, the employee makes the purchase, and tenders their receipt with a copy of a signed PR to Finance. Receipts should include a description of the business purpose of the transaction, identify the goods and services purchased and the date.

APPENDIX 4-03

PURCHASE REQUEST/CHECK REQUEST

1. REQUESTED BY:	2. DATE NEEDED	3. ESTIMATED COST	4. Job #/Cost Code #/GL Acct # ex. ODP-001/D103-10-403/44403-40-41 Cost Coding	
			a. / / \$	
			b. / / \$	
5. SUPPLIES/SERVICES REQUESTED			6. Product/Catalog Number:	7. QTY
8. RECOMMENDED SOURCES BY REQUESTOR:				
8a. NAME:		8b. NAME:		
PHONE/POC:		PHONE/POC:		
9. FOR PURCHASES OVER 2.5K IF ONLY ONE SOURCE IS LISTED, DO YOU FEEL IS IT THE ONLY ACCEPTABLE SOURCE: Y or N (Circle One) (If yes, indicate reason in Block 10)				
10. COMMENTS/JUSTIFICATION:				
11. FOR CONTRACTS DEPARTMENT ONLY				
UNDER 2.5 K: PURCHASE CARD (PREFERRED): Y or N (Circle One) CHECK REQUEST: Y or N (Circle One)				

12. FOR ACCOUNTING DEPARTMENT ONLY		
12a. Fiscal Period: _____	Preparer: _____	Date: _____
12b. Vendor Code: _____	Approval: _____	Date: _____
12c. Invoice #: _____	Entered by: _____	Date: _____
12d. Invoice Date: _____		
12e. Invoice Amount: \$ _____		

13. REQUIRED SIGNATURES

(Purchases using Unrestricted Funds must be approved by the President. Use a Green Sheet to obtain the President's signature.)

The Accounting Department will route the Green Sheet to the President.)

PROGRAM DIRECTOR/* DELEGATED REP	DIRECTOR OF FINANCE DELEGATED REP	DIRECTOR, CONTRACTS&ADMIN/ DELEGATED REP
DATE:	DATE:	DATE:

* Requires DIR, FIN Signature here for the following GL Accounts: 16XXX-XX-XX (Capital Purchases); 64XXX-XX-XX (Indirect); 54XXX-XX-XX (Fringe)

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INSTRUCTIONS FOR COMPLETING THE PURCHASE REQUEST

1. REQUESTED BY:
Enter requestor's name

2. DATE NEEDED:
Enter the date item(s) are needed.

3. ESTIMATED COST:
Enter the estimated cost.

4. ACCOUNT NO.
(Account/Cost Center/Amount)
Enter the Account Code, Cost Center Code, and the amount authorized to be spent.

5. SUPPLIES/SERVICES REQUESTED:
Self-explanatory

6. PRODUCT/CATALOG NUMBER:
Self-explanatory

7. QTY:

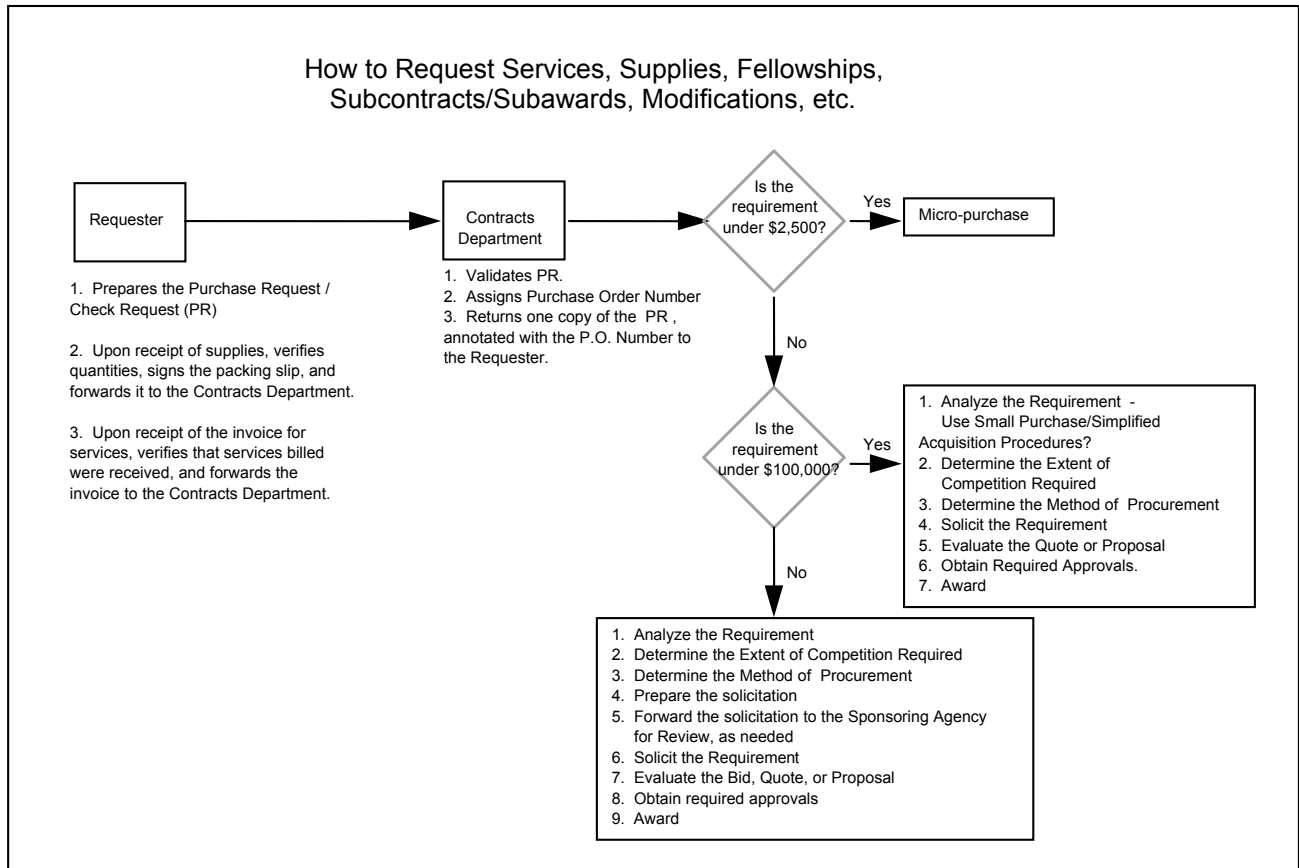
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Quantity to be ordered. (Specify HRS, EA, DAYS, etc.)

8. RECOMMENDED SOURCES BY REQUESTOR:
Enter the vendor's name, telephone number and contact person.
9. FOR PURCHASES OVER 2.5K - IF ONLY ONE SOURCE IS LISTED, DO YOU FEEL IT IS THE ONLY ACCEPTABLE SOURCE: Y OR N (CIRCLE ONE):
Self-explanatory
10. COMMENTS/JUSTIFICATION (TO BE COMPLETED BY REQUESTOR):
If only one source is acceptable, explain why. Enter any other explanatory information.
11. FOR CONTRACTS DEPT. ONLY:
To be utilized only by Contracts Dept. personnel in cases of purchases under 2.5K where a decision must be made to use the purchase card or to authorize a check request.
12. FOR ACCOUNTING DEPT. ONLY:
To be utilized only by Accounting Dept. personnel in cases of check requests.
13. FLOW OF PR/REQUIRED SIGNATURES:
Requestor: Completes blocks 1-10 and obtains Program Director's endorsement
Program Director/Delegated Rep: Approves the necessity to procure an item/service and that funds in blocks 3 & 4 are in the prog plan
Purchase/Travel Specialist: Determines whether purchase will be made using purchase card, check request or purchase order.
Director of Finance: Approves the allocability of funds - i.e. whether the funds in block 4 are assignable/chargeable to one or more cost objectives in accordance with relative benefits or other equitable relationship.
Director of Contracts and Administration: Reviews for proper backup, allowability and proceeds with purchase.

APPENDIX 4-04

THE PROCUREMENT PROCESS



APPENDIX 4-05

SMALL BUSINESS AND COMPETITION DOCUMENTATION FOR SIMPLIFIED ACQUISITION(S) OVER \$2,500.00		Purchase Order Number: _____, BPA Number: _____ Mtg/Purchase Card Applies: Y N								
Description:		Total Quantity:								
Insp:	<input type="checkbox"/> This acquisition is set-aside for small business.									
Acceptance:	<input type="checkbox"/> The Director, Contracts & Corporate Travel determines that this acquisition is not set-aside for small business because:									
FOB:	<input type="checkbox"/> Two or more small business sources who can offer reasonable prices are not known or not available to compete. <input type="checkbox"/> Sole source (Delivery Time, Inadequate competitive data- (Document reason on reverse) <input type="checkbox"/> Other - see attached determination on reverse									
Sources	Date	Written	Verbal	Delivery Date	FOB	Terms	Unit Price	Total Price		
<input type="checkbox"/> Price is determined fair and reasonable based on competitive quotations received.		<input type="checkbox"/> Price is determined to be fair and reasonable based on price and other factors (i.e. past performance, special delivery needs and quality), or prices found to be reasonable on previous competitive purchases, current price lists, catalogs, advertisements, similar items, or any other reasonable basis.								
Contractor responsibility:										
<input type="checkbox"/> The proposed contractor <input type="checkbox"/> is <input type="checkbox"/> is not on the debarred, suspended, or ineligible list.										
<input type="checkbox"/> The contractor is responsible.										
Remarks:										
Award is recommended to: _____										
			Date	Reviewed by Director, Contracts & Administration				Date		

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APPENDIX 4-06 – GLOSSARY

Auctioneering. A prohibited buying or selling technique where open bidding is continued until no offeror is willing to submit a better offer.

Best and Final Offer (BAFO). An offer submitted after written or oral discussion have been conducted.

Blanket Purchase Agreement. A simplified method of filling anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply.

Closeout. The process of settling all outstanding contractual issues and documenting the contract file accordingly.

Constructive Change. An oral or written act of omission or commission by the Contracts Department or other JOI or CORE personnel which is construed by the subcontractor as having the same effect as a written change order and requires the subcontractor to perform work that is not a part of the subcontract. The Corporation may be liable for additional payments to subcontractors for constructive changes.

Contract. An agreement, enforceable by law, between two or more parties, for mutual consideration.

Cooperative Agreement. A legal instrument used to transfer funds, property, or services to a recipient to accomplish a public purpose of support where substantial involvement between the Government agency and the recipient is expected.

Debarment. Action taken by a debarring official to exclude a contractor from Government contracting and Government approved subcontracting.

Grant. A legal instrument used to transfer funds, property, or services to a recipient to accomplish a public purpose of support where no substantial involvement between the Government agency and the recipient during performance is expected.

Kickback. Any type of gratuity provided directly or indirectly to any Prime Contractor, Prime Contractor employee, Subcontractor, or Subcontractor employee to improperly obtain or reward favorable treatment connected with a contract or subcontract.

Modification. Any written change to a contract or subcontract.

Negotiation. A method of procurement that uses proposals and discussions. Any method of contracting other than Sealed Bidding.

Prime Contract. A contract entered into directly between the Government and a contractor (the Prime Contractor).

Program Manager. An official responsible for planning and controlling assigned projects to achieve program goals. Responsibilities include scheduling, budgeting, coordinating, and program planning.

Proposal. An offer to enter into a contract or subcontract, contract modification, or termination settlement.

Purchase Order. An offer to buy supplies or services, upon specified terms and conditions. A binding contract is formed by either written acceptance of the offer or performance.

Purchase Request. A document submitted to the Contracts Department which officially initiates a procurement action. It contains a description of the requirement, required authorizations, and administrative details.

Responsibility. The status which makes an offeror eligible for contract award. To be considered responsible, an offeror must have the financial resources available to perform the contract, be able to comply with the proposed delivery schedule, have a satisfactory record of past performance, have a satisfactory record of integrity and ethics, have the necessary business operations capability, have the necessary technical capability, and be otherwise qualified to obtain an award under law.

Responsiveness. A determination that a bid conforms to the terms and conditions of a sealed bid (Invitation for Bid -IFB).

Sealed Bids. A method of contracting which uses IFB's, solicits submission of competitive bids, followed by public opening, and award to the lowest responsive, responsible bidder.

Subcontract/Subaward. A contract entered into by a Prime Contractor or Subcontractor to obtain supplies or services under a Prime Contract.

Subcontractor. A firm that furnishes supplies or services to a Prime Contractor or another Subcontractor.

Technical Leveling. An unfair practice of coaching an offeror in order to help bring the offeror's proposal up to the level of the other proposals.

Technical Transfusion. Disclosure of proposal technical information contained in a proposal to another offeror that results in improvement of the competing proposal.

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INTRODUCTORY STATEMENT

This handbook is designed to acquaint you with JOI and provide you with information about working conditions, employee benefits, and some of the policies affecting your employment. You should read, understand, and comply with all provisions of the handbook. It describes many of your responsibilities as an employee and outlines the programs developed by JOI to benefit employees. One of our objectives is to provide a work environment that is conducive to both personal and professional growth.

No employee handbook can anticipate every circumstance or question about policy. As JOI continues to grow, the need may arise and JOI reserves the right to revise, supplement, or rescind any policies or portion of the handbook from time to time as it deems appropriate, in its sole and absolute discretion. The only exception to any changes is our employment-at-will policy permitting you or JOI to end our relationship for any reason at any time. Employees will, of course, be notified of such changes to the handbook as they occur.

EMPLOYEE ACKNOWLEDGEMENT FORM

The employee handbook describes important information about JOI, and I understand that I should consult the Director of Administration regarding any issues not addressed in the handbook. I have entered into my employment relationship with JOI voluntarily and acknowledge that there is no specified length of employment. Accordingly, either I or JOI can terminate the relationship at will, with or without cause, at any time, so long as there is no violation of applicable federal or state law.

Since the information, policies, and benefits described herein are necessarily subject to change, I acknowledge that revisions to the handbook may occur, except to JOI's policy of employment-at-will. All such changes will be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies.

Furthermore, I acknowledge that this handbook is neither a contract of employment nor a legal document. I have received the handbook, and I understand that it is my responsibility to read and comply with the policies contained in this handbook and any revisions made to it.

EMPLOYEE'S NAME (printed): _____

EMPLOYEE'S SIGNATURE: _____

DATE: _____

ORGANIZATION DESCRIPTION

A. Joint Oceanographic Institutions (JOI) is a non-profit New York corporation organized in 1976 to: provide leadership and management support in large programs encompassing worldwide cooperative efforts of various institutions and to arrange appropriate facility support; enhance the effectiveness of earth and ocean scientists and to bring to bear on scientific problems the full complement of interdisciplinary planning efforts; and, provide the mechanism by which large facilities and complex technology can be used to describe the salient features of the earth and oceans, and to understand the important physical processes that determine their structure and behavior.

At present, the Corporation includes members that are all U.S. academic oceanographic institutions active in marine geoscience research.

A primary function of JOI is to serve as the U.S. National Science Foundation (NSF's) prime contractor for the Ocean Drilling Program (ODP), an international partnership established to explore aspects of Earth's history, structure, and processes that can best, and often only, be addressed by ocean drilling. JOI also manages the U.S. scientific contribution to ODP [the U.S. Science Support Program (USSSP)] and conducts a number of other activities related to ocean drilling.

ODP is financed by over 20 nations funded through NSF's contract with JOI. A special governing structure for ODP was established by the JOI Board of Governors to insure international representation.

Overall program management is provided by JOI, which then contracts with the Texas A&M Research Foundation (TAMRF) to serve as Science Operator and with Lamont-Doherty Earth Observatory (LDEO) to serve as Logging Operator and also provide Site Survey Data Bank Services. The Science Operator is responsible for operation of the drillship *JOIDES Resolution* and associated activities of cruise staffing, logistics, engineering development and operations, shipboard laboratories, curation and distribution of core samples and data, and publication of scientific results. The Logging Operator is responsible for providing a full suite of geophysical and geochemical logging services, involving acquisition, processing and interpretation of logging measurements. The Site Survey Data Bank prepares safety packages for pre-cruise review of designated sites, and supplies each shipboard scientific party with the geophysical data necessary to properly conduct scheduled drilling cruises. The Data Bank also assists scientists interested in writing/revising ODP proposals by providing information in regards to scientific problems of interest to the scientific ocean drilling community.

The USSSP was established to initiate and manage a coherent, long-term program of support for activities to be carried out by the U.S. scientific community as an integral part of the internationally-funded ODP. The principal objective of the USSSP is to maximize the scientific output of the international ODP by actively involving the broadest possible cross section of the U.S. scientific community. To achieve this goal, the USSSP was established in December 1984 to initiate and manage a cohesive, long-term program of support for activities to be carried out by U.S. scientists as an integral part of the ODP. USSSP is the U.S. counterpart to activities in the non-U.S. partner countries, all of which share the goals of enhancing the total scientific contribution of the ODP as well as maintaining its vitality. USSSP aims to stimulate and encourage wide community involvement in all phases of the scientific ocean drilling effort, including predrilling planning, participation on board the drillship, and post-drilling research necessary to exploit fully the scientific potential of ocean drilling. USSSP also encourages and supports a variety of educational opportunities related to the ODP.

Other goals of JOI include:

- Foster public awareness of scientific ocean drilling and related programs in the United States and internationally.
- Foster cooperation amongst institutions, agencies and industry in ODP member countries.
- Encourage wider international participation in scientific ocean drilling and related programs.

MEMBERSHIP AND GOVERNING BOARD

A summary of the JOI organization follows.

A. Membership

Membership of JOI is comprised of U.S. institutions who are active in ocean science research and education. Updated lists of members can be found on the corporate website at: <http://www.joi-odp.org>.

B. JOI Board of Governors

Each member institution is represented on the Board of Governors by one appointed representative from that respective institution.

The Board has fiduciary and legal responsibility for all JOI activities and final authority to manage the programs and business of the Corporation. The President is an ex-officio member of the Board.

The Board of Governors meets twice a year and at other times as required. Major activities and responsibilities include: approval of the JOI Unrestricted Fund budget; approval of new JOI programs; review of all JOI programs; and approval of the annual ODP program plans. The Board also appoints and reviews the performance of the President, and approves appointments of JOI Senior Executives. The Board has several committees that assist in meeting its various responsibilities as discussed below, and may also create other committees.

1. JOI Executive Committee

This Committee is composed of the Chair, Vice Chair and three additional Governors. The Committee is vested with all the powers of the Board of Governors except for those which are specifically prohibited in Article VII of the JOI Bylaws. The Committee convenes as often as necessary.

2. ODP Executive Committee

This Committee is composed of a subset of the JOI Board Members plus non-U.S. representatives from nations that participate in ODP. Nations are represented on the basis of level of funding contributed to the program. This Committee is responsible for directing the scientific affairs of ODP on behalf of the JOI Board of Governors. All ODP Executive Committee decisions are ratified by the JOI Board of Governors.

OFFICERS OF THE CORPORATION

The officers of the Corporation consist of a Chair and a Vice Chair of the Board of Governors, a President, such Vice Presidents, if any, as may be elected by the Board from time to time, a Treasurer, a Secretary and such other officers as the Board may from time to time establish and appoint.

PRESIDENTS OFFICE

The President is the chief executive officer of the Corporation and is accountable to the Board of Governors for all executive and administrative activities of JOI, including management of all awards. The President is also accountable to the Board for the work of all employees of the Corporation. Such accountability includes being responsible for all JOI programs, their planning, oversight, review; policy development; and relations with member institutions, program sponsors, and other constituent groups. In particular, the duties and responsibilities of the President are to ensure that:

- A.** suitable corporate objectives, policies, programs, and strategies are formulated and recommended to the Board of Governors and that they are executed effectively in accordance with policies and guidelines set forth by the Board;
- B.** JOI plays a leadership role to articulate and satisfy the national needs in oceanography and related sciences in accordance with its mission;
- C.** all JOI activities meet the highest standards of scientific, managerial, operational, technical, and ethical excellence and that the organizations attract and nurture high-quality scientific and administrative leaders;
- D.** JOI initiatives are soundly conceived and effectively planned, promoted, and managed; and
- E.** effective efforts are mounted to obtain resources adequate to pursue the goals of the Corporation.

The President recruits, appoints, and reviews the performance of the JOI Senior Executives, who interact regularly on matters related to programmatic strategies and planning, policy development and review, and personnel. The President serves as an ex-officio member of the JOI Board of Governors. The President is solely responsible for corporate office space, the General and Administrative (G&A) and Unrestricted Funds, corporate policy, personnel actions, all lobbying activity, and public relations.

The President shall identify an individual(s) who shall act as his/her delegated authority during his/her absence when access to rapid communications may not be readily available. Such authority shall be in

1-01 Nature of Employment

Effective Date: 10/1/02

This handbook is intended to provide employees with a general understanding of our personnel policies. Employees are encouraged to familiarize themselves with the contents of this handbook, for it will answer many common questions concerning employment with JOI.

However, this handbook cannot anticipate every situation or answer every question about employment. It is not an employment contract and is not intended to create contractual obligations of any kind. Neither the employee nor JOI is bound to continue the employment relationship if either chooses, at its will, to end the relationship at any time.

In order to retain necessary flexibility in the administration of policies and procedures, JOI reserves the right to change, revise, or eliminate any of the policies and/or benefits described in this handbook, except for its policy of employment-at-will. The only recognized deviations from the stated policies are those authorized and signed by the chief executive officer of JOI.

1-02 Employee Relations

Effective Date: 10/1/02

JOI believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other employers in this area and in this industry. If employees have concerns about work conditions or compensation, they are strongly encouraged to voice these concerns openly and directly to their supervisors.

Our experience has shown that when employees deal openly and directly with supervisors, the work environment can be excellent, communications can be clear, and attitudes can be positive. We believe that JOI amply demonstrates its commitment to employees by responding effectively to employee concerns.

1-03 Equal Employment Opportunity

Effective Date: 10/1/02

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at JOI will be based on merit, qualifications, and abilities. JOI does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age, disability, sexual orientation, or any other characteristic protected by law.

JOI will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Any employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor or the Director of Administration. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

1-04 Business Ethics and Conduct

Effective Date: 10/1/02

The successful business operation and reputation of JOI is built upon the principles of fair dealing and ethical conduct by our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The continued success of JOI is dependent upon our customers' trust and we are dedicated to preserving that trust. Employees owe a duty to JOI, its customers, and shareholders to act in a way that will merit the continued trust and confidence of the public.

JOI will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

In general, the use of good judgment, based on high ethical principles, will guide you with respect to lines of acceptable conduct. If a situation arises where it is difficult to determine the proper course of action, the matter should be discussed openly with your immediate supervisor and, if necessary, with the President for advice and consultation.

Compliance with this policy of business ethics and conduct is the responsibility of every JOI employee. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

1-05 Hiring of Relatives

Effective Date: 10/1/02

The employment of relatives in the same area of an organization may cause serious conflicts and problems with favoritism and employee morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried over into day-to-day working relationships.

For purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage. This policy applies to all employees without regard to the gender or sexual orientation of the individuals involved.

Although JOI has no prohibition against employing relatives of current employees, JOI will not place an employee in a position where he/she is directly supervised by or supervises the family member. An employee may not advise on the selection, termination, disciplinary action, evaluation, promotion or granting of any pay increases of a family member. In case of actual or potential problems, JOI will take prompt action. This can include reassignment or, if necessary, termination of employment for one or both of the individuals involved.

1-06 Job Posting and Employee Referrals

Effective Date: 10/1/02

JOI provides employees an opportunity to indicate their interest in open positions and advancement within the organization. In general, notices of all regular, full-time job openings are posted, although JOI reserves its discretionary right to not post a particular opening.

Job posting is a way to inform employees of openings and to identify qualified and interested applicants who might not otherwise be known to the hiring manager. Other recruiting sources may also be used to fill open positions in the best interest of the organization.

Job openings will be posted on the employee bulletin board and normally remain open for 30 days. Each job posting notice will include the dates of the posting period, job title, department, location, grade level, job summary, essential duties, and qualifications (required skills and abilities).

To be eligible to apply for a posted job, employees must have performed competently for at least 90 calendar days in their current position. Employees who have a written warning on file, or are on probation or suspension are not eligible to apply for posted jobs. Eligible employees can only apply for those posted jobs for which they possess the required skills, competencies, and qualifications.

To apply for an open position, employees should submit a resume to the Director of Administration listing job-related skills and accomplishments. It should also describe how their current experience with JOI and prior work experience and/or education qualifies them for the position.

JOI also encourages employees to identify friends or acquaintances that are interested in employment opportunities and refer qualified outside applicants for posted jobs. Employees should obtain permission from the individual before making a referral, share their knowledge of the organization, and not make commitments or oral promises of employment.

An employee should submit the referral's resume and/or completed application form to the Director of Administration.

1-07 Immigration Law Compliance

Effective Date: 10/1/02

JOI is committed to employing only United States citizens and aliens who are authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form if they have not completed an I-9 with JOI within the past three years, or if their previous I-9 is no longer retained or valid.

Employees with questions or seeking more information on immigration law issues are encouraged to contact the Director of Finance. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

1-08 Conflicts of Interest

Effective Date: 10/1/02

Employees have an obligation to conduct business within professional guidelines and avoid actual or potential conflicts of interest. This policy establishes only the framework within which JOI wishes the business to operate. Employees can seek further clarification on issues related to the subject of acceptable standards of conduct from the Director of Administration.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of JOI's business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to the Director of Administration as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where an employee or relative has a significant ownership in a firm with which JOI does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving JOI.

An employee may occasionally receive small favors (such as a meal or mementos below \$25 in value). Such items do not create a conflict of interest; however, repeated receipt from one source of items below the \$25 threshold does create a conflict of interest or the appearance of such. Item(s) received above \$25 value are to be brought to the Director of Administration for resolution/disposition.

Staff of the contract/travel department that are involved in the generation of tickets, purchase orders or subcontracts may accept occasional small favors but shall not display any items of any value that bear a corporation's personal logo.

1-09 Disability Accommodation

Effective Date: 10/1/02

JOI is committed to complying fully with the Americans with Disabilities Act (ADA) and ensuring equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis.

Hiring procedures have been reviewed and provide persons with disabilities meaningful employment opportunities. Pre-employment inquiries are made only regarding an applicant's ability to perform the duties of the position.

Reasonable accommodation is available to all disabled employees, where their disability affects the performance of job functions. All employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

Qualified individuals with disabilities are entitled to equal pay and other forms of compensation (or changes in compensation) as well as in job assignments, classifications, organizational structures, position descriptions, lines of progression, and seniority lists. Leave of all types will be available to all employees on an equal basis.

JOI is also committed to not discriminating against any qualified employees or applicants because they are related to or associated with a person with a disability. JOI will follow any state or local law that provides individuals with disabilities greater protection than the ADA.

This policy is neither exhaustive nor exclusive. JOI is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws.

1-10 Outside Employment

Effective Date: 10/1/02

Employees may hold outside jobs as long as they meet the performance standards of their job with JOI. All employees will be judged by the same performance standards and will be subject to JOI's scheduling demands, regardless of any existing outside work requirements.

Because of the nature of JOI's work, employees are asked to notify The Director of Administration in writing of any outside paid employment. Notice should include the nature of the outside employment, duration and number of hours per week. Although not required, failure to disclose outside work, may result in disciplinary action, up to and including termination of employment.

If JOI determines that an employee's outside work interferes with performance or the ability to meet the requirements of JOI as they are modified from time to time, or the employment represents a conflict of interest, the employee may be asked to terminate the outside employment if he or she wishes to remain with JOI.

Outside employment that constitutes a conflict of interest is prohibited. Employees may not receive any income or material gain from individuals outside JOI for materials produced or services rendered while performing their jobs. Because of the potential conflict of interest, an employee who holds an outside job is requested to notify the Director of Administration as to the nature and duties of any paid outside work.

1-11 Non-Disclosure

Effective Date: 10/1/02

The protection of confidential business information and trade secrets is vital to the interests and the success of JOI. Such confidential information includes, but is not limited to, the following examples:

- * compensation data
- * computer processes
- * computer programs and codes
- * financial information
- * labor relations strategies
- * new materials research
- * pending projects and proposals
- * proprietary production processes
- * research and development strategies
- * scientific data
- * scientific formulae
- * scientific prototypes
- * technological data
- * technological prototypes

Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, up to and including termination of employment and legal action, even if they do not actually benefit from the disclosed information.

2-01 Employment Categories

Effective Date: 10/1/02

It is the intent of JOI to clarify the definitions of employment classifications so that employees understand their employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. Accordingly, the right to terminate the employment relationship at will at any time is retained by both the employee and JOI.

Each employee is designated as either NONEXEMPT or EXEMPT from federal and state wage and hour laws. NONEXEMPT employees are entitled to overtime pay under the specific provisions of federal and state laws. EXEMPT employees are excluded from specific provisions of federal and state wage and hour laws. An employee's EXEMPT or NONEXEMPT classification may be changed only upon written notification by JOI management.

In addition to the above categories, each employee will belong to one other employment category:

REGULAR FULL-TIME employees are those who are not in a temporary status and who are regularly scheduled to work JOI's full-time schedule. Generally, they are eligible for JOI's benefit package, subject to the terms, conditions, and limitations of each benefit program.

REGULAR PART-TIME employees are those who are not assigned to a temporary status and who are regularly scheduled to work less than the full-time work schedule, but at least 30 hours per week. Regular part-time employees are eligible for some benefits sponsored by JOI, subject to the terms, conditions, and limitations of each benefit program.

TEMPORARY employees are those who are hired for a short period of time to temporarily supplement the work force, or to assist in the completion of a specific project. Employment assignments in this category are of a limited duration. Temporary employees and interns are expected to work less than 1,000 hours within a calendar year. Employment beyond any initially stated period does not in any way imply a change in employment status. Employees in this category retain their status unless and until notified of a change. While temporary employees receive all legally mandated benefits (such as workers' compensation insurance and Social Security), and may be eligible for certain retirement plans, they are ineligible for JOI's other benefit programs.

2-02 Access to Personnel Files

Effective Date: 10/1/02

JOI maintains a personnel file on each employee. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records.

Personnel files are the property of JOI, and access to the information they contain is restricted. Generally, only supervisors and management personnel of JOI who have a legitimate reason to review information in a file are allowed to do so.

With reasonable advance notice to the Director of Administration, employees may review their own personnel files in JOI's offices and in the presence of an individual appointed by JOI to maintain the files.

2-03 Employment Reference Checks

Effective Date: 10/1/02

To ensure that individuals who join JOI are well qualified and have a strong potential to be productive and successful, it is the policy of JOI to check the employment references of all applicants.

JOI will respond in writing only to those reference check inquiries that are submitted in writing. Responses to such inquiries will confirm only dates of employment, wage rates, and position(s) held. No employment data will be released without a written authorization and release signed by the individual who is the subject of the inquiry.

2-04 Personnel Data Changes

Effective Date: 10/1/02

It is the responsibility of each employee to promptly notify JOI of any changes in personnel data. Personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other such status reports should be accurate and current at all times. If any personnel data has changed, notify the Director of Administration.

2-05 Personal Effectiveness Appraisal

Effective Date: 10/1/02

JOI's policy is that continuing personal effectiveness appraisal is one of the prime responsibilities of a supervisor. Appraisals are conducted to provide both supervisors and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.

The performance of all employees is generally evaluated according to an ongoing 12-month cycle, beginning in advance of fiscal-year end.

In addition to formal appraisals, supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis.

Coaching

Coaching comprises teaching the full range of types of tasks in a work role; discussing with the employee their strengths and weaknesses, gaps in knowledge, skill and experience, and, helping to reinforce strengths and overcome gaps, so as to more effectively fill all the requirements of the work role.

Coaching and Personal Effectiveness Report

JOI utilizes a simple form (see 9-03) for an annual appraisal which covers effectiveness appraisal and coaching. The form is to be completed on an annual basis in advance of the fiscal year end as directed by the President. The supervisor must have coached the employee regularly during the year in order to fairly fill out this report. These interactions may be verbal or recorded.

2-06 Job Descriptions

Effective Date: 10/1/02

JOI makes every effort to create and maintain accurate job descriptions for all positions within the organization. Each description includes a job information section, a job summary section (giving a general overview of the job's purpose), an essential duties and responsibilities section, a supervisory responsibilities section, a qualifications section (including education and/or experience, language skills, mathematical skills, reasoning ability, and any certification required), a physical demands section, and a work environment section.

JOI maintains job descriptions to aid in orienting new employees to their jobs, identifying the requirements of each position, establishing hiring criteria, setting standards for employee performance evaluations, and establishing a basis for making reasonable accommodations for individuals with disabilities.

The Director of Administration and the hiring manager prepare job descriptions when new positions are created. Existing job descriptions are also reviewed and revised in order to ensure that they are up to date. Job descriptions may also be rewritten periodically to reflect any changes in the position's duties and responsibilities. All employees will be expected to help ensure that their job descriptions are accurate and current, reflecting the work being done.

Employees should remember that job descriptions do not necessarily cover every task or duty that might be assigned, and that additional responsibilities may be assigned as necessary. Contact the Director of Administration if you have any questions or concerns about your job description.

2-07 Compensation and Job Classification

Effective Date: 10/1/02

Compensation and Job Classification

JOI's philosophy is to pay salaries designed to attract, retain, and motivate high caliber talent to ensure JOI's continuing role as a leader in the ocean science community. To this end, and within the means of the organization, salaries are set at competitive levels for comparable work roles both inside and outside the corporation. In addition, JOI aims to establish equitable differential remuneration on the basis of level of work and merit, strengthening the sense of fairness among employees.

Cost-of-living adjustments (COLA's) are at the discretion of the President. In practice, these have been granted annually at the end of the fiscal year. In addition, salaries may be adjusted based on quality and efficiency of work, change/accrual of duties and market conditions.

Pay Objectives

Attract, retain and motivate high caliber talent for each job.

Encourage growth and development of employees

Recognize the importance of high-quality work performance and reward it accordingly.

Encourage company loyalty

Job Classification

Job classification is a system of organizing positions by description and responsibilities. Positions are grouped by comparing a specific position description to the classification definition. The Director of Administration maintains the job classification documentation (both electronic and paper) for the corporation.

1. Position Description

A position description identifies the essential functions, tasks, qualifications, and accountability relationships for a work role.

2. Employee Status

All positions correspond to an employee status of regular full-time, regular part-time, intern/temporary, and, non-exempt or exempt, as defined below:

- a) **Regular Full-Time Positions** - Positions normally scheduled for 40 hours per week, established for a period in excess of 1000 hours within a one-year period.
- b) **Regular Part-Time Positions** - Positions normally scheduled for fewer than 40 hours per week, established for a period in excess of 1000 hours within a one-year period.
- c) **Temporary Positions** - Any position that is established for less than 1000 hours within a one-year period.

- d) **Non-Exempt Positions** - Positions that are subject to the overtime compensation provisions of the Fair Labor Standards Act, which among other things, sets minimum wages and regulates overtime pay.
- e) **Exempt Positions** - Positions that are not subject to the overtime compensation provisions of the Fair Labor Standards Act. Exempt employees do not receive overtime pay. To be defined as exempt, work must be managerial and/or require the consistent exercise of discretion and independent judgment and is varied in character.

Classifications

Code	Classification	Definition
A	Administrative Non-Exempt	<ul style="list-style-type: none"> • Entry level positions and administrative staff in roles defined by Fair Labor Standards Act as non-exempt. • Eligible for overtime pay.
T	Technical or Non Managerial Staff	<ul style="list-style-type: none"> • Non managerial staff who are exempt from Fair Labor Standards Act • Possess technical knowledge or expertise • Not eligible for overtime pay.
M	Manager or Senior Technical	<ul style="list-style-type: none"> • Managerial staff or those who possess a high level of technical knowledge
S	Senior Manager or Director	<ul style="list-style-type: none"> • Employees who supervise more than 3 employees and/or have managers reporting to them.
N/A	President	Defined by board

Reclassification

Reclassification of a position is appropriate when the requirements of an existing work role have increased, decreased, or substantially changed. If the incumbent employee has demonstrated both the interest and competency to perform at another level, a reclassification request for the incumbent employee may be considered. Substantial changes in work role may or may not result in a salary adjustment.

Salary Adjustments

Salaries may be revised based on one or all of the following conditions. With the exception of COLA, adjustments may take place at any time during the fiscal year.

- COLA: “Cost of Living”. When granted COLA’s are annual increases awarded to **all staff** that demonstrated acceptable performance. COLA’s are based on increases in living standards for the Washington Metropolitan Area and are prorated based on actual service during the fiscal year.
- Change/accrual of duties: Employee’s duties have changed **significantly** either by adjusting responsibilities or by change in classification.
- Quality and efficiency of work: Employee is able to perform work more efficiently, independently and at a higher level of complexity, and is thereby able to accomplish more in a given period. Emphasis on this adjustment is for employees at the Levels “A” and “T”.

Market conditions: From time to time base salaries and total compensation will be compared to positions within similar organizations and similar industries.

Annual Review of Performance and Position Descriptions

1. The performance appraisal process has the following objectives:
 - a) Provides employees with feedback to improve or maintain job performance
 - b) Outline areas for employee development
 - c) Recognize job-related accomplishments
 - d) Enhance communication and working relationships between supervisors and employees.

JOI employees with at least 90 days of service receive a formal performance review, which includes a self-evaluation, once a year; however employee performance may be reviewed at any time. To ensure that position descriptions remain appropriate, supervisors will review position descriptions with employees during the annual performance review as part of the “Coaching and Personal Effectiveness” process.

Awards and Bonuses

These are monetary awards, which do not change the base salary or job responsibilities of an employee.

There are two categories of bonuses:

- On the Spot Awards
- Annual Performance Bonuses

On The Spot Awards

These awards are designed to recognize instances of one time, extraordinary work performed by employees. They may be given at any time during the year. An employee may qualify for this type of award when the employee has:

- a) performed single-instance services that are of outstanding quality or of unusual importance to the execution of JOI programs; or
- b) maintained an excellent level of performance and/or demonstrated great ingenuity or perseverance during an organizational emergency or period of high stress; or
- c) attained significant achievement in publication, technical support, administrative support or education, which substantially furthered JOI programmatic objectives.

Annual Performance Bonuses

These bonuses are given annually at the discretion of the President in conjunction with the Coaching and Personal Effectiveness Report. Performance bonuses recognize the contributions of employees who consistently add value throughout the year.

The specific criteria may be:

- a) consistent superior performance in assigned duties during the fiscal year; or
- b) display of exceptional commitment to activities or demonstrated outstanding skill or effort above and beyond the prescribed duties and workload of the individual's job; or
- c) saving of significant time or money; **and**
- d) employee has not been fully compensated for such performance in his/her salary or in any other means.

Amount of Awards and Bonuses

The normal range to be expected for an individual is from a minimum of \$100 to a maximum of 10% of salary. In addition, on the spot awards may take the form of a gift to the employee from the organization.

Nomination and Reporting Procedures

Bonuses are not linked to the annual performance review and can be proposed at any time. Bonuses are proposed by an employee's supervisor and approved by the President.

3-01 Employee Benefits

Effective Date: 10/1/02

Eligible employees at JOI are provided a wide range of benefits. A number of the programs (such as Social Security, workers' compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by law.

Benefits eligibility is dependent upon a variety of factors, including employee classification. Your supervisor can identify the programs for which you are eligible. Details of many of these programs can be found in the employee handbook.

The following benefit programs detailed in this section are available to eligible employees:

- * Annual Leave (3-03)
- * Bereavement Leave (3-08)
- * Dental Insurance (3-13)
- * Educational Assistance (3-11)
- * Flexible Spending Accounts: (3-18)
 - Dependent Care Reimbursement Account
 - Health Care Reimbursement Account
- * Health Insurance (3-13)
- * Holidays (3-04)
- * Jury Duty Leave (3-09)
- * Life Insurance and Accidental Death and Dismemberment (3-14)
- * Long-Term Disability (3-16)
- * Parental Leave for School Visits (3-19)
- * Professional Association Memberships (3-12)
- * Professional Licenses (3-12)
- * Retirement Annuity Program (3-17)
- * Short-Term Disability (3-15)
- * Sick Leave Benefits (3-06)
- * Supplemental Retirement Annuity Program (3-17)
- * Transportation Allowances (3-20)
- * Voting Time Off (3-07)
- * Witness Duty (3-10)
- * Workers' Compensation Insurance (3-05)

Benefit plans for eligible employees are detailed elsewhere in the handbook:

- * Family and Medical Leave (6-01)
- * Flextime Scheduling (5-02)
- * Military Leave (6-02)

In addition, travel accident insurance is provided by American Express through their corporate card program. Employees should refer to the corporate card agreement to determine their eligibility.

Some benefit programs require contributions from the employee, but most are fully paid by JOI.

3-02 Benefits Eligibility by Status

Effective Date: 10/1/02

**Benefits Summary
Eligibility by Employee Status**

	Regular, Full-time	Regular, Part-time	Intern/ Temporary
Medical (Blue Cross)	Yes	Yes 17 hrs/wk	No
Dental (Guardian)	Yes	Yes 30 hrs/wk	No
Life & Accidental Death & Dismemberment (AD&D)	Yes	Yes 30 hrs/wk	No
Travel Accident	Yes	Yes 20 hrs/wk	No
Total Disability	Yes	Yes 30 hrs/wk	No
Short-Term Disability	Yes	Yes 30 hrs/wk	No
Retirement Annuity (15%) (TIAA/CREF)	Yes	Yes	Varies
Supplemental Retirement Annuity (10%) (TIAA/CREF)	Yes	Yes	Varies
Cafeteria Plans:			
Flex Fund (unreimbursed medical and dependent care expenses)	Yes	Yes	No
Medical and Dental Insurance Premiums	Yes	Yes	No
Holidays	Yes	Yes	No
Annual Leave	Yes	Yes	No
Sick Leave	Yes	Yes	No
Other Leave	Yes	Yes	No
Educational Assistance	Yes	Yes	No
Transportation Allowance	Yes	Yes	No
Workers Compensation	Yes	Yes	Yes
Social Security	Yes	Yes	Yes
Unemployment Compensation	Yes	Yes	No
Memberships in Associations	Yes	Yes	No

NOTE: This chart is a general description of benefits by employee status. These benefits can change or be canceled at any time and employees should refer to benefit materials and notices distributed by the corporations.

3-03 Annual Leave

Effective Date: 10/1/02

Paid annual leave is available to eligible employees to provide opportunities for rest, relaxation, and personal pursuits. Employees in the following employment classification(s) are eligible to earn and use vacation time as described in this policy:

- * Regular full-time employees
- * Regular part-time employees

The amount of paid vacation time employees receive each year increases with the length of their employment as shown in the following schedule:

* Upon initial eligibility the employee is entitled to 13 vacation days each year, accrued biweekly at the rate of 0.500 days (4 hours).

* After 1 year of eligible service the employee is entitled to 22.75 vacation days each year, accrued biweekly at the rate of 0.875 days (7 hours).

* After 5 years of eligible service the employee is entitled to 29.25 vacation days each year, accrued biweekly at the rate of 1.125 days (9 hours).

A regular, part-time employee accumulates annual leave on a pro rata basis.

The length of eligible service is calculated on the basis of a fiscal year. This is the 12-month period that begins October 1 and ends September 30. At the close of the fiscal year, any unused Annual Leave will be converted to Sick Leave (up to the Sick Leave maximum). Employees will not accrue annual leave during time off for any significant leave of absence. (See individual leave of absence policies for more information.)

Once employees enter an eligible employment classification, they begin to earn paid annual leave time according to the schedule. They can request use of annual leave time after it is earned.

Paid annual leave time can be used in minimum increments of one-half day.

To take annual leave, employees should request advance approval from the appropriate Senior Executive. Leaves in excess of one month requires the written approval of the President. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

Annual leave time off is paid at the employee's base pay rate at the time of annual leave. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

All leaves of absence for periods of up to one month require the written approval of the appropriate Senior Executive. Leaves in excess of one month require the written approval of the President.

Advancing Leave

JOI will advance annual or sick leave up to the maximum that an employee can earn in one fiscal year. Advanced leave greater than ten (10) days requires the approval of both the supervisor and the Director of Finance.

Termination

Upon termination of employment, employees will be paid for unused vacation time that has been earned through the last day of work. However, if JOI, in its sole discretion, terminates employment for cause, forfeiture of unused vacation time may result.

3-04 Holidays

Effective Date: 10/1/02

JOI will grant holiday time off to all employees on the holidays listed below:

- * New Year's Day (January 1)
- * Martin Luther King, Jr. Day (third Monday in January)
- * Presidents' Day (third Monday in February)
- * Memorial Day (last Monday in May)
- * Independence Day (July 4)
- * Labor Day (first Monday in September)
- * Columbus Day (second Monday in October)
- * Veterans' Day (November 11)
- * Thanksgiving (fourth Thursday in November)
- * Day after Thanksgiving
- * Christmas (December 25)

JOI will grant paid holiday time off to all eligible employees immediately upon assignment to an eligible employment classification. Holiday pay will be calculated based on the employee's straight-time pay rate (as of the date of the holiday) times the number of hours the employee would otherwise have worked on that day. Eligible employee classification(s):

- * Regular full-time employees
- * Regular part-time employees

Part-time employees are eligible to be paid for holidays on a pro rata basis.

If a recognized holiday falls during an eligible employee's paid absence (such as vacation or sick leave), holiday pay will be provided instead of the paid time off benefit that would otherwise have applied.

If eligible nonexempt employees work on a recognized holiday, they will receive holiday pay plus wages at their straight-time rate for the hours worked on the holiday.

Paid time off for holidays will not be counted as hours worked for the purposes of determining overtime.

3-05 Workers' Compensation Insurance

Effective Date: 10/1/02

JOI provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible.

3-06 Sick Leave Benefits

Effective Date: 10/1/02

JOI provides paid sick leave benefits to all eligible employees for periods of temporary absence due to illnesses or injuries. Eligible employee classification(s):

- * Regular full-time employees
- * Regular part-time employees

Eligible employees will accrue sick leave benefits at the rate of 13 days per year (.4 hours per pay period). Sick leave benefits are calculated on the basis of the fiscal year, the 12-month period that begins October 1 and ends September 30. However, sick leave will not accrue if the employee is on any form of leave without pay for the entire reporting period.

Paid sick leave can be used in minimum increments of one hour. An eligible employee may use sick leave benefits for an absence due to his or her own illness or injury, or that of a child, parent, or spouse of the employee.

Employees who are unable to report to work due to illness or injury should notify their direct supervisor before the scheduled start of their workday (9:00 am) if possible. The direct supervisor must also be contacted on each additional day of absence. If an employee is absent for three or more consecutive days due to illness or injury, a physician's statement must be provided verifying the disability and its beginning and expected ending dates. Such verification may be requested for other sick leave absences as well and may be required as a condition to receiving sick leave benefits. Before returning to work from a sick leave absence of 5 calendar days or more, an employee must provide a physician's verification that he or she may safely return to work.

Sick leave benefits will be calculated based on the employee's base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials. As an additional condition of eligibility for sick leave benefits, an employee on an extended absence must apply for any other available compensation and benefits, such as workers' compensation. Sick leave benefits will be used to supplement any payments that an employee is eligible to receive from state disability insurance, workers' compensation or JOI-provided disability insurance programs. The combination of any such disability payments and sick leave benefits cannot exceed the employee's normal weekly earnings.

Unused sick leave benefits will be allowed to accumulate until the employee has accrued a total of 1040 hours worth of sick leave benefits. If the employee's benefits reach this maximum, further accrual of sick leave benefits will be suspended until the employee has reduced the balance below the limit.

JOI will advance sick leave up to the maximum that an employee can earn in one fiscal year. However, advance leave greater than ten (10) days requires the approval of both the supervisor and the Director of Finance.

Sick leave benefits are intended solely to provide income protection in the event of illness or injury, and may not be used for any other absence. Unused sick leave benefits will not be paid to employees while they are employed or upon termination of employment.

3-07 Time Off to Vote

Effective Date: 10/1/02

JOI encourages employees to fulfill their civic responsibilities by participating in elections. Generally, employees are able to find time to vote either before or after their regular work schedule. If employees are unable to vote in an election during their nonworking hours, JOI will grant up to 2 hours of paid time off to vote.

Employees should request time off to vote from their supervisor at least two working days prior to the Election Day. Advance notice is required so that the necessary time off can be scheduled and to provide the least disruption to the normal work schedule.

3-08 Bereavement Leave

Effective Date: 10/1/02

Employees who wish to take time off due to the death of an immediate family member should notify their supervisor immediately.

Up to 3 days of paid bereavement leave will be provided to eligible employees in the following classification(s):

- * Regular full-time employees
- * Regular part-time employees

Bereavement pay is calculated based on the base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Bereavement leave will normally be granted unless there are unusual business needs or staffing requirements. Employees may, with their supervisors' approval, use any available paid leave for additional time off as necessary.

JOI defines "immediate family" as the employee's spouse, parent, child, sibling; the employee's spouse's parent, child, or sibling; the employee's child's spouse; grandparents or grandchildren. Special consideration will also be given to any other person whose association with the employee was similar to any of the above relationships.

3-09 Jury Duty

Effective Date: 10/1/02

JOI encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees in an eligible classification may request up to 2 weeks of paid jury duty leave over any 2 year period.

Jury duty pay will be calculated on the employee's base pay rate times the number of hours the employee would otherwise have worked on the day of absence. Employee classifications that qualify for paid jury duty leave are:

- * Regular full-time employees
- * Regular part-time employees

If employees are required to serve jury duty beyond the period of paid jury duty leave, they may use any available paid time off (for example, vacation benefits) or may request an unpaid jury duty leave of absence.

Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate their absence. Of course, employees are expected to report for work whenever the court schedule permits.

Either JOI or the employee may request an excuse from jury duty if, in JOI's judgment, the employee's absence would create serious operational difficulties.

JOI will continue to provide health insurance benefits for the full term of the jury duty absence.

Benefit accruals such as vacation, sick leave, or holiday benefits will be suspended during unpaid jury duty leave and will resume upon return to active employment.

3-10 Witness Duty

Effective Date: 10/1/02

JOI encourages employees to appear in court for witness duty when subpoenaed to do so.

If employees have been subpoenaed or otherwise requested to testify as witnesses by JOI, they will receive paid time off for the entire period of witness duty.

Employees will be granted unpaid time off to appear in court as a witness when requested by a party other than JOI. Employees are free to use any available paid leave benefit (such as vacation leave) to receive compensation for the period of this absence.

The subpoena should be shown to the employee's supervisor immediately after it is received so that operating requirements can be adjusted, where necessary, to accommodate the employee's absence. The employee is expected to report for work whenever the court schedule permits.

3-11 Educational Assistance

Effective Date: 10/1/02

JOI recognizes that the skills and knowledge of its employees are critical to the success of the organization. The educational assistance program encourages personal development through formal education so that employees can maintain and improve job-related skills or enhance their ability to compete for reasonably attainable jobs within JOI.

JOI will provide educational assistance to all eligible employees who have completed one year of service in an eligible employment classification. To maintain eligibility employees must remain on the active payroll and be performing their job satisfactorily through completion of each course. Employees in the following employee classification(s) are eligible for educational assistance:

- * Regular full-time employees
- * Regular part-time employees

Part-time employees may participate with benefits on a pro rata basis.

In general, course work undertaken at accredited universities, college and public vocational schools may be approved. Correspondence courses and courses sponsored by professional societies for which a grade is received may also be approved, as long as they meet the other requirements for eligibility. Audit courses are not eligible for educational assistance. Management and training seminars and workshops considered to be a part of a programs operation are paid for by appropriate JOI program funds and are not supported through nor covered by this procedure, e.g., an employee who requires training in a software application has their training paid for by JOI program funds. Continuing education for professional licenses and certifications which are necessary to the employees work role are paid by JOI. JOI has the sole discretion to determine whether a course relates to an employee's current job duties or a foreseeable-future position.

JOI will pay one-half of the tuition costs and nonwaivable fees (not including books, supplies or special materials) up to \$4,000 per employee per calendar year, subject to the availability of funds, for courses approved by JOI. Employees who do not receive a passing grade or who receive an "Incomplete" may be required to reimburse JOI for the financial aid provided. In the event that an employee terminates employment while receiving financial aid under this policy, the employee may be required to reimburse JOI for the financial aid provided. The amount may be based on one or more semesters/years of aid or may be prorated over the remainder of time for current course completion.

A certificate showing course grades must be presented to the Director of Administration upon completion of each course. To continue with course work, you must receive grades of "C" or higher. A "certificate of completion" is acceptable for those vocational courses which do not issue grades.

Participants must complete a form entitled "Staff Educational Assistance Application" and submit the form to the Director of Administration in advance of the coursework. Courses must be approved by the appropriate Senior Executive and the President.

While educational assistance is expected to enhance employees performance and professional abilities, JOI cannot guarantee that participation in formal education will entitle the employee to automatic advancement, a different job assignment, or pay increases.

Employees should contact the Director of Administration for more information or questions about educational assistance.

3-12 Professional associations and licenses

Effective Date: 10/1/02

JOI will reimburse employees up to \$100 per fiscal year for costs associated with professional licenses and/or memberships in professional associations. JOI may also choose to enroll the corporation in professional membership associations out of corporate funds, if approved by the President.

Employees must explain in a memo to their supervisors the relationship of the membership/license to JOI's mission, to their position at JOI and the benefits that will accrue to JOI as a result of the employee's membership. Supervisors that endorse the membership shall prepare a purchase request, attach the justification and forward it to the contracts department.

3-13 Health & Dental Insurance

Effective Date: 10/1/02

JOI provides employees and their dependents access to medical and dental care benefits. Employees in the following employment classifications are eligible to participate in the health and dental insurance plans:

- * Regular full-time employees
- * Regular part-time employees (who work 17 or more hours a week for medical, and 30 or more hours a week for dental)

Eligible employees may participate in the health and dental insurance plans subject to all terms and conditions of the agreement between JOI and the insurance carrier.

Details of the health and dental insurance plans are described in their Summary Plan Descriptions (SPD's). An SPD and information on cost of coverage will be provided in advance of enrollment to eligible employees. Contact the Director of Finance for more information about health insurance benefits.

3-14 Life Insurance

Effective Date: 10/1/02

Life insurance offers you and your family important financial protection. JOI provides a fully- paid life insurance plan equal to one times annual salary for eligible employees.

Accidental Death and Dismemberment (AD&D) insurance provides protection in cases of serious injury or death resulting from an accident. AD&D insurance coverage is provided as part of the basic life insurance plan.

Employees in the following employment classifications are eligible to participate in the life insurance plan:

- * Regular full-time employees
- * Regular part-time employees (who work 30 hours or more a week)

Eligible employees may participate in the life insurance plan subject to all terms and conditions of the agreement between JOI and the insurance carrier.

Details of the basic life insurance plan including benefit amounts are described in the Summary Plan Description provided to eligible employees. Life insurance coverage above the IRS prescribed limits (currently \$50,000) is subject to taxation. Contact the Finance Director for more information about life insurance benefits.

3-15 Short-Term Disability

Effective Date: 10/1/02

JOI provides a Short-Term Disability (STD) benefits plan to eligible employees who are unable to work fifteen (15) continuous calendar days from a qualifying disability due to an injury or illness. Employees in the following employment classifications are eligible to participate in the STD plan:

- * Regular full-time employees
- * Regular part-time employees (who work 30 or more hours per week)

The waiting period to join the disability plan is one year. Employees may join the plan on the first day of the month following the waiting period. Eligibility is also subject to all terms and conditions of the agreement between JOI and the insurance carrier.

Disabilities arising from pregnancy or pregnancy-related illness are treated the same as any other illness that prevents an employee from working. Disabilities covered by workers' compensation are excluded from STD coverage. Employees may not use annual sick leave while receiving STD benefits.

Details of the STD benefits plan including benefit amounts, when they are payable, and limitations, restrictions, and other exclusions are described in the Summary Plan Description provided to eligible employees. Contact the Finance Director for more information about STD benefits.

3-16 Long-Term Disability

Effective Date: 10/1/02

JOI provides a long-term disability (LTD) benefits plan to help eligible employees cope with an illness or injury that results in six (6) month or longer continuous absence from employment. LTD is designed to ensure a continuing income for employees who are disabled and unable to work.

Employees in the following employment classifications are eligible to participate in the LTD plan:

- * Regular full-time employees
- * Regular part-time employees (who work 30 or more hours per week)

Eligible employees may participate in the LTD plan subject to all terms and conditions of the agreement between JOI and the insurance carrier. Eligible employees may join the LTD plan the first day of the month following one (1) year of continuous service. The one-year waiting period is waived for eligible employees who were participating in a qualified employer-sponsored group disability plan within three months previous to JOI employment, and the prior policy provided income benefits for five or more years of disability.

Details of the LTD benefits plan including benefit amounts, and limitations and restrictions are described in the Summary Plan Description provided to eligible employees. Contact the Finance Director for more information about LTD benefits.

3-17 Retirement Programs

Effective Date: 10/1/02

JOI has established two plans through with Teachers Insurance Annuity Association/College Retirement Equities Fund (TIAA/CREF) to provide employees the potential for future financial security for retirement.

Retirement Annuity Plan with TIAA/CREF

This type of plan is identified by the IRS code as a 403(b) plan for non-profits.

JOI will establish and contribute an amount equal to 15% of an eligible employees paid salary, exclusive of overtime and bonuses, to an individual tax-deferred annuity contract with TIAA/CREF.

Supplemental Retirement Annuity Plan with TIAA/CREF

This type of plan is identified by the IRS code as a 403(b) plan for non-profits.

All employees may voluntarily elect to establish and contribute premiums (through salary reduction on a pre-tax basis) to an individual tax-deferred annuity contract with TIAA/CREF.

Because your contribution to a 403(b) plan is automatically deducted from your pay before federal and state tax withholdings are calculated, you save tax dollars now by having your current taxable amount reduced. While the amounts deducted generally will be taxed when they are finally distributed, favorable tax rules typically apply to 403(b) distributions.

To be eligible to join the pension plans, you must be 21 years of age or older. Eligible employees may participate in the retirement plans subject to all terms and conditions of the plan. Complete details of retirement plans are described in the Summary Plan Description provided to eligible employees. Contact the Finance Director for more information about the plans.

3-18 Flexible Spending Account (FSA)

Effective Date: 10/1/02

JOI provides a Flexible Spending Account (FSA) program that allows employees to have pre-tax dollars deducted from their salaries to pay for eligible out-of-pocket expenses. The pre-tax contributions made to the FSA can be used to pay for predictable non-reimbursed health care expenses and dependent care expenses during the plan year. Through the FSA program, you can reduce your taxable income without reducing your real income, so that you can keep more of the money you earn.

Employees in the following employment classifications are eligible to participate in the Flexible Spending Account program:

- * Regular full-time employees
- * Regular part-time employees

Participation in the Health Care and/or Dependent Care FSA is optional and determined on an annual basis for the plan year. You must enroll for each plan year. You determine how much to contribute to the account, up to a specified maximum, based on anticipated expenses during the plan year. You may contribute up to a maximum of 3,500 dollars each year for your Health Care FSA. The maximum contribution for your Dependent Care FSA is 5,000 dollars per year. Contributions are directed to the account through salary reduction on a pre-tax basis. This tax-free money is then available to you for reimbursement of out-of-pocket expenses. Since the amounts that remain in the account at the end of the plan year are forfeited, you should take care not to over-fund your account.

Details of the Flexible Spending Account program are described in the Summary Plan Description (SPD). Contact the Director of Finance for more information on the Flexible Spending Account program and to obtain enrollment and reimbursement forms and worksheets with examples of reimbursable and non-reimbursable expenses.

3-19 Parental Leave for School Visits

Effective Date: 10/1/02

JOI recognizes the value of parental involvement in children's education. For this reason, JOI provides employees who are parents, guardians, or custodians of children in licensed day care facilities or kindergarten through grade 12, unpaid time-off for the purpose of school visits. Parental leave for school visits allows employees to participate in activities sponsored, approved, or supervised by the school or daycare such as parent/teacher conferences or field trips.

Employees may request up to 24 hours of parental leave for school visits within any calendar year. Any available paid leave may be substituted for unpaid leave for school visits. Employees must provide their immediate supervisors reasonable advance notice of the need for parental leave for school visits. Upon return from the leave, employees must provide documentation to the Director of Administration from the school verifying the date and time of the visit. Contact the Director of Administration for more information or questions about and requests for parental leave for school visits.

3-20 Transportation Allowance

Effective Date: 10/1/02

It is JOI's policy to encourage energy conservation in employee commuting practices and to provide income tax-free compensation for employees. To promote this policy, JOI offers subsidy options to all regular employees. JOI can change or cancel this benefit at any time.

Public Transportation Subsidy

JOI provides a tax-free transportation commuting subsidy up to \$100 a month per employee for use on authorized D.C. metropolitan area public modes of transportation. Each month, participants receive METRO checks valued up to \$100, which can be used as tickets on the METRO rail system, or be exchanged for METRO bus tickets and other public transportation vouchers. Employees outside of the Washington D.C. metropolitan area may also receive an equivalent subsidy for using qualified modes of public transportation.

Car Pool Reimbursement

For employees who car pool to work, a tax-free subsidy up to \$30 a month is provided as a reimbursement.

Parking

JOI provides a tax-free subsidy of up to \$80 a month to offset the cost of garage parking at JOI headquarters, paid directly to the vendor for leased parking space.

Enrollment Information

The Director of Finance provides employees with enrollment information. Employees are eligible for only one subsidy from those listed above.

3-21 Domestic Partner Benefits

Effective Date 10/1/02

Plan Coverage. Same sex partners of JOI employees are eligible for equivalent health care benefits, as are spouses of current employees. Dependents of domestic partners are not eligible.

Enrollment procedures. To enroll a domestic partner, the employee must complete a “Statement of Domestic Partnership”, which is available from the Finance Department.

The statement must be returned to the Finance Department:

- By the end of the initial open enrollment period;
- By the end of any subsequent open enrollment period during the fall of each year; or
- At any time during the year, provided you enroll within 30 days of establishing a domestic partnership.

Tax Treatment. IRS regulations require that any benefit received be treated as taxable income.

Termination procedures. If there is a change in status of the domestic partnership, the employee must complete a Notice of Termination of Eligibility within 30 days of the change and submit it to the Finance Department. Benefits will be discontinued on the last day of the month in which the statement is received.

Confidentiality. All employee information, including statements of domestic partnership, will be kept confidential by JOI and released only to personnel and insurers with a need to know.

Premiums and Coverage. The JOI employee will remain on JOI’s health plan. JOI will make a financial contribution towards the domestic partner’s health insurance premium. This contribution will be equal to what JOI would normally contribute towards a single employee health plan. JOI will make every attempt to find a similar health care plan to that of JOI’s current employees. However, JOI cannot guarantee that such policy will be identical in benefits and cost.

3-22 Benefits Continuation (COBRA)

Effective Date: 10/1/02

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under JOI's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at JOI's group rates plus an administration fee. JOI provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under JOI's health insurance plan. The notice contains important information about the employee's rights and obligations.

4-01 Timekeeping

Effective Date: 10/1/02

Accurately recording time worked is the responsibility of every employee. JOI's contracts and in certain positions Federal and state laws require JOI to keep an accurate record of time worked. Time worked is all the time actually spent on the job performing assigned duties.

Nonexempt employees should accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period. They should also record the beginning and ending time of any split shift or departure from work for personal reasons. Overtime work must always be approved before it is performed. Exempt employees must also complete timesheets, but are not required to denote begin and end times.

Altering, falsifying, tampering with time records, or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment.

It is the employees' responsibility to sign their time records to certify the accuracy of all time recorded. The supervisor will review and then initial the time record before submitting it for payroll processing.

4-02 Paydays

Effective Date: 10/1/02

All employees are paid biweekly on every other Thursday. Each paycheck will include earnings for all work performed through the end of the previous week.

In the event that a regularly scheduled payday falls on a day off such as a holiday, employees will receive pay on the last day of work before the regularly scheduled payday.

If a regular payday falls during an employee's vacation, the employee's paycheck will be available upon his or her return from vacation.

Employees may have pay directly deposited into their bank accounts if they provide advance written authorization to JOI. Employees will receive an itemized statement of wages when JOI makes direct deposits.

4-03 Pay Advances

Effective Date: 10/1/02

JOI does not provide pay advances on unearned wages to employees.

4-04 Pay Deductions

Effective Date: 10/1/02

The law requires that JOI make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes. JOI also must deduct Social Security taxes on each employee's earnings up to a specified limit that is called the Social Security "wage base." JOI matches the amount of Social Security taxes paid by each employee.

JOI offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their pay checks to cover the costs of participation in these programs.

If you have questions concerning why deductions were made from your pay check or how they were calculated, your supervisor can assist in having your questions answered.

4-05 Administrative Pay Corrections

Effective Date: 10/1/02

JOI takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday.

In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of the Director of Finance so that corrections can be made as quickly as possible.

4-06 Employment Termination

Effective Date: 10/1/02

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Below are examples of some of the most common circumstances under which employment is terminated:

- Resignation - voluntary employment termination initiated by an employee.
- Discharge - involuntary employment termination initiated by the organization.
- Layoff - involuntary employment termination initiated by the organization for nondisciplinary reasons.
- Retirement - voluntary employment termination initiated by the employee meeting age, length of service, and any other criteria for retirement from the organization.

JOI will generally schedule exit interviews at the time of employment termination. The exit interview will afford an opportunity to discuss such issues as employee benefits, conversion privileges, repayment of outstanding debts to JOI, or return of JOI-owned property. Suggestions, complaints, and questions can also be voiced.

4-06 (Cont'd)

Reemployment

Terminated employees who return to work at JOI within one year of their last previous employment (within two years if termination of last employment was the result of a staff reduction), and whose appointment includes annual and sick leave benefits, have their previous rates of annual and sick leave accumulation reinstated. Additionally, the amount of sick leave that was accumulated on the date of termination is reinstated.

If a different position is offered to a former employee, the employee receives the appropriate salary for the different position regardless of the rate paid during the previous employment.

Since employment with JOI is based on mutual consent, both the employee and JOI have the right to terminate employment at will, with or without cause, at any time. Employee benefits will be affected by employment termination in the following manner. All accrued, vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance.

5-01 Safety

Effective Date: 10/1/02

JOI's policy is to provide a safe, healthful and efficient working environment for employees and visitors. JOI shall adhere to all applicable federal and local health, safety, and environmental regulations.

Safety

The Director of Administration serves as the primary JOI safety official. He/she may temporarily suspend any activity which, in his/her judgment, represents imminent danger to persons or property under JOI's jurisdiction. Permanent suspension requires approval of the President.

Employees are responsible for working in a safe manner:

Unsafe conditions and/or any equipment that needs repair or replacement or is a potential safety hazard are to be reported immediately to the Director of Administration.

Flammable items are to be used with caution.

Lifting heavy objects or moving heavy furniture without proper equipment and/or assistance is not authorized.

All electrical, computer equipment and telephone cords are to be safely placed out of the way of footpaths and contact with liquids.

Building Emergencies

The landlord in accordance with applicable building and fire codes, provides fire extinguishers, emergency lights and exit regulations. Each employee is responsible for familiarizing themselves with the location and functions of office fire extinguishers, emergency lights and exits. There is a 24-hour guard on duty in the 1775 main lobby of The Brookings Institution building who can be reached by telephone at (202) 797-6000. The 1755 ground floor lobby of the JOI office is staffed during general office hours. That telephone number is (202) 797-6100.

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination of employment.

Work Injuries

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees must immediately notify the Director of Administration or the appropriate supervisor. Such reports are necessary to comply with laws and initiate insurance and workers' compensation benefits procedures.

5-02 Work Schedules & Flex Time

Effective Date: 10/1/02

JOI's office hours are from 8:30 a.m. to 5:30 p.m., Monday through Friday. The normal workday for a full-time employee is 8 hours exclusive of lunch, and the normal workweek is 40 hours. The workweek is Sunday through Saturday.

JOI operates under a flexible work hour system (FLEX) within the following parameters: - Core work hours are 10AM to 3PM - All employees must be available during CORE hours or must take leave.

The Front Office Assistant position is not subject to FLEX.

5-03 Smoking

Effective Date: 10/1/02

In keeping with JOI's intent to provide a safe and healthful work environment, smoking is prohibited throughout the workplace.

This policy applies equally to all employees, customers, and visitors.

5-04 Overtime

Effective Date: 10/1/02

When operating requirements or other needs cannot be met during regular working hours, employees may be asked to work overtime. All overtime work must receive the supervisor's prior authorization. Overtime assignments will be distributed as equitably as practical to all employees qualified to perform the required work.

Overtime compensation is paid to all nonexempt employees in accordance with federal and state wage and hour restrictions. Overtime pay is based on actual hours worked. Time off on sick leave, vacation leave, or any leave of absence will not be considered hours worked for purposes of performing overtime calculations.

5-05 Use of Equipment

Effective Date: 10/1/02

Equipment essential in accomplishing job duties is often expensive and may be difficult to replace. When using property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

Please notify the supervisor if any equipment, machines, or tools appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others. The supervisor can answer any questions about an employee's responsibility for maintenance and care of equipment used on the job.

The improper, careless, negligent, destructive, or unsafe use or operation of equipment can result in disciplinary action, up to and including termination of employment.

5-06 Emergency Closings

Effective Date: 10/1/02

For inclement weather, JOI follows the federal governments decisions concerning: 1) granting unscheduled leave or adjusted home departure to employees; or, 2) closing for the workday. The JOI President may also invoke an unscheduled leave, adjusted home departure or closing decision at other times when the federal government has neither granted unscheduled leave or adjusted home departure nor closed.

Unscheduled Leave

Unscheduled leave means that employees may take Annual Leave without their supervisors approval. Employees who have no accumulated Annual Leave will be granted advance Annual Leave.

An employee taking unscheduled leave shall notify their supervisor regarding their work status as soon as possible.

Adjusted Home Departure

Adjusted home departure means that employees are requested to leave home a certain number of hours later than their normal departure time. Employees not designated as essential who arrive late will be excused without loss of pay or charge to leave.

Essential Services

Each Senior Executive shall designate those employees who are necessary to provide essential services when unscheduled leave, adjusted home departure or closing has been invoked

In addition, other emergencies, such as, fires or power failures can disrupt company operations. In extreme cases, these circumstances may also require the closing of a work facility. When this occurs, employees will be notified as soon as possible.

5-07 Business Travel Expenses

Effective Date: 10/1/02

JOI will reimburse employees for reasonable business travel expenses incurred while on assignments away from the normal work location. All business travel must be approved in advance by the Program Directors.

Employees whose travel plans have been approved should make all travel arrangements through JOI's travel department.

Employees who are involved in an accident while traveling on business must promptly report the incident to their immediate supervisor. Vehicles owned, leased, or rented by JOI may not be used for personal use without prior approval.

Cash advances to cover reasonable anticipated expenses may be made to employees, after travel has been approved. Employees should indicate the need for an advance when they submit their travel authorization form.

A family member or friend may accompany employees on business travel, when the presence of a companion will not interfere with successful completion of business objectives. Employees are also permitted to combine personal travel with business travel, as long as time away from work is approved. Additional expenses arising from nonbusiness travel are the responsibility of the employee.

When travel is completed, employees should submit completed travel expense reports within 30 days. Receipts for all individual expenses of 50 dollars or more must accompany reports.

Abuse of the travel policy, including falsifying expense reports to reflect costs not incurred by the employee, can be grounds for disciplinary action, up to and including termination of employment.

Employees should consult the travel policy in the administration manual for specifics and guidance on procedures related to travel arrangements, travel advances, expense reports, reimbursement for specific expenses, any other business travel policies.

5-08 Building Security

Effective Date: 10/1/02

It is JOI's policy to maintain a level of building security that ensures the safety and health of all employees and visitors to the JOI office in Washington, DC.

Employee Access to Building

The JOI office is housed at 1755 Massachusetts Ave., N.W., Suite 700, Washington, D.C. JOI is a tenant of The Brookings Institution. The Brookings Institution is located in the adjacent building at 1775 Massachusetts Ave., N.W. A ground floor passageway connects both buildings from lobby to lobby. There is a 24-hour attendant on duty in the main lobby of The Brookings Institution building at 1775 Massachusetts Ave., N.W., who can be reached by telephone at (202) 797-6000. The 1755 lobby, where JOI is located, is staffed during general office hours. That telephone number is (202) 797-6100.

Employees who enter the building are required to possess a valid security card. Security cards, provided by The Brookings Institution, are issued to each employee by the Director of Contracts and Administration. At termination of employment, security cards must be returned to the Director of Contracts and Administration. There is a fee of \$10.00 to the employee for replacement of lost security cards. JOI will assess this fee if a security card is lost or misplaced more than once.

Employees who enter the buildings during security hours will be asked to sign-in and sign-out in the Brookings log books located in the lobbies. Brookings staff authorized to maintain safety and security may demand that JOI staff vacate the building and/or cease particular activities at times. JOI staff must comply with such requests.

Employee Access to JOI Office

Each JOI employee is issued an office key and magnetic keypad access number for authorized access to the premises. These are the property of JOI and must not be copied, distributed, or provided to unauthorized users. At termination of employment, the key must be returned to the Director of Contracts and Administration.

Employee Access to Parking Garage

Employees who are authorized access to the parking garage at 1755 Massachusetts Ave., N.W., are provided with garage door openers which must not be transferred to unauthorized users. At termination of employment, door openers must be returned to the Director of Contracts and Administration. There is a fee to employees to replace lost door openers.

5-09 Visitors in the Workplace

Effective Date: 10/1/02

To provide for the safety and security of employees, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances. JOI supports the Brookings security policy regarding access for visitors and delivery service.

Visitors who enter the building must check in with Brookings staff. Brookings will announce the visitor by telephone to JOI and ascertain if JOI wishes to allow the visitor to proceed to the office suite. JOI will assume responsibility for making sure the visitor arrives within a reasonable amount of time and will notify the Brookings lobby receptionist if the guest does not arrive. Visitors must remain in the lobby until JOI permission is obtained to proceed into the building.

Approved vendors such as the United States Postal Service, UPS and Federal Express will be allowed to enter the building and make deliveries unannounced.

If an unauthorized individual is observed on JOI's premises, employees should immediately notify their supervisor or, if necessary, direct the individual to the lobby.

5-10 Computer and E-mail Usage

Effective Date: 10/1/02

Computers, computer files, the e-mail system, and software furnished to employees are JOI property intended for business use. Employees should not use a password, access a file, or retrieve any stored communication without authorization. To ensure compliance with this policy, computer and e-mail usage may be monitored.

JOI strives to maintain a workplace free of harassment and sensitive to the diversity of its employees. Therefore, JOI prohibits the use of computers and the e-mail system in ways that are disruptive, offensive to others, or harmful to morale.

For example, the display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others.

E-mail may not be used to solicit others for commercial ventures, religious or political causes.

JOI purchases and licenses the use of various computer software for business purposes and does not own the copyright to this software or its related documentation. Unless authorized by the software developer, JOI does not have the right to reproduce such software for use on more than one computer.

Employees may only use software on local area networks or on multiple machines according to the software license agreement. JOI prohibits the illegal duplication of software and its related documentation.

Employees should notify their immediate supervisor, the Technical Support Manager or any member of management upon learning of violations of this policy. Employees who violate this policy will be subject to disciplinary action, up to and including termination of employment.

5-11 Internet Usage

Effective Date: 10/1/02

Internet access to global electronic information resources on the World Wide Web is provided by JOI to assist employees in obtaining work-related data and technology. The following guidelines have been established to help ensure responsible and productive Internet usage. While Internet usage is intended for job-related activities, incidental and occasional brief personal use is permitted within reasonable limits.

All Internet data that is composed, transmitted, or received via our computer communications systems is considered to be part of the official records of JOI and, as such, is subject to disclosure to law enforcement or other third parties. Consequently, employees should always ensure that the business information contained in Internet e-mail messages and other transmissions is accurate, appropriate, ethical, and lawful.

The equipment, services, and technology provided to access the Internet remain at all times the property of JOI. As such, JOI reserves the right to monitor Internet traffic, and retrieve and read any data composed, sent, or received through our online connections and stored in our computer systems.

Data that is composed, transmitted, accessed, or received via the Internet must not contain content that could be considered discriminatory, offensive, obscene, threatening, harassing, intimidating, or disruptive to any employee or other person. Examples of unacceptable content may include, but are not limited to, sexual comments or images, racial slurs, gender-specific comments, or any other comments or images that could reasonably offend someone on the basis of race, age, sex, religious or political beliefs, national origin, disability, sexual orientation, or any other characteristic protected by law.

The unauthorized use, installation, copying, or distribution of copyrighted, trademarked, or patented material on the Internet is expressly prohibited. As a general rule, if an employee did not create material, does not own the rights to it, or has not gotten authorization for its use, it should not be put on the Internet. Employees are also responsible for ensuring that the person sending any material over the Internet has the appropriate distribution rights.

Internet users should take the necessary anti-virus precautions before downloading or copying any file from the Internet. All downloaded files are to be checked for viruses; all compressed files are to be checked before and after decompression.

Abuse of the Internet access provided by JOI in violation of law or JOI policies will result in disciplinary action, up to and including termination of employment. Employees may also be held personally liable for any violations of this policy. The following behaviors are examples of previously stated or additional actions and activities that are prohibited and can result in disciplinary action:

- Sending or posting discriminatory, harassing, or threatening messages or images
- Using the organization's time and resources for personal gain
- Stealing, using, or disclosing someone else's code or password without authorization
- Copying, pirating, or downloading software and electronic files without permission
- Sending or posting confidential material, trade secrets, or proprietary information outside of the organization
- Violating copyright law
- Failing to observe licensing agreements
- Engaging in unauthorized transactions that may incur a cost to the organization or initiate unwanted Internet services and transmissions
- Sending or posting messages or material that could damage the organization's image or reputation
- Participating in the viewing or exchange of pornography or obscene materials
- Sending or posting messages that defame or slander other individuals
- Attempting to break into the computer system of another organization or person
- Refusing to cooperate with a security investigation
- Sending or posting chain letters, solicitations, or advertisements not related to business purposes or activities
- Using the Internet for political causes or activities, religious activities, or any sort of gambling
- Jeopardizing the security of the organization's electronic communications systems
- Sending or posting messages that disparage another organization's products or services
- Passing off personal views as representing those of the organization
- Sending anonymous e-mail messages
- Engaging in any other illegal activities

5-12 Workplace Violence Prevention

Effective Date: 10/1/02

JOI is committed to preventing workplace violence and to maintaining a safe work environment. Given the increasing violence in society in general, JOI has adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that may occur during business hours or on its premises.

All employees, including supervisors and temporary employees, should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, "horseplay," or other conduct that may be dangerous to others.

Conduct that threatens, intimidates, or coerces another employee, a customer, or a member of the public at any time, including off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual's sex, race, age, or any characteristic protected by federal, state, or local law.

All threats of (or actual) violence, must be reported as soon as possible to your immediate supervisor or the Director of Contracts and Administration. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. When reporting a threat of violence, you should be as specific and detailed as possible.

All suspicious individuals or activities should also be reported as soon as possible. Do not place yourself in peril. If you see or hear a commotion or disturbance near your work station, do not try to intercede.

JOI will promptly and thoroughly investigate all threats of violence and reports of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is practical.

Anyone determined to be responsible for threats or other malicious conduct that is in violation of these guidelines will be subject to prompt disciplinary action up to and including termination of employment.

6-01 Family and Medical Leave

Effective Date: 10/1/02

JOI provides within a 24-month period:

- 1) up to 26 weeks of unpaid family leave for the birth, adoption, or foster care of a child or to care for a seriously ill family member; and,
- 2) up to 16 weeks of unpaid medical leave to recover from a serious illness rendering the employee unable to work.

These provisions meet or exceed the requirements of the District of Columbia's "Family and Medical Leave Act of 1990".

1. Eligibility

Employees are eligible for family and medical leave who have worked for JOI for one year without a break in service and who have worked at least 1000 hours during the last 12 months.

2. Administration of Family and Medical Leave

- a) JOI may require a doctors statement for granting such leave.
- b) Inclusive within the period of Family and Medical Leave granted, employees must use all accumulations of Annual Leave and Sick Leave, in conjunction with following the provisions of those policies.
- c) While on Family and Medical Leave, the employees group health insurance coverage is continued. The employee must pay the employee portion of the premium due while on Family and Medical Leave on a timely basis.
- d) To insure compliance with provisions of the policy, and to inform the employee of those benefits, other than group health insurance coverage, that may be affected, individual arrangements must be made in advance with the employees supervisor, the appropriate Senior Executive and the Director of Administration. A simple form to request Family and Medical Leave must be completed by the employee and submitted to the Director of Finance and Administration.
- e) JOI requires that approved leave of absence (using Leave Without Pay, Annual Leave, or Sick Leave) which meets the criteria for Family and Medical Leave, be counted towards the weeks provided for under Family and Medical Leave.
- f) During Family and Medical Leave, an employee will not accumulate annual and sick-leave benefits.

If an employee fails to return to work on the agreed upon return date, JOI will assume that the employee has resigned.

6-02 Military Leave

Effective Date: 10/1/02

A military leave of absence will be granted to employees who are absent from work because of service in the U.S. uniformed services in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA). Advance notice of military service is required, unless military necessity prevents such notice or it is otherwise impossible or unreasonable.

Employees will continue to receive full pay while on leave for two-week training assignments and shorter absences. The portion of any military leaves of absence in excess of two weeks will be unpaid. However, employees may use any available paid time off for the absence.

Continuation of health insurance benefits is available as required by USERRA based on the length of the leave and subject to the terms, conditions and limitations of the applicable plans for which the employee is otherwise eligible.

Benefit accruals, such as vacation, sick leave, or holiday benefits, will be suspended during the leave and will resume upon the employee's return to active employment.

Employees on military leave for up to 30 days are required to return to work for the first regularly scheduled shift after the end of service, allowing reasonable travel time. Employees on longer military leave must apply for reinstatement in accordance with USERRA and all applicable state laws.

Employees returning from military leave will be placed in the position they would have attained had they remained continuously employed or a comparable one depending on the length of military service in accordance with USERRA. They will be treated as though they were continuously employed for purposes of determining benefits based on length of service.

Contact the Finance Director for more information or questions about military leave.

7-01 Employee Conduct and Work Rules

Effective Date: 10/1/02

To ensure orderly operations and provide the best possible work environment, JOI expects employees to follow rules of conduct that will protect the interests and safety of all employees and the organization.

It is not possible to list all the forms of behavior that are considered unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

- Theft or inappropriate removal or possession of property
- Falsification of timekeeping records
- Working under the influence of alcohol or illegal drugs
- Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace, while on duty, or while operating employer-owned vehicles or equipment
- Fighting or threatening violence in the workplace
- Negligence or improper conduct leading to damage of employer-owned or customer-owned property
- Violation of safety or health rules
- Sexual or other unlawful or unwelcome harassment
- Violation of personnel policies
- Unsatisfactory performance or conduct

Employment with JOI is at the mutual consent of JOI and the employee, and either party may terminate that relationship at any time, with or without cause, and with or without advance notice.

7-02 Drug and Alcohol Use

Effective Date: 10/1/02

Drug Free Workplace

It is JOI's desire to provide a drug-free, healthful, and safe workplace. To promote this goal, employees are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner. In addition, under the Drug-Free Workplace Act, an employee who performs work for a government contract or grant must notify JOI of a criminal conviction for drug-related activity occurring in the workplace. The report must be made within five days of the conviction.

While on JOI premises and while conducting business-related activities off JOI premises, no employee may use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs. The legal use of prescribed drugs is permitted on the job only if it does not impair an employee's ability to perform the essential functions of the job effectively and in a safe manner.

Violations of this policy may lead to disciplinary action, up to and including immediate termination of employment, and/or required participation in a substance abuse rehabilitation or treatment program. Such violations may also have legal consequences.

Employees with drug or alcohol problems that have not resulted in, and are not the immediate subject of, disciplinary action may request approval to take unpaid time off to participate in a rehabilitation or treatment program through JOI's health insurance benefit coverage. Leave may be granted if the employee agrees to abstain from use of the problem substance; abides by all JOI policies, rules, and prohibitions relating to conduct in the workplace; and if granting the leave will not cause JOI any undue hardship.

CONSUMPTION AND SERVING OF ALCOHOL

Alcoholic beverages are served at JOI functions only under controlled and limited conditions in order that JOI may act in a socially responsible manner and comply with legal requirements. No alcohol may be served or consumed on JOI premises unless expressly approved by the President. Federal funds, direct or indirect, shall not be used for the purchase of alcoholic beverages.

JOI functions adhere to D.C. liquor law stipulations which require that JOI not serve alcoholic beverages to any person under the age of 21.

JOI shall not sell or be reimbursed for the purchase of alcoholic beverages. Participant charges for conferences and workshops may not be used to purchase alcoholic beverages served at receptions, dinners, and other functions held on JOI premises or off-site, unless the off-site location has a license to serve liquor, e.g., a restaurant or hotel.

On-Site Functions

Only beer, wine and champagne may be served at on-site functions; distilled beverages may not be served. The serving of distilled liquor is permitted off-site in accordance with applicable liquor licensing laws.

Off-Site Functions

All applicable provisions of this policy apply to JOI functions held off-site. In addition, the alcohol-dispensing practices of the function must comply with the liquor licensing laws for the off-site function location.

Approval Process

A request to serve alcoholic beverages onsite shall be submitted to the President at least three days in advance of the function. Such requests are not to exceed \$15 per person per event.

Charging for Alcoholic Beverages

Alcoholic beverages may be purchased only with unrestricted funds or non-JOI resources.

Alternative Transportation

Groups or individuals hosting functions shall arrange for alternative transportation at JOI's expense, if necessary, for departing attendees. Taxi service or the identification of designated drivers may be necessary to help attendees reach their next destination safely.

7-03 Sexual and Other Unlawful Harassment

Effective Date: 10/1/02

JOI is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive. Actions, words, jokes, or comments based on an individual's sex, race, color, national origin, age, religion, disability, sexual orientation, or any other legally protected characteristic will not be tolerated.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser. The following is a partial list of sexual harassment examples:

- Unwanted sexual advances.
- Offering employment benefits in exchange for sexual favors.
- Making or threatening reprisals after a negative response to sexual advances.
- Visual conduct that includes leering, making sexual gestures.
- Displaying of sexually suggestive objects or pictures, cartoons or posters.
- Stating derogatory comments, epithets, slurs, or jokes.
- Verbal sexual advances or propositions.
- Physical conduct that includes touching, assaulting, or impeding or blocking movements. Unwelcome sexual advances (either verbal or physical), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when: (1) submission to such conduct is made either explicitly or implicitly a term or condition of employment; (2) submission or rejection of the conduct is used as a basis for making employment decisions; or, (3) the conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile, or offensive work environment.

If you experience or witness sexual or other unlawful harassment in the workplace, report it immediately to your supervisor. If the supervisor is unavailable or you believe it would be inappropriate to contact that person, you should immediately contact the Director of Contracts and Administration. You can raise concerns and make reports without fear of reprisal or retaliation.

All allegations of sexual harassment will be quickly and discreetly investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, you will be informed of the outcome of the investigation.

Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must immediately advise the Director of Contracts and Administration or any member of management so it can be investigated in a timely and confidential manner.

Anyone engaging in sexual or other unlawful harassment will be subject to disciplinary action, up to and including termination of employment.

7-04 Attendance and Punctuality

Effective Date: 10/1/02

JOI expects employees to be reliable and to be punctual in reporting for scheduled work.

Poor attendance and excessive tardiness are disruptive and can place a burden on other employees. Either may lead to disciplinary action, up to and including termination of employment.

7-05 Personal Appearance

Effective Date: 10/1/02

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image JOI presents to the community.

During business hours or when representing JOI, you are expected to present a clean, neat, and tasteful appearance. You should dress and groom yourself according to the requirements of your position and accepted social standards.

Your supervisor or department head is responsible for establishing a reasonable dress code appropriate to the job you perform. If your supervisor feels your personal appearance is inappropriate, you may be asked to leave the workplace until you are properly dressed or groomed. Under such circumstance, the time away will be applied to your annual leave. Consult your supervisor if you have questions as to what constitutes appropriate appearance. Where necessary, reasonable accommodation may be made to a person with a disability.

7-06 Return of Property

Effective Date: 10/1/02

Employees are responsible for all JOI property, materials, or written information issued to them or in their possession or control. All JOI property must be returned by employees on or before their last day of work.

7-07 Resignation

Effective Date: 10/1/02

Resignation is a voluntary act initiated by the employee to terminate employment with JOI. Although advance notice is not required, as a professional courtesy, JOI requests at least 2 weeks' written resignation notice from all employees.

Prior to an employee's departure, an exit interview will be scheduled to discuss the reasons for resignation and the effect of the resignation on benefits.

7-08 Solicitation

Effective Date: 10/1/02

In an effort to ensure a productive and harmonious work environment, persons not employed by JOI may not solicit or distribute literature in the workplace at any time for any purpose.

JOI recognizes that employees may have interests in events and organizations outside the workplace. However, employees may not solicit or distribute literature concerning these activities during business hours.

Examples of impermissible forms of solicitation include:

- The collection of money, goods, or gifts for religious and/or political groups
- The circulation of petitions
- The distribution of literature not approved by the employer

This policy does prohibit solicitations for school activities, even if those activities are related to religious organizations.

7-09 Progressive Discipline

Effective Date: 10/1/02

The purpose of this policy is to state JOI's position on administering equitable and consistent discipline for unsatisfactory conduct in the workplace.

The purpose of any disciplinary action is to correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future.

Although employment with JOI is based on mutual consent and both the employee and JOI have the right to terminate employment at will, with or without cause or advance notice, JOI may use progressive discipline at its discretion. Progressive discipline means that JOI will normally follow the following steps:

Verbal warning, written warning, suspension with or without pay, or termination of employment. Depending on the severity of the problem and the number of occurrences. There may be circumstances when one or more steps are bypassed.

There are certain types of employee problems that are serious enough to justify either a suspension, or, in extreme situations, termination of employment, without going through the usual progressive discipline steps.

By using progressive discipline, JOI hopes that most problems can be corrected at an early stage, benefiting both the employee and JOI.

7-10 Problem Resolution

Effective Date: 10/1/02

JOI is committed to providing the best possible working conditions for its employees. Part of this commitment is encouraging an open and frank atmosphere in which any problem, complaint, suggestion, or question receives a timely response from JOI supervisors and management.

JOI strives to ensure fair and honest treatment of all employees. Supervisors, managers, and employees are expected to treat each other with mutual respect. Employees are encouraged to offer positive and constructive criticism.

If employees disagree with established rules of conduct, policies, or practices, they can express their concern through the problem resolution procedure. No employee will be penalized, formally or informally, for voicing a complaint with JOI in a reasonable, business-like manner, or for using the problem resolution procedure.

If a situation occurs when employees believe that a condition of employment or a decision affecting them is unjust or inequitable, they are encouraged to make use of the following steps. The employee may discontinue the procedure at any step.

1. Employee presents problem to immediate supervisor after incident occurs. If supervisor is unavailable or employee believes it would be inappropriate to contact that person, employee may present problem to Director of Administration.
2. Supervisor responds to problem during discussion or after consulting with appropriate management, when necessary. Supervisor documents discussion.
3. Employee presents problem to Director of Administration or President if problem is unresolved. The decision of the President is final.

Not every problem can be resolved to everyone's total satisfaction, but only through understanding and discussion of mutual problems can employees and management develop confidence in each other. This confidence is important to the operation of an efficient and harmonious work environment, and helps to ensure everyone's job security.

7-11 Workplace Etiquette

Effective Date: 10/1/02

JOI strives to maintain a positive work environment where employees treat each other with respect and courtesy. Sometimes issues arise when employees are unaware that their behavior in the workplace may be disruptive or annoying to others. Many of these day-to-day issues can be addressed by politely talking with a co-worker to bring the perceived problem to his or her attention. In most cases, common sense will dictate an appropriate resolution. JOI encourages all employees to keep an open mind and graciously accept constructive feedback or a request to change behavior that may be affecting another employee's ability to concentrate and be productive. The following workplace etiquette guidelines are not necessarily intended to be hard and fast work rules with disciplinary consequences. They are simply suggestions for appropriate workplace behavior to help everyone be more conscientious and considerate of co-workers and the work environment. Please contact the Director of Administration if you have comments, concerns, or suggestions regarding these workplace etiquette guidelines.

- Return copy machine and printer settings to their default settings after changing them.
- Replace paper in the copy machine and printer paper trays when they are empty.
- Retrieve print jobs in a timely manner and be sure to collect all your pages.
- Keep the area around the copy machine and printers orderly.
- Avoid public accusations or criticisms of other employees.
- Try to minimize unscheduled interruptions of other employees while they are working.
- Be conscious of how your voice travels, and try to lower the volume of your voice when talking on the phone or to others in open areas.
- Try not to block walkways while carrying on conversations.
- Refrain from using inappropriate language (swearing) that others may overhear.
- Monitor the volume when listening to music, voice mail, or a speakerphone that others can hear.

8-01 Illnesses in the Workplace/Medical Privacy

Effective Date: 10/1/02

Employees with life-threatening illnesses, such as cancer, heart disease, and AIDS, often wish to continue their normal pursuits, including work, to the extent allowed by their condition. JOI supports these endeavors as long as employees are able to meet acceptable performance standards. As in the case of other disabilities, JOI will make reasonable accommodations in accordance with all legal requirements, to allow qualified employees with life-threatening illnesses to perform the essential functions of their jobs.

Medical information on individual employees is treated confidentially. JOI will take reasonable precautions to protect such information from inappropriate disclosure. Managers and other employees have a responsibility to respect and maintain the privacy of employee medical information. Anyone inappropriately disclosing such information is subject to disciplinary action, up to and including termination of employment.

8-02 Recycling

Effective Date: 10/1/02

JOI supports environmental awareness by encouraging recycling and waste management on its premises. This support includes a commitment to the purchase, use, and disposal of products and materials in a manner that will minimize any negative impact on the earth's environment. The simple act of placing a piece of paper, can, or bottle in a recycling container is the first step in reducing demand on the earth's limited resources.

Special recycling receptacles have been set up to promote the separation and collection of the following recyclable materials at JOI:

- * white high grade or bond paper
- * aluminum
- * glass

Success of this program depends on active participation by all of us. Employees are encouraged to make a commitment to recycle and be a part of this solution.

9-01 Annual Leave Form

**JOI
LEAVE REQUEST FORM**

Request that I be granted _____ day(s) of _____ (Annual Leave, Sick Leave, Leave w/o Pay, Bereavement Leave) to cover the period beginning on _____ to _____ (Inclusive).

DATE: _____

REQUESTOR: _____
Signature of Employee

*Requests for Annual Leave, Sick Leave or Leave w/o Pay, which also meet the criteria for Family and Medical Leave as discussed under JOI Administrative Policy Manual, need to use the form specifically designed for requesting Family and Medical Leave. Please contact the Director of Administration for additional information.

APPROVED

DISAPPROVED

DATE: _____

Signature of Supervisor

NOTE: If advance Leave of greater than 10 days, approval of the Director of Finance is also required:

DATE: _____

Director of Finance

.....
This form is to be completed prior to leave being taken as appropriate. The signed form is to be attached to the employee's time sheet for the period in which the leave was taken. If leave requested is in an increment of less than 1 full day, please indicate as a portion of a day (i.e. 2 hours = 1/4 day).

04/30/01

9-02 Family/Medical/Military Leave Form

Effective Date: 1/1/02

Family/Medical/Military Leave Form

Employee name: _____ Position: _____

Type of leave requested (*Please review the Employee Handbook for policy guidelines on the following types of leave*):

_____ Medical Leave _____ Military Leave
_____ Family Leave _____ Other time off request (explain)

Reason for leave of absence: _____
(Please attach an additional sheet of explanation, if necessary, for Family and Medical. Attach a copy of military orders for Military Leave.)

Beginning date of leave: _____

Expected date of return: _____

Do you want to use accrued paid vacation before unpaid leave? ___ Yes ___ No

If yes, total number of accrued vacation hours or days requested: _____

Employees requesting Medical Leave must attach a health-care provider's statement verifying the need for leave and its beginning and expected ending dates. Any changes in this information should be promptly reported.

Employees returning from Medical Leave must submit a health-care provider's verification of their fitness to return to work (including any limitations on the employee's ability to perform the essential duties of the job).

Employee signature: _____ Date: _____

Manager's approval: _____ Date: _____

Human Resources sign-off and comments:

9-03 Appraisal Form

JOI COACHING AND PERSONAL EFFECTIVENESS REPORT

Name of Employee Reviewed: _____

Name of Supervisor: _____ Date of Review: _____

PART I

1. I have told the employee that his/her over-all personal effectiveness and job performance:
 - a. _____ has demonstrated enthusiasm, initiative and the development of new ideas and has fulfilled expectations in the work role. We have reviewed shortcomings, if any, and I am providing the necessary coaching consistent with the business needs and objectives of JOI.
 - b. _____ has been at a level which, if continued, would be unacceptable in this role and I am pursuing the issue as detailed in the attached separate report/memo.

2. I have reviewed the employee's position description with him/her and
 - a. _____ after analyzing the needs of the program during the coming year and the employee's skills and interests, we see no need to change that description.
 - b. _____ after analyzing emerging program requirements and evolving employee capabilities and interests, a change to the position description is recommended. (See attached rewritten position description).

3. I have reviewed the employee's training needs with him/her and
 - a. _____ No specific training needs have been identified
 - b. _____ after analyzing emerging program requirements and evolving employee capabilities and interests, the following training program/career development plan is recommended:

4. We have discussed the above statements:

Signature of Employee Reviewed/Date: _____

Signature of Supervisor/Date: _____

9-03 Appraisal Form(Cont'd)

JOI COACHING AND PERSONAL EFFECTIVENESS REPORT

Page 2 of 2

PART II (To be completed by Supervisor)

MEMORANDUM TO: President, JOI

In accordance with JOI's Compensation and Job Classification Policy, I recommend Mr/Ms/Dr
_____ for:

Salary adjustment of ___% to the employee's current salary of \$_____

Documentation to support the above recommended action: (provide examples of increased quality, efficiency and/or complexity of actions)

Annual Performance Bonus of \$_____

Documentation to support the above action: (provide examples that meet criteria in Paragraph A.2. a) thru d) of JOI Compensation Policy:

On the Spot Award of \$_____

Documentation to support the above action: (provide examples that meet criteria of A.1.a) thru c) of JOI Compensation Policy:

Signature of Supervisor

7/1/01

9-04 Statement of Domestic Partnership Form

I submit this statement of domestic partnership to establish the eligibility of the person named below as my domestic partner for health care benefits available through JOI.

Name of domestic partner _____

Acknowledgement. I acknowledge as follows:

The domestic partner named above and I are each other's sole domestic partner, and we are each at least 18 years of age, not legally married and not related in any way.

In addition, I will provide three separate items as proof of my relationship. Those documents are (please attach copies of appropriate documents):

- A joint lease, mortgage or deed
- Joint ownership of a vehicle
- Joint ownership of checking account or credit account
- Designation of the domestic partner as a beneficiary for the employee's life insurance or retirement benefits
- Designation of the domestic partner as a beneficiary of the employee's will
- Designation of the domestic partner as holding power of attorney for health care
- Shared household expenses
- Other. Please list _____.

Notice of termination. I understand that I am obligated to file a notice of termination of eligibility with the plan administrator within 30 days of the death of my domestic partner; the date on which my domestic partner and I no longer meet the criteria for domestic partnership set forth above, whichever is earlier.

Attorney advised. I understand that acknowledging my domestic partner relation in this statement might subject me to legal obligations to my domestic partner, taxing authorities or other third parties and that I should consult an attorney to learn the extent of those obligations.

Signature. I acknowledge that the statements above are true and correct.

Signature of Employee _____

Date _____

9-05 Termination of Eligibility for Domestic Partnership Benefits

I submit this notice of termination of eligibility as notification that my domestic partner is no longer eligible to obtain health benefits through JOI.

Name of employee _____

Name of domestic partner _____

For domestic partnership. My domestic partner is no longer eligible to obtain benefits through my employment because:

- We no longer meet the criteria for domestic partnership as set forth in my Statement of Domestic Partnership, or
- My domestic partner is deceased.

Date of change: **The date on which my spouse or domestic partner became ineligible to continue to obtain health benefits through my employment was _____.**

Upon signing this Notice of Termination, I will provide a copy to my former domestic partner.

Signature of employee _____

Date _____

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TRAVEL POLICY

OCTOBER 2002

JOINT OCEANOGRAPHIC INSTITUTIONS

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TRAVEL DEPARTMENT MISSION STATEMENT

Provide travelers with arrangements that are efficient and effective. It is JOI's responsibility to provide timely, meaningful and accurate information to assist the travelers.

As a traveler, your responsibility is to adhere to the policies contained within this handbook, by obtaining travel authorizations, documenting expenses, and applying for reimbursement.

TRAVEL PREPARATION

1-01 TRAVEL AUTHORIZATION

Effective Date: 10/1/02

Advance approval is required for all travel for which expenses are to be paid or reimbursed.

JOI Management will authorize all requests for travel and must approve all requests for exceptions to this policy. For JOI employees, a Travel Authorization form (Attachment 4-06) must be submitted to the JOI Travel Office. The appropriate Supervisor and Program Manager must sign this form. For travelers who are not JOI employees, the appropriate JOI authority will complete a travel authorization.

Travelers who attend meetings arranged by the JOI Travel Office will receive meeting and travel logistical information via email. This information will indicate whether the traveler's expenses are to be reimbursed by JOI.

1-02 TRAVEL ADVANCES

Effective Date: 10/1/02

Travelers may request an advance of funds by submitting a Travel Advance Request (Attachment 4-01).

The standard travel advance is based on a per diem rate that covers the expense of meals, consistent with the guidelines described in The Reimbursement of Travel Expenses section. Additional advance funds for lodging, airline tickets, and other reimbursable travel expenses may be requested.

To ensure timely processing, a travel advance request should be submitted to the Travel Office at least two weeks prior to commencement of travel. A check will be mailed to the traveler. Advances must be identified on the Travel Expense Report, which is discussed in the following section.

REIMBURSEMENT OF TRAVEL EXPENSES

2-01 TRAVEL EXPENSE REPORT

Effective Date: 10/1/02

Claims for reimbursement of expenses should be submitted to the Travel Office using the Travel Expense Report (Attachment 4-02). Travelers are encouraged to use the electronic expense report form available at:

<http://www.joiscience.org/JOI/PDFs/ExpRpt.pdf>

The Travel Office will review the report and may request additional explanation or documentation in order to fulfill JOI's contractual obligations to the US Federal government. JOI's goal is to process Travel Expense Reports, including reimbursement to the traveler, within 15 working days of receipt.

2-02 REPORTING REQUIREMENTS

Effective Date: 10/1/02

The traveler should submit the Report to the Travel Office, along with any unexpended travel advance funds, within sixty (60) calendar days after completion of travel.

For all receipts listed in foreign currency, the traveler should document the exchange rate in effect at the time of travel. If documentation is not provided, JOI will determine the exchange rate from an appropriate source (i.e., credit card company, bank or other financial institution). Reimbursement will be in U.S. currency except under unusual circumstances.

2-03 SATURDAY NIGHT STAY

Effective Date: 10/1/02

A traveler has the option of extending a trip to include a Saturday night stay when it is cost effective, that is, when the sum of the lower Saturday night stay over airfare plus the additional travel expenses are less than the lowest weekday fare available to meet the traveler's official schedule as determined by JOI. Circumstances under which this would normally occur are when official business begins on Monday or ends on Friday.

2-04 LOCAL TRAVEL

Effective Date: 10/1/02

Local travel is defined as travel which does not include overnight lodging and exceeds 50 miles from the place of employment. Meals, miscellaneous and transportation expenses are reimbursable as outlined in Items 2-06, 2-07 and the Transportation section.

2-05 LODGING

Effective Date: 10/1/02

Lodging expenses will be reimbursed at actual costs. Moderately priced lodging is the corporate standard. Costs for lodging generally shall not exceed 15% over the US government's lodging per diem. Government lodging per diem can be found at the following web sites:

Domestic:

<http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd02d.html>

International:

<http://www.state.gov/m/a/als/prdm/>

Requests for lodging that are 15% more expensive than the government lodging per diem must be supported with a written explanation by the traveler. The explanation must include a description of the effort that was made to obtain less expensive lodging, and why such lodging was not available. The statement "less expensive lodging was not available" is inadequate, without further explanation.

For meetings arranged by JOI, the Travel Office will select lodging and will reserve a block of sleeping rooms at a negotiated rate. This information will be included in the meeting and travel logistics distributed via email. If the traveler elects to choose other lodging, the traveler's expenses will be reimbursed to the limit of the pre-selected lodging, unless that is sold out, or approval is otherwise obtained from the JOI Travel Office.

Allowable lodging reimbursement will be based on a single occupancy rate.

Itemized receipts for lodging are required. Individual items on lodging bills, such as meals and telephone charges, should be entered separately in the appropriate columns on the Travel Expense Report.

If, for personal convenience, a traveler interrupts or deviates from the official travel schedule, or from the most direct and/or economical route, reimbursement of lodging expenses may not exceed that which would have been incurred for the uninterrupted travel or the undeviated schedule.

The JOI Travel Office will determine the maximum number of lodging nights that are reimbursable, and these will be specified in the meeting and travel logistics email message. For those not attending a meeting organized by the Travel Office, the maximum number of lodging nights will be the least required for the traveler to complete JOI business, and to return to the point of origin. Prior approval must be received from the JOI Travel Office if the maximum number of lodging nights is exceeded.

2-06 MEALS

Effective Date: 10/1/02

Meals will be reimbursed at a per diem rate, or on an individual receipt basis. On any trip, either method may be used, but only one method can be used for the entire trip.

Per Diem: Per Diem is a standard fixed amount per day for which a traveler will be reimbursed during the conduct of business travel regardless of the actual expenses incurred. The per diem allowance is intended to cover travel expenses for meals, sales tax, and tips to food servers.

Using the per diem method, the traveler will claim daily reimbursement according to fixed breakout rates for breakfast, lunch, and dinner. When a meal is furnished at a meeting, per diem should not be claimed for that particular meal. Receipts are not required in order to claim per diem.

Travelers will be notified of the appropriate per diem rates for the cities they will be traveling to in the meeting and travel logistics email. The following chart illustrates the per diem meal breakdown for domestic meal rates, based on a daily minimum and maximum total amount, depending on your travel location.

Total Meal Per Diem	Breakfast	Lunch	Dinner
\$30.00	\$6.00	\$8.00	\$16.00
\$34.00	\$7.00	\$9.00	\$18.00
\$38.00	\$8.00	\$10.00	\$20.00
\$42.00	\$9.00	\$11.00	\$22.00
\$46.00	\$9.00	\$13.00	\$24.00

The following web site may be used to obtain meal per Diem information:

<http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd02d.html>

For international meal per diems please use the following web site:

<http://www.state.gov/m/a/als/prdm/>

On this web page, click on the hypertext in the left-hand column for the appropriate time range. Resulting screen gives more specific dates within that time range, click on the specific time range. The resulting page has the per diem information. In the preface remarks of this page, look for the hypertext link "Appendix B" which then gives the breakdown for B,L,D.

Individual Receipt Basis: Using the individual receipt basis for meals, a traveler may claim actual meal expenses up to 150% of the per diem allowance averaged for the trip taken as a whole. For this option, a list of all meal expenses and supporting receipts for individual meals more than \$25.00 must be attached to the Travel Expense Report. The

traveler may use a Meal Log form (Attachment 4-03). Approval from the appropriate Director or Program Manager is required for reimbursement if a claim exceeds 150% of the per diem.

Meal reimbursement begins at the time of departure from home, office, or other officially approved point, and ends upon return to point of origin. Meals served on planes do not count against meal reimbursement.

If, for a traveler's personal convenience, there is an interruption of travel or deviation from the official schedule or most direct/and or economical route, the meal reimbursement allowed may not exceed that which would have been incurred for the uninterrupted travel or the undeviated schedule.

Meals en-route will be reimbursed according to the U.S. federally approved rates at the geographical destination travel point (i.e. the location where official business will be conducted).

2-07 MICELLANEOUS EXPENSES

Effective Date: 10/1/02

A receipt from the traveler is required for the JOI Travel Office to reimburse any single miscellaneous expenditure in excess of \$50.00. Allowable miscellaneous expenses include:

- Laundry, cleaning and pressing of clothing.
- Fees and tips to porters, baggage carriers, bellhops, and hotel staff.
- Gasoline for rental automobiles.
- ATM cash withdrawal fees.
- With approval of the appropriate Director or Program Manager, registration fees for conferences and meetings.
- With approval of the appropriate Director or Program Manager, meeting related business supplies, copying costs, and equipment rental, and other meeting-related charges.
- For international travel--visa fees, passport and passport photo charges, inoculations, departure taxes, and fees for traveler's checks and currency exchange. When a loss is incurred in currency exchange, the loss may be claimed.
- Business communication expenses such as telephone calls, on-line web access fees, and facsimile charges.

- For domestic travel, one personal phone call per day to a maximum of \$5.00 per day is reimbursable. For international travel, one personal phone call per day to a maximum of \$15.00 per day is reimbursable.

TRANSPORTATION

3-01 AIR TRANSPORTATION

Effective Date: 10/1/02

General Arrangements

For JOI Employees:

The JOI Travel Office must be used to arrange your corporate travel. After submitting a Travel Authorization (Attachment 4-06) to the JOI Travel Office, a proposed air itinerary will be emailed to you. If the itinerary meets your travel needs, respond to the JOI Travel Office within 14 calendar days. If you do not respond within 14 days, and the fare increases, you are responsible for the increase in fare. The JOI Travel Office will assist with modifications in a corporate travel itinerary to accommodate personal travel, however, if the changes are substantial, you will be asked to arrange the travel on your own. You will be responsible for any extra costs that result due to the incorporation of personal with corporate travel.

For non-JOI Employees:

Non-JOI employees, travelers will receive a proposed air itinerary. If the itinerary meets your travel needs, respond to the JOI Travel Office within 14 days. If you do not respond within 14 days, and the fare increases, you are responsible for that additional cost. If the air ticket is purchased independent of the JOI travel office, the traveler will only be reimbursed up to the specified dollar amount in the proposed JOI Travel Office itinerary. The JOI Travel Office will assist with modifications in your travel itinerary to accommodate personal travel, however, if the changes are substantial, you will be asked to arrange your own air travel.

Unused Tickets:

The traveler is responsible for notifying the Travel Office as early as possible if travel plans change or a portion of a ticket goes unused. The unused portion of a ticket should be returned as soon as possible to the Travel Office.

Lost Tickets:

The traveler is responsible for purchasing a replacement ticket and processing the lost ticket application (L.T.A.) with the airline. JOI will pay the L.T.A. fees for the traveler.

Air Carrier Selection

All international travel must be booked on U.S.-flag air carriers* unless the use of a U.S. flag air carrier would not accomplish the mission of JOI or if a U.S. flag air carrier is

considered unavailable because of any of the reasons listed below. This includes any segment of the initial booking and any subsequent changes in routing while en-route.

In each case when a flight is booked on a non-U.S. flag air carrier, the Travel Office must approve its use in advance. A Certification of Unavailability of a U.S.-Flag Air Carrier form (Attachment 4-04) must be completed by either the traveler or the JOI Travel Office and submitted for approval to the Travel Office before ticketing. The Travel Office will retain and attach this justification to the Travel Expense Report.

In determining availability of U.S.-flag air carrier service, the following scheduling principles shall be followed unless their application would result in the last or first leg of travel to or from the U.S. being performed by a non-U.S. flag air carrier. At least one leg must be on a U.S. flag air carrier unless one of the exceptions or conditions itemized below is applicable:

- 1.) The U.S. flag air carrier will be used from point of origin to a final destination unless the U.S. flag air carrier does not provide through service to the final destination, in which case the U.S. flag air carrier will be used to the farthest connecting point possible.
- 2.) When an origin or connecting point abroad is not served by a U.S. flag air carrier, a non-U.S. flag air carrier shall be used only to the nearest connecting point on a usually traveled route to connect with a U.S. flag air carrier for return to the U.S.
- 3.) When a U.S. flag air carrier involuntarily reroutes the traveler via a non-U.S. flag air carrier, the non-U.S. flag air carrier may be used if there is no alternative U.S. flag air carrier available. The traveler should attempt to get a statement of denied boarding from the airline representative to file with the traveler's travel voucher. The traveler should certify after the fact on a Certification of Unavailability form why the U.S. flag air carrier was not used. The form must be attached to the Travel Expense Report.

* Carrier service provided on an air carrier which holds a certificate under 49 U.S.C. 41102 and which service is authorized either by the carrier's certificate or by exemption or regulation. U.S. flag air carrier service also includes service provided under a code share agreement with a foreign air carrier in accordance with Title 14, Code of Federal Regulations when the ticket, or documentation for an electronic ticket, identifies the U.S. flag air carrier's designator code and flight number.

Service by U.S. flag air carriers shall be considered not available when one or more of the following conditions exist within a scenario:

SCENARIO 1 – Travel between a gateway** airport in the U.S. and a gateway airport abroad

CONDITIONS:

- 1.) A U.S. flag air carrier does not serve the airport of origin/destination or interchange points.
- 2.) Use of a U.S. flag air carrier extends the travel time by at least twenty-four (24) hours more than travel by a non-U.S. flag air carrier.
- 3.) Use of a U.S. flag air carrier requires a connecting layover of six hours or more, and extends the travel time by six hours or more than travel by a non-U.S. flag air carrier.

SCENARIO 2 - Travel between two points outside the U.S.

CONDITIONS:

- 1.) Service is not provided by a U.S. flag air carrier.
- 2.) Use of a non-U.S. flag air carrier eliminates two or more aircraft changes en-route.
- 3.) One of the two points abroad is the gateway airport to or from the U.S., and use of a U.S. flag air carrier extends the time in travel status by at least six hours more than travel by a non-U.S. flag air carrier.
- 4.) Use of a U.S. flag air carrier for travel between two points that are not to or from the U.S. extends the time in travel status by at least six hours more than travel by a non-U.S. flag air carrier.
- 5.) Short distance travel regardless of origin and destination.
- 6.) Service for short-distance travel (three hours or less) between two points by a U.S. flag air carrier doubles the time.

** A gateway airport in the U.S. means the last U.S. airport from which the traveler leaves or the first airport in the U.S. to which the traveler returns from abroad. A gateway airport abroad means the first airport abroad at which the traveler arrives from the U.S. or the last airport abroad from which the traveler departs for the U.S.

When a U.S. flag air carrier is available but all coach class seats are sold out, travel should be booked in order of:

- 1.) business class
- 2.) first class, before booking on a non-U.S. flag air carrier.

If all fares on the preferred flight are sold out, and the trip cannot be postponed to wait for availability of a seat on a U.S. flag air carrier, a non-U.S. flag air carrier may only then be used. Should either of these two situations occur, the Travel Office must be consulted for approval and a justification should accompany the Travel Expense Report explaining why the higher class of service was used, or a certification form must be attached explaining the reason for the use of the non-U.S. flag air carrier. See also the due diligence requirements for timely booking of travel arrangements (Transportation Section, 3-01) which also apply.

Class of Service

Travelers will be reimbursed the cost of airfare for coach class accommodations only (or equivalent class, such as economy or tourist class). Exceptions to coach class travel may be authorized with prior written consent of the Travel Office under the following conditions:

- 1.) Space in coach class is not available on a scheduled flight in time to accomplish the purpose of the official travel, which is so urgent that it cannot be postponed.
- 2.) Premium class accommodations are necessary to accommodate a traveler's disability or physical impairment. This condition must be confirmed by a physician in writing. The Travel Office will provide a form (Attachment 4-05) for this purpose at the traveler's request.
- 3.) The scheduled flight time (including stopovers) exceeds fourteen (14) hours for direct travel and either the origin or destination point is outside the continental U.S. ***
- 4.) Coach class accommodations on non-U.S. flag air carriers do not provide adequate sanitation or health standards and the use of a non-U.S. flag air carrier is approved by the Travel Office in conformance with the Transportation Section 3-01, Air Carrier Selection, of this policy.
- 5.) The use of premium class service results in an overall ticket savings, as compared to the cost of lowest available coach class accommodations.

*** When a flight exceeds 14 hours in duration, JOI may purchase for the traveler, the least expensive economy fare ticket that ensures the traveler is able to use their personal frequent flyer miles to upgrade. If the upgradeable airline ticket cost exceeds a 30% increase over what it would have cost to purchase the least expensive ticket, then this type of fare purchase will not be authorized.

Receipt Requirements

Airline passenger receipts (indicating total expense and class of service used) must be submitted with the Travel Expense Report. If your ticket was purchased through JOI travel, it is not necessary to include the passenger receipt. For ticketless travel, alternate documentation provided by the airlines is allowable.

Personal Routing

Personal trips taken before, during, or upon completion of JOI business, will be at the expense of the traveler. When the traveler's routing differs from the official scheduled routing, the following will apply. If the routing expense is greater, the traveler will pay the difference. If the routing expense is less, only the lesser amount will be reimbursed.

3-02 GROUND TRANSPORTATION

Effective Date: 10/1/02

Commercial Automobile Rental

JOI employees may request the use of a rental automobile by annotating their travel authorization form. Travelers who are not JOI employees must request authorization to rent a car from the JOI Travel Office.

Factors taken into consideration for granting the request include, but are not limited to: distance of travel to a final destination, availability of alternate ground transportation, time of travel, and other factors determined by the Travel Office.

A receipt (including the rental agreement, if it is available) for an automobile rental must be submitted with the Travel Expense Report. The cost of the rental will be reimbursed at the intermediate rate, unless justification is provided on the Travel Expense Report showing the need for a larger vehicle.

Gasoline expenses purchased for the rental car will be reimbursed as miscellaneous travel expenses. See Reimbursement of Travel Expenses, Item 2-07.

Non-JOI employees who rent automobiles must purchase the liability and physical damage insurance coverages offered in the rental contract. These insurance expenses are reimbursable.

JOI employees need not purchase insurance for automobiles rented within the U.S. and Canada. JOI insurance provides protection in such circumstances. For all other destinations, JOI employees must purchase car rental insurance.

Personal Automobile

The expense of transportation by personally owned automobiles will be reimbursed on a mileage basis at a rate based on prevailing IRS rates. The prevailing reimbursement rate will be printed on the Travel Expense Report. Mileage reimbursement is based on travel by the most direct route between the departure and destination points.

The reimbursement of personally owned automobile expenses will be provided to the extent that the costs of automobile transportation and related travel expenses (en-route lodging, meals, miscellaneous expenses, parking fees and toll charges, etc.) do not exceed the cost of coach class air fare plus related travel expenses. In this instance, the traveler should notify the Travel Office in advance in order to facilitate the documentation of comparable coach class airfare plus related travel expenses.

Taxicab, Bus, Train

Taxi, bus, and train fares must be itemized. Limousine service will be used only when other practical means (i.e., train, bus, airport or hotel shuttle service) are not available or limousine service is more economical. Receipts are required for any single fare more than \$50.00.

Parking Fees and Toll Charges

Parking fees and toll charges are reimbursable. Receipts are required for any single expense more than \$50.00.

UNALLOWABLE EXPENSES

Because JOI receives most of its funds from federal sources, the following expenses are generally unallowable:

- Entertainment or social activity expenses.
- Alcoholic beverages.
- Personal items, including medicine, even if purchased due to lost/delayed baggage.
- Traffic fines.
- Field trips and associated expenses such as lodging, registration fees, transportation, and meals.

Attachment 4-01

ATTACHMENT 4-02

ATTACHMENT 4-03

ATTACHMENT 4-04

ATTACHMENT 4-05

ATTACHMENT 4-06

**ACCOUNTING AND FINANCE
POLICY**

October 2002

Joint Oceanographic Institutions

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DIRECTOR OF FINANCE RESPONSIBILITIES

The responsibilities of the Director of Finance will include but not be limited to:

Direct and be responsible for the corporation's accounting practices, the maintenance of its fiscal records, and the preparation of all financial reports.

Direct and have overall responsibility for general and property accounting, internal auditing, cost accounting, budgetary controls, consolidated capital assets, and maintenance of corporate operating budgets.

Interpret operating results as they affect the financial aspects of the corporation and make specific recommendations.

Assume responsibility for the correct and accurate accounting classification of all expenditures and documents.

Assume responsibility for audit reviews and findings.

Act as immediate contact with corporation's auditors on accounting matters.

Direct the preparation of statistics for periodic and yearly financial statements, including the preparation of reports showing conditions and results.

Be responsible for the delegation of all payment authorizations, cash and cash-flow requirements and all financing arrangements.

GENERAL ACCOUNTING PROCEDURES

1-01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Effective Date: 10/1/02

Accrual Basis of Accounting

This is the prescribed method of accounting for JOI. The accrual basis of accounting provides for the recording of revenue when realized and the recording of expenses when incurred, without regard to the time of cash receipts or payments. Transactions are recorded in conformity with generally accepted accounting principles.

Project Cost System

JOI maintains a project cost system to summarize all direct expenses related to each project and to record the amount of fringe and indirect costs applied to each project. Each project is assigned a unique number, which is used throughout the system to identify all charges to the project. The cost allocation is based on the benefit received by the projects. Indirect cost is allocated based on approved provisional rates from JOI's cognizant audit agency and adjusted annually for actual rates.

Revenue Recognition

Revenue under grants is recorded on the basis of direct costs plus indirect costs incurred. Advances made on contracts and grants for which no work has been performed are recorded as deferred revenue until such time as the work is performed and costs incurred. Contributions received and made, including unconditional promises to give, are recognized as revenue and expenses in the period received and paid at their fair values.

Depreciation and Amortization

JOI follow the policy of providing for depreciation and amortization by charging, on the straight-line method, to operating expenses at rates based on various estimated useful lives. Purchases that have a useful life and are greater than or equal to \$2,500 are capitalized. Maintenance and repair costs are charged to expense as incurred. Replacements and betterments are capitalized. At the time properties are retired or otherwise disposed of, the property and related accumulated depreciation or amortization accounts are relieved of the applicable amounts and any profit or loss is credited or charged to income.

Cash

JOI maintains demand deposits with a federally insured financial institution.

Investments

JOI investments consist primarily of investments in mutual funds.

Goal: Increase investment returns, lower investment risk; consolidate accounts, and work with professional investment advisors.

This policy allows for investment of unrestricted cash and consolidates investments for efficiency and access to ongoing professional assistance in fund management.

Recommended investment strategy:

Approx. \$75K invested in a short-term fund w/fixed income (Bank Acct)

The remaining amount distributed as follows:

Approx. 35% in US Large Cap Growth/Value

Approx. 10% in US Small Cap Growth/Value
Approx. 26% in Global Bond Fund
Approx. 9% in Int'l Stock Fund
Approx. 20% in Gov't/Corp/High Yield Bonds

1-02 GENERAL LEDGER ACTIVITY

Effective Date: 10/1/02

Control Objective

To ensure that all General Ledger entries are current, accurate and complete.

Major Controls

Timeliness of Entries

All entries will be made soon (within two business days) after the underlying accounting event to ensure the financial records and reporting are current.

Authorization of Transactions and Entries

Each transaction and entry will be authorized in writing by the official designated in the current delegation of authority (see Appendix E, Delegations in Contracting SOP).

Adequate Support Documentation

All entries will be supported by adequate documentation that clearly shows the authorization for the transaction.

Complete Audit Trails

A complete audit trail will be maintained by the use of reference codes from source documentation to the books of original entry, General Ledger and finally to periodic reporting.

Internal Reviews

On a sample basis, vouchers will be reviewed quarterly by the Director of Finance for their numerical sequence and supporting documentation.

Procedures

Financial data on source documentation will be re-transcribed to original documents (e.g., voucher, check request, etc.) of JOI by the Accounting staff before entry into the accounting system.

Each entry in the accounting system will be reviewed and approved by the Accounting Manager and the Director of Finance with responsibilities independent of the initiation of the entry.

When initializing an entry, provision will be made for using recurring General Journal entries for such transactions as recording depreciation, amortization and accruals.

Non-recurring entries, such as for correcting entries, recording accruals and recording non-cash transactions, will be prepared as circumstances warrant.

All entries in the books of original entry (e.g., General Journal, Purchases Journal, Cash Receipts Journal and Cash Disbursements Journal) will be made soon after the accounting event from authorized forms prepared by the Accounting Manager.

General Ledger control accounts will be periodically re-totaled based upon any updating posting.

General Journal vouchers that have supporting documentation attached and be approved by the Director of Finance will support all General Journal entries.

1-02 GENERAL LEDGER CLOSE-OUT

Effective Date: 10/1/02

Control Objective

To ensure the accuracy of financial records and reports.

Major Controls

Trial Balance

Monthly, a trial balance will be reviewed by the Director of Finance to ensure the accuracy of the General Ledger account balances.

Reconciliation of General Ledger Control Accounts with Subsidiary Ledgers

Reconciliations will be prepared on a monthly basis.

Procedures

At the end of each month, a trail balance of all G/L accounts will be printed by the accounting staff.

Reconciliation between the General Ledger control accounts and the subsidiary ledgers will be completed by the accounting staff.

Soon after fiscal year end, all temporary income and expense accounts will be closed and the fiscal year's financial reports will be prepared by the Accounting Manager and the Director of Finance.

1-03 OVERALL ACCOUNTING SYSTEM DESIGN

Effective Date: 10/1/02

Control Objective

To establish a structure that supports up to date and accurate financial reporting and decision-making.

Major Controls

Director of Finance is responsible for designing the Chart of Accounts/Coding Structure

To support decision-making, the Director of Finance, along with the Accounting Manager, will be involved at the outset in establishing and maintaining the chart of accounts/coding structure.

Financial Information Summaries to Support Programs

Cost and other data will be designed to support the programs at the award, task, project, and final cost objectives level, as necessary.

Establishment of Control Accounts

In order to perform reconciliations, subsidiary account detail will be aggregated to General Ledger control accounts.

Use of Contra Accounts

The coding structure will provide for offsetting contra accounts, like an allowance for doubtful accounts and a reserve for accumulated depreciation, to adjust historical cost to current levels for financial reporting purposes.

Segregation of Unallowable Costs

Accounts will be established to capture and segregate unallowable direct and indirect costs.

INTERNAL CONTROL AND SEGREGATION OF DUTIES

JOI maintains an effective system of internal control in order to monitor compliance with policies and procedures established by management.

Internal Control can be divided into two areas - accounting controls and administrative controls. Administrative controls deal with the operations of the business, whereas the accounting controls deal with the accounting for such operations. This manual focuses on internal accounting controls (although there may be some overlap between the two). Accounting controls are designed to achieve the following five basic objectives:

Validation of Documentation

This is the examination of documentation with an understanding of the accounting system for evidence that a recorded transaction actually took place and that it occurred in accordance with the prescribed procedures.

Accuracy

The control objective is to be certain that each transaction is recorded at the correct amount, in the appropriate account, in the right time period. The accuracy of amounts and account classification is achieved by establishing controls to check calculations, extensions, additions, project codes, and account classifications. This is needed to ensure that transactions are recorded and reported in the proper accounting period that is essential to accurate financial reporting.

Completeness

This control is needed to ensure proper summarization of information and proper preparation of financial reports.

Maintenance

This control is needed to monitor accounting records after information has been recorded to ensure that it continues to reflect accurately the operation of JOI. This control requires the periodic review of the system to respond to errors when they occur, to changed conditions, and to new types of transactions.

Physical Security

It is important that the assets of JOI are adequately protected. Physical security of assets requires that access be limited to authorized personnel. All accounting records are properly safeguarded to prevent theft. This is done through passwords to the accounting software, limited access to the finance office during non-office hours, the backup of financial information on a periodic basis and the storage of financial information in secure, fireproof containers.

The procedures outlined in this Manual have been assigned to various positions established within JOI. The segregation of duties has been designed to provide an appropriate degree of supervisory control within the constraints of a small accounting and finance staff. Segregation of duties is a necessary element of strong internal control.

CASH MANAGEMENT PROCEDURES

2-01 CASH RECEIPTS

Effective Date: 10/1/02

Draft – January 9, 2003

W-128

Control Objective

To record cash receipts completely and accurately and to prevent the diversion of cash assets.

Major Controls

Cash Budgets

JOI will annually prepare and monthly update a cash budget for operations, cash flow and financial condition. Budget variance analysis is performed on monthly basis & adjusted accordingly.

Cash Receipts Policies

Cash receipts must be deposited on a daily basis.

Internal Accounting Controls

Opening of mail assigned to an employee with responsibilities independent of access to files or documents pertaining to accounts receivable or cash accounts.

Listed receipts and credits compared to accounts receivable and bank deposits.

General Ledger control accounts reconciled with Accounts Receivable Subsidiary Ledger.

Periodic statements sent to customers and customer-noted differences assessed.

Procedures

Mail will be opened and the front desk Administrative Assistant with responsibilities independent of accounts receivable or cash accounts will prepare a detailed listing of cash and checks received.

All checks will be endorsed (FOR DEPOSIT ONLY) immediately by the front desk Administrative Assistant.

Cash receipts will be posted to the Cash Receipts Journal on a daily basis.

All cash sales and check payments will be deposited intact daily by accounting staff.

Cash receipts will be compared to deposit slips and bank statements by accounting staff.

The General Ledger control account will be reconciled with the Accounts Receivable Subsidiary Ledger.

2-02 CASH DISBURSEMENTS

Effective Date: 10/1/02

Control Objective

To disburse all forms of payment for authorized purposes and record payments completely and accurately.

Major Controls

Cash Disbursement Policies

Payments are made by Finance/Accounting Department on or before the invoice due date.

Internal Accounting Controls

Pre-numbered checks.

Use of special check protective paper or check imprint.

Adequate control over check signature and credit use authorization.

Maximum dollar limits set for payments.

Match disbursement records against purchase orders, accounts payable and open invoice files.

Bank statements reconciled to cash accounts and any outstanding checks evaluated by the accounting staff.

Payment is to be made from original documentation only.

Detailed comparison of actual vs. budgeted disbursements.

Bank reconciliations processed on a monthly basis.

Separation of duties.

Procedures

When the transaction is complete and payment is due, a check or credit card payment is to be prepared by the Accounting Manager with responsibilities independent of those initiating or approving any documentation who will attach all supporting documentation: vendor invoice, purchase order, purchase request, expense report, payroll record, petty cash voucher, tax return, and/or remittance advice.

A pre-numbered check or bank wire transfer request memo will be prepared by the Accounting Manager with responsibilities independent of cash management. Credit card payments are pre-approved on a purchase request form.

Payments will be signed primarily by the Director of Finance. The Director of Contracts and Administration will sign when the Director of Finance is not available, after the Accounting Manager review of the supporting documentation. The signatures from both the President and the Director of Finance are required on all checks more than \$150,000.

After having been signed, payments will be mailed directly to the payee. As an exception, when possible, payroll checks will be hand delivered to the employee.

All supporting documents will be filed. Files will be maintained according to general contracting file relenting guidelines,

All payments and wire request memos will be entered into the Cash Disbursements Journal.

Cash disbursement records will be matched against accounts payable/open invoice files for any discrepancies.

Bank statements will be reconciled soon after receipt by the accounting staff on a monthly basis.

Bank reconciliations and proposed adjustments will be reviewed and approved by the Accounting Manager and the Director of Finance.

2-03 PETTY CASH FUNDS

Effective Date: 10/1/02

Control Objective

To control the use of petty cash funds for valid transactions.

Major Controls

Internal Accounting Controls

Segregate custodial and record keeping duties.

Reconcile petty cash funds by employees with responsibilities independent of cash receipts, disbursements or custody.

Procedures

A log of all disbursements made from the petty cash fund will be maintained by the Accounting Manager, the fund custodian.

When the fund needs to be replenished, a check request will be prepared by the fund custodian, attaching the log of disbursements and the supporting vouchers.

Any differences between the check request to bring the fund up to the imprest amount and total disbursements made will be reviewed and a justification prepared by the Accounting Manager.

Funds disbursements will be entered into the General Ledger by Accounting Manager when the fund is replenished.

The petty cash may be advanced prior to the incurrence of an expense with the approval of the Director of Finance. The petty cash account consists of NTE \$450 held for the primary use of staff persons in the JOI office for small expenses. (In-town travels, postage due, etc.). No single withdraws may exceed \$75 unless specifically authorized by the Director of Finance.

The petty cash fund will be kept in a locked box and locate in a secure place.

2-04 PREPAID ITEMS

Effective Date: 10/1/02

Control Objective

To ensure proper accounting for prepaid expenses.

Major Controls

Internal Accounting Controls

Preparation and updating of an amortization schedule to reflect the incurring of expenses for prepaid items.

Detailed prepaid expenses reconciled with the General Ledger control account.

Procedures

All customer invoices will be reviewed to identify any required prepayments.

For any recurring payments, a "tickler" system will be established to monitor when upcoming payments are due.

For payment of prepaid items, an entry will be made to reflect the appropriate portion of the payment representing an asset.

An amortization schedule will be prepared to reflect the incurring of an expense for prepaid items.

A standard journal entry will be prepared by the accounting staff to record the monthly expense.

On a monthly basis, reconciliation will be performed by the Accounting Manager between the subsidiary ledger and the prepaid asset General Ledger control account.

ACCOUNTS RECEIVABLE PROCEDURES

3-01 ACCOUNTS RECEIVABLE

Effective Date: 10/1/02

Control Objective

To ensure the accuracy, completeness and timeliness of customers' accounts receivable balances.

Major Controls

Separation of Duties

The responsibility for posting invoices will be kept separate from those with responsibilities for cash functions. The General Ledger control account will be posted by those with responsibilities independent of accounts receivable and cash receipts.

Procedures

The invoice will be entered into the Accounts Receivable Subsidiary Ledger by the Accounting staff.

Payments and other adjustments will be posted to the Accounts Receivable Subsidiary Ledger by the Accounting staff.

The Accounts Receivable Subsidiary Ledger will be reconciled with cash receipts transactions by the Accounting staff.

The Accounts Receivable Subsidiary Ledger will be reconciled monthly to the General Ledger control account by the accounting staff.

Accounts Receivable reconciliation must be reviewed and approved by Director of Finance.

3-02 BILLING

Effective Date: 10/1/02

Control Objective

To ensure that contract billings are adequately supported and reflect the requirement of contractual terms and conditions. To ensure that unbilled items are identified and properly classified. To ensure that JOI membership fee billings are adequately supported by the JOI bylaws.

Major Controls

Segregation of Unallowable Costs

Unallowable cost accounts are maintained in the accounts for explicitly unallowable costs.

Internal Review

Supporting documentation for a sampling of invoices is reviewed by the Director of Finance on a monthly basis.

Internal Accounting Controls

All invoices reconciled with the project cost summaries

Separation of duties between the preparation of the invoice and its review and approval.

Procedures

On a monthly basis, project cost entries will be reviewed by the Director of Finance.

Any unallowable costs will be excluded from claimed direct and indirect costs.

Each invoice will be reviewed for accuracy and completeness, and approved by the Accounting Manager before submission.

Invoices will be entered into the Accounts Receivable Subsidiary Ledger by the Accounting Manager and mailed to the customer.

Copies of invoices and supporting documents must be filed.

All invoices receivable will be reviewed periodically by the Director of Finance for follow-up if outstanding more than 45 days.

A sampling of invoices will be traced to the underlying source documents by the Director of Finance on a monthly basis.

Procedures for JOI Membership Fee Billings

Accounting staff initiates an invoice upon receipt of membership status information from the Secretary of the JOI BOG.

Accounting verifies the most recent mailing address and contact person with the Secretary before mailing the invoice.

Accounting sends out second notices to the members' institutions if the membership dues are not received after 30 days of issuance of the first invoice.

Accounting prepares a weekly membership payment update report for distribution every Monday.

Accounting continues following up with the members' institutions by telephone or sending the third notices until fees are paid.

Accounting processes the payment checks the same day upon receipt and records them to the proper General Ledger accounts.

Annual membership fee billings must be sent out by the beginning of the fiscal year. JOI assesses dues and fees from member institutions according to by-laws provisions.

The membership fee revenue is recognized when billed and is deposited in the appropriate unrestricted corporate account when received.

3-03 CONTRIBUTIONS

Effective Date: 10/1/02

Control Objective

To ensure JOI comply with federal and state rules on soliciting contributions and to properly account for contributions received/made.

Major Controls

Separate Fund for Restricted Contributions

Contributions received for restricted purposes will be accounted for in separate funds.

Accounting Reports to Donors

Annual accounting reports will be sent to donors summarizing the receipt, use, management and disposition of all contributions.

State Filing and Reporting

JOI will comply with the filing and reporting requirements in each state it solicits contributions.

Oversight of Restricted Contributions

The Director of Finance is responsible for the oversight of the contribution funds being used appropriate as designated by their restricted or unrestricted.

Annual Audit of Contributions

A qualified public accounting firm will conduct an audit of all contributions received and held in accordance with SFAS No. 116, as part of the overall audit of JOI.

Internal Accounting Controls

Use of contribution acknowledgment letter.

Separation of duties between managing contributions and accounting for contributions.

Procedures

General

JOI will register annually in each state it solicits contributions.

Annually, JOI will file an annual return with each state in which it is authorized to solicit contributions as well as the IRS Form 990 with the Internal Revenue Service.

Contributions of Checks and Cash

All contributions in the form of checks or cash received in the mail will be recorded and delivered on the day they are received in Accounting.

The Accounting Manager will prepare and mail to the donor a contribution acknowledgment letter.

The President of JOI will be informed in writing of all contributions by the Director of Finance.

Contributions of Securities

For the transfer of securities certificates or their ownership to JOI, the certificates will be delivered by certified or registered mail, or by hand.

A contribution acknowledgment letter will be prepared by the Accounting Manager.

The President of JOI will be informed in writing of all contributions by the Director of Finance.

Promises to Give

In order to recognize unconditional promises to give as income, the contribution will be acknowledged by the signature of a written pledge, tape recording, written register or other means that permits subsequent verification and is legally enforceable.

Conditional promises to give will be recognized as a contribution at the time the condition is substantially met.

Upon acceptance, a contribution acknowledgment letter will be prepared by the Accounting Manager and mailed to the donor.

Accounting for Contribution Revenue

Contributions received for restricted purposes will be entered in a separate donor-restricted fund by the Accounting Department.

Reports will be prepared annually to donors on the deposit, management and disposition, and use of the funds.

Record keeping for Contributions

The contribution acknowledgment letter will be filed.

3-04 OTHER REVENUES

Effective Date: 10/1/02

Control Objective

To ensure that other revenues are accurately and completely recorded on a current basis.

Major Controls

Preparation and Analysis of Other Revenue Schedule

For rental transactions, royalties and deferred income, a schedule will be prepared to reflect when income is earned vs. when cash or other assets are received.

Review of Other Revenue Schedule

The other revenue schedule will be reviewed and updated on a periodic basis and the books of account adjusted to reflect any changes in revenue.

Procedures

Rental Income

On a monthly basis, an entry to accounts receivable and to the other income account will be recorded for rental income earned based upon a schedule of rents.

Rent prepayments will be recorded as an unearned income/liability until the designated time when the prepayment is earned.

Royalties

Royalty income will be entered in the General Ledger when received.

Advances and Deferred Income

Cash advances received for goods not delivered or a service not rendered will be recorded as a liability.

Barter Transactions

When goods or services are traded without monetary compensation, such barter transactions will be recorded as revenue at the estimated fair value of the goods or services received.

PAYROLL PROCEDURES

4-01 TIMEKEEPING AND LABOR DISTRIBUTION

Effective Date: 10/1/02

Control Objective

To ensure that payment for salaries and wages is made in accordance with documented time records and that employee time is properly distributed.

Major Controls

Timekeeping Policies

A written timekeeping and labor distribution policy will instruct employees on the proper charging of time and reasonably assure the accuracy of recorded time to cost objectives.

Orientation and Training

A labor charging awareness program will orient all employees, as appropriate, on proper labor charging practices.

Time Sheet Preparation

Labor hours will be accurately recorded and any corrections to timekeeping records including the appropriate authorizations and approvals are documented.

Validation of Undistributed Labor

All labor transfers or adjustments of the labor distribution are documented and approved.

Internal Reviews

JOI supervisors will monitor the overall integrity of the timekeeping and labor distribution system.

Internal Accounting Controls

Periodic checks on the way employees prepare their time sheets.

Verification of labor cost transfers.

Reconciliation of hours charged in time sheets to labor cost summaries.

Segregation of responsibilities between timekeeping and payroll and those responsible for operating within budgets.

Procedures

Orientation and Training

Each new employee will receive an orientation program from Director of Finance on proper timekeeping and labor charging practices.

For employees who are not following proper labor-charging procedures, a periodic refresher course will be conducted.

Time Sheets Preparation

Each employee will prepare his/her own time Sheet on a daily basis.

In preparing time sheets, each employee will:

Hard copy system:

Enter his/her own hours in ink and sign the completed timekeeping records.

Keep timekeeping documents under the employee's control.

Make corrections in ink by crossing-out the error and initialing the change.

Submit the completed time sheets to the supervisor for approval.

Management should notify all employees of their responsibilities to insure the accurate distribution of labor charges.

Distribution, Approval and Collection of Time Sheets

At the beginning of a pay period, a preprinted time sheet will be distributed to each employee.

Each employee's time sheet will be approved in writing by an assigned supervisor. The time sheet of the President will be reviewed by the Director, Administration and/or Director, Finance.

To ensure timely process of payroll, completed time sheets will be returned to the Accounting Department by 11:00am on the second Friday of the pay period. (If that Friday or the following Monday is a holiday, time sheets are due to Accounting by 11:00am on Thursday).

Reconciliation of Payroll to Time Sheets

The Accounting Department biweekly with the total hours recorded on the payroll will reconcile hours shown on time sheets.

Labor distribution edit errors will be posted to a suspense account. Reports of suspense labor and edit errors will be generated biweekly and provided to the Director of Finance for review and corrective action.

Internal Review

Periodically, the Director of Finance will monitor the overall integrity of the payroll/timekeeping system by:

Performing unannounced interviews with employees on their labor charging practices.

Tracing time sheet entries to cost objective summaries.

Completing periodic comparisons of budgeted labor with actual costs.

4-02 PERSONNEL REQUIREMENTS

Effective Date: 10/1/02

Control Objective

To install new employees on the payroll system and remove terminated employees from the system as well as handling vacation and sick pay.

Procedures

New Employees

Requests for new employees will be initiated by Department Head/Supervisor and compared with the approved personnel budget.

Upon approval of the new employee by the President, a personnel action form will be initiated by the Director of Contract & Administration. This form, containing the employee's rate of compensation and the effective date for paying salary, will be routed by hand to the Director of Finance.

All new employees will complete all required forms and applications.

Vacation and Sick Pay

Employees' earned vacation and sick balances will be adjusted each pay period to reflect vacation and sick leave earned/taken.

Before vacation or sick time is paid, an authorization request is to be prepared by the employee, reviewed and approved by the employee's supervisor.

Bonus Pay

Bonus pay may only be paid if approved by the President.

A Personnel Action Form will be initiated by the Director of Contracts & Administration and routed to the Director of Finance for signature to issue a bonus check.

The original copy of the Personnel Action Form will be maintained by the Accounting Department to support the payment. All justification documents must be maintained in Personnel files.

Terminations

A Personnel Action Form will be completed by the Director of Contracts & Administration and routed by hand to the Director of Finance for updating the standing payroll data.

The original Personnel Action Form will be maintained by the Accounting Department. A copy of the approved Personnel Action Form will be maintained in the terminated employee's personnel file.

4-03 PERSONNEL STANDING DATA

Effective Date: 10/1/02

Control Objective

To calculate and record payroll data accurately and completely for all employees.

Major Controls

Internal Accounting Controls

A precise paper trail covering all transactions

All changes in standing personnel data approved by responsible officials

Separate payroll and personnel files periodically reconciled.

Procedures

Changes to standing personnel data will be initiated with a personnel action form when making changes in new hires, terminations, pay rate changes or payroll deductions.

With the exception of payroll deductions, a change to payroll standing data will be authorized by the President. The Director of Contracts & Administration must initiate the Personnel Action Form to route to the Director of Finance.

Authorized changes in the Personnel Action Form to the payroll standing data will be processed by the staff responsible for payroll.

A copy of the Personnel Action Form will be retained in the employee's personnel file.

Standing personnel data will be reviewed by the Director of Finance with personnel files to ensure that all changes are authorized and have been accurately processed.

4-04 PREPARATION OF PAYROLL

Effective Date: 10/1/02

Control Objective

To ensure that payment of salaries and wages is accurately calculated.

Major Controls

Accuracy of Transaction Data

Cross-checks have been built into the payroll system with the use of control totals and other means to reconcile timekeeping data with payroll data.

Internal Accounting Controls

Time records periodically reconciled with payroll records.

Responsibility for checking the accuracy of payroll calculations will be kept separate from responsibility for payroll preparation.

Procedures

Total time recorded on time sheets and number of employees will be totaled by the Accounting staff.

Recorded hours from the biweekly time records will be posted to the Payroll Register.

Labor rates will be entered in the Payroll Register by the Accounting staff.

Gross pay and payroll deductions will be checked by the Accounting staff.

The completed payroll (e.g., calculations, payrolls and payroll summaries) will be reviewed with timekeeping, labor rate, payroll deductions, etc. by the Director of Finance.

Total hours and number of employees will be compared with the totals in the Payroll Register by the Accounting staff.

The Payroll Register will be reviewed and approved by the Director of Finance prior to release of payroll.

The Payroll Register will be reviewed periodically by the Director of Finance and tests performed for reasonableness.

4-05 HANDLING PAYROLL DEDUCTIONS

Effective Date: 10/1/02

Control Objective

To ensure that payment deductions are correctly reflected and paid to the appropriate third parties.

Major Controls

Reconciliation of Payment and Payroll Deductions

Payroll deductions will be recorded in appropriate General Ledger control accounts and reconciled with payments made to third parties.

Exceptional Events

Any late and other notices received from third parties will be available for review by the Director of Finance.

Procedures

Payroll deductions will be calculated for each employee by the Accounting Department. These will be summarized by pay period and recorded in General Ledger Account.

Payroll deductions when required to be paid will be reconciled monthly with the amounts recorded in the control accounts by the Accounting staff.

The Director of Finance will review for accuracy and timeliness payments made to third parties for payroll deductions.

The Director of Finance keeps all original documentation relative to employee benefits .

4-06 PAYROLL PAYMENT

Effective Date: 10/1/02

Control Objective

To ensure payment for salaries and wages by check, direct deposit, or other means is made only to employees entitled to receive payment.

Major Controls

Internal Accounting Controls

Use of outside payroll processing company.

Complete audit trail on all payroll checks and direct deposit with authorizing signatures at each juncture.

Procedures

Payroll payments by check or direct deposit advices will be distributed by the accounting staff.

PROPERTY AND EQUIPMENT PROCEDURES (P&E)

5-01 PROPERTY AND EQUIPMENT ACQUISITIONS

Effective Date: 10/1/02

Control Objective

To control the acquisition of P&E and completely and accurately record fixed asset acquisitions in order to safeguard fixed assets from loss.

Major Controls

P&E Acquisitions Tied to Capital Budgeting

All acquisitions of property and capital equipment must be part of the approved capital budget except in the case of approved direct charge equipment.

P&E Acquisitions Based on Approved Requests

Before a purchase is made, approval by the authorized officials must be obtained per the President's Delegation of Authority.

Internal Accounting Controls

Reconcile fixed asset acquisitions with capital expenditure authorizations.

Procedures

Capital budget requests will be submitted for review and approval by the President.

Items of property and equipment in excess of \$2,500 will be identified and tagged in a visible area on the asset by the Contract Department.

A copy of the purchase order and invoice for capital expenditures will be routed to the Accounting Manager who will enter fixed assets in the Fixed Assets Subsidiary Ledger.

Donated Tangible Assets

All tangible assets donated to the organization will be treated as owned by the organization.

Each donated asset will be identified, tagged and entered in the Fixed Assets Subsidiary Ledger at the fair market value of the asset at the time of the donation of the asset.

5-02 RECORD KEEPING OVER PROPERTY AND EQUIPMENT (P&E)

Effective Date: 10/1/02

Control Objective

To completely and accurately record fixed asset acquisitions, transfers and dispositions on a current basis.

Major Controls

Fixed Asset Classification

Fixed assets will be maintained for the following classifications: leasehold improvements, furniture and equipment.

Complete Record of P&E Acquisition Costs

The Fixed Assets Subsidiary Ledger will contain the full history of each capital asset acquired: original acquisition cost, any costs incurred to prepare the asset for use, less cash discounts taken and accumulated depreciation.

Procedures

Asset acquisitions, transfers, dispositions and depreciation will be entered in the Fixed Assets Subsidiary Ledger on at least a quarterly basis.

The Fixed Assets Subsidiary Ledger will be reconciled with the General Ledger for the original acquisition cost and accumulated depreciation.

Any differences will be analyzed and resolved by the Accounting Manager.

5-03 DEPRECIATION

Effective Date: 10/1/02

Control Objective

To ensure that the depreciation of P&E is correctly stated for book and costing purposes.

Major Controls

Depreciation Policies

The same methods of depreciation, useful lives and residual values are to be used for book and costing purposes. (Computer & Software 3 years, Office Equip. 5 years, Lease Improv. Balance of lease)

Depreciation of Individual Assets

Detailed depreciation records will be maintained for each individual asset so that the organization's total depreciation amounts will be cumulative from each fixed asset's periodic and accumulated depreciation.

Procedures

Each new capital asset will be properly classified according to the type of asset and useful life and entered in the Fixed Assets Subsidiary Ledger by the Accounting Manager.

Annually, the useful lives of fixed assets will be evaluated by the Director of Finance. If a change is made, the remaining cost of the class of assets will be spread over their revised remaining lives.

5-04 INVENTORY OF PROPERTY AND EQUIPMENT (P&E)

Effective Date: 10/1/02

Control Objective

To ensure that all recorded assets exist and are in use.

Major Controls

Internal Accounting Controls

All P&E in excess of \$2,500 is tagged when received by the Contracting Department.

Restricted access to facilities during non-working hours.

Physical inventories are checked by the Contract Department.

Differences between physical inventories and inventory balances are analyzed and reconciled.

Procedures

A printout of all recorded fixed assets will be prepared by the Accounting Manager.

The inventory of fixed assets will be compared to the detailed fixed assets printout.

Accounting's fixed asset records will be periodically reconciled with the Contract's property records.

Computer Software

Periodically, the Network Administrator will conduct an unannounced inventory of all computer software at file servers and computer workstations.

The inventory will be compared with licenses for such software.

Differences will be reconciled and corrective action taken by obtaining additional software licenses from computer software publishers.

5-05 DISPOSAL OF PROPERTY AND EQUIPMENT

Effective Date: 10/1/02

Control Objective

To ensure that assets no longer in use will be disposed of in accordance with existing policies.

Major Controls

Internal Accounting Controls

Disposal or transfer of fixed assets only with proper authorization.

Periodic count of fixed assets that is reconciled with fixed asset records.

Procedures

A determination will be made by staff as to the necessity of keeping a fixed asset.

An asset will be disposed of by trade-in on a similar asset/sale to employees or third parties/gift to a local charity/treatment as scrap/etc. This process should be coordinated by the Contracts and Accounting Departments

A record of the asset disposed will be maintained by the Contracting Department when the asset leaves the premises.

A record of the asset disposed will be routed to the Accounting Manager who will enter the disposed asset as a reduction in the General Ledger control account, the related accumulated depreciation account, treatment of any proceeds from the disposition, and the recognition of any gain or loss on sale of the disposed asset.

ACCOUNTS PAYABLE PROCEDURES

6-01 ACCOUNTS PAYABLE

Effective Date: 10/1/02

Control Objective

To ensure that invoices are accurately recorded on a timely basis for authorized purchases.

Major Controls

Reconciliation of Accounts Payable Records

Reconciliation of source data, subsidiary ledger totals and General Ledger control accounts will be performed periodically to ascertain the accuracy of accounts payable entries.

Internal Reviews

Internal accounting reviews will be conducted to uncover duplicate or overpayments.

Procedures

Process and Review of Invoices

All original invoices associated with purchase orders, subcontracts, and check requests should be received, opened and date stamped by the Accounting Department.

All invoices associated with purchase orders and check requests will be reviewed and approved by the Accounting Manager for accuracy and completeness, after they are received in the Purchasing Ledger by the Contracts Department. All subcontractor's invoices must be reviewed and approved by the appropriate Program Directors, Director of Contracts & Administration and Director of Finance, and received in the Purchasing Ledgers by the Contracts Department before payments are made.

The Accounting staff will follow up with the Purchasing Specialist on any unmatched invoices to resolve any missing, duplicate or questionable items.

The invoice is reviewed for:

-Matching the nature and quantity of goods ordered and the related price according to the vendor invoice, purchase order and the receiving report.

-Accuracy of all arithmetic calculations and extensions.

-Correctness of the General Ledger account distribution.

Reconciliation of Accounts Payable Records

The Accounts Payable Subsidiary Ledger will be reconciled with purchase and cash disbursement transactions by the Accounting staff.

The balance in the Accounts Payable Subsidiary Ledger will be reconciled with the General Ledger control account, monthly.

Debit balances in the Accounts Payable Subsidiary Ledger will be resolved by either treating them as an offset against other amounts due the vendor or by requesting payment from the vendor.

Open Purchase Orders and Subcontracts

The Purchasing Specialist is responsible for preparing the open purchase order and subcontract reports in coordination with the Accounting Manager.

The Accounting Manager must obtain concurrence from the Purchasing Specialist before sending the reports to the Director of Finance for review.

The reports should be reviewed by the Director of Finance before inclusion to the Monthly Cost Report.

The Director of Finance is responsible for resolving reporting problems or issues in coordination with the Director of Contracts & Administration.

PROCEDURES FOR LIABILITIES

7-01 ACCRUED LIABILITIES

Effective Date: 10/1/02

Control Objective

To accurately control and record accrued liabilities.

Major Controls

Maintaining an Accruals Register

To properly set up and track accrued liabilities, a separate Accruals Register will be maintained for each accrual: salaries, payroll taxes, rent, insurance, interest, etc.

Reconciliation of the Accruals Register with the General Ledger Control Account

On a monthly basis, a reconciliation will be performed between the Accruals Register and the General Ledger control account.

Procedures

A detailed Accruals Register is to be established and maintained by the Accounting Manager for each type of accrual.

Each month, timing differences between the payment of an expense and incurring of that expense will be evaluated by the Accounting Manager for the amount of the accrued liability.

At the end of each month, the Accounting Manager will prepare a General Journal adjusting entry to record the accrued liability.

At the beginning of each month, a General Journal reversing entry will be entered reversing the accrual.

A reconciliation will be performed by the Accounting Manager between the Accruals Register and the General Ledger control account.

MANAGEMENT REPORTING PROCEDURES

8-01 FINANCIAL REPORTING

Effective Date: 10/1/02

Control Objective

To ensure the accuracy, completeness and timeliness of financial reporting to support decision-making.

Major Controls

Review and Approval of Financial Reports

Before release, all financial reports will be reviewed for accuracy and completeness and approved by the Director of Finance.

Periodic Trial Balance and Closeouts

To facilitate statement preparation and ensure the accuracy of its financial reporting, JOI will periodically prepare a trial balance and close out its books of account.

Financial Statements Audited by a Qualified Public Accounting Firm

The annual financial statements of JOI will be audited by a qualified public accounting firm.

Principal Point of Contact for Audit

The Director of Finance serves as the principal point of contact with the JOI's independent audit firm and other agency designated auditors, coordinates the required schedules, analyses, discussions, reports, etc. with various audit partners, managers and staff, and negotiates with auditors regarding audit findings and questioned costs.

Procedures

The Accounting Department will prepare required financial reports: annual budget, quarterly statement of earnings, monthly statement of cash flow, monthly contract cost summary, monthly indirect cost report, monthly unrestricted funds statement, etc.

The Accounting Department will prepare a monthly trial balance/close of the books of account on a monthly basis.

All financial reports will be reviewed and approved by the Director of Finance before release.

Analyses of key financial ratios will be completed by the Director of Finance.

JOI will submit to a full scope audit of its financial statements by a qualified public accounting firm and make all adjustments.

Sub recipient OMB Circular A-133 Compliance Procedures

The Accounting Department must do the following:

Maintain and update a listing of all subcontractors through the year.

At fiscal year end determine the A-133 qualifying subcontractors:

-All subcontractors/sub grantees receiving Payments (expended) of \$300,000 or more of federal funds on any one subcontract or subgrant in any one fiscal year.

Before the fiscal year end audit begins, the Director of Finance should send each qualifying subcontractor a letter requesting a copy of their A-133 report or explanation of their A-133 status.

Maintain a subcontractor checklist:

- a) The status of audit reports received;
- b) Audit dates;
- c) Items of noncompliance (audit findings);
- d) The Subcontractor's response to their audit findings;
- e) JOI's response and follow-up status; and
- f) Other pertinent information.

Review the checklist quarterly. Send second request 30 days after no response. If there is a partial response, send a letter requesting the additional information immediately (i.e. audit reports, audit finding responses from subcontractors). If there is no response after 60 days, the Director of Finance must determine the appropriate action to follow after coordination with the Program Director and the Director of Contracts & Administration.

Discuss all Subcontractors' audit findings and responses with the NSF Office of Inspector General (cognizant audit agency) within 60 days to determine if the subcontractors' course of action or response is adequate.

Review all subcontractors' audit finding and responses and the subsequent NSF discussions to determine further action in order to remain in compliance with OMB Circular A-133.

Develop written policies for administration and monitoring of Subcontractors.

Review interim program, subcontractors' fiscal performance and projection reports or budget expenditure reports on an ongoing basis.

Make site-visits to inspect and review the management control system of subcontractors at a reasonable time.

The Director of Finance takes primary responsibility to ensure compliance with the OMB A-1 requirements.

8-02 TAX COMPLIANCE

Effective Date: 10/1/02

Control Objective

To accurately prepare and file required tax documents on a timely basis.

Major Controls

Oversight of Non Profit Status and Approval of Tax Returns

The Director of Finance is responsible for maintaining oversight of JOI's Non-profit status and assuring that this non profit status is not compromised. All JOI's tax returns will be reviewed and approved by the Director of Finance.

Procedures

The Director of Finance will periodically compare the data requirements of all new tax return forms with JOI's reporting and seek revisions, as appropriate, to its coding structure/chart of accounts in order to report all required tax data.

JOI will maintain a suspense system to remind accounting staff of required filing due dates for:

- IRS Form W-2 - Wage and Tax Statement
- IRS Form W-3 - Transmittal of Income and Tax Statements
- IRS Form 941 - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes
- IRS Form 990 - Information Return of Organization Exempt or Claiming Exemption for Income Tax
- IRS Form 1099 MISC (also 1099-DIV, 1099-INT, 1099-OID) - U.S. Annual Information Return for Recipients of Miscellaneous Income
- IRS Form 8109 - Federal Tax Deposit Coupon
- Annual state(s) corporate income tax return (s)
- State and local sales tax filings
- State and local payroll tax returns

JOI's Accounting Manager will prepare the various tax returns.

The JOI Director of Finance will ensure maintaining the appropriate payroll tax tables.

Before submission, all tax returns and the supporting schedules will be reviewed and approved by the Director of Finance for accuracy and completeness. Form 990 must be reviewed by an independent

auditor. The Accounting staff will prepare a General Journal entry for taxes. All General Journal entries for taxes will be reviewed and approved by the Director of Finance

Each General Journal entry for taxes will be compared to the General Ledger by the Accounting Manager to ensure proper posting.

Compliance with Laws and Regulations

Awards made by the federal government are subject to compliance with Office of Management and Budget (OMB) Circulars A-110, A-122, and A-133. All reports to funding agencies concerning the financial status of the project are the responsibility of the Finance Department. All Financial Status Report must be reviewed and approved by the Director of Finance. The Director of Finance is primarily responsible for the overall compliance with the OMB Circulars, Cost Accounting Standards (CAS) and General Accepted Accounting Principles (GAAP). Determination of allowability is the combined efforts of the Director of Finance and the Director of Contracts and Administration.

ACCOUNTING SYSTEM OPERATIONS CONTROLS

9-01 BACK-UP PROCEDURES

Effective Date: 10/1/02

Control Objective

To ensure the accounting computer facility and equipment are efficiently operated and that adequate back-up and recovery are assured.

Major Controls

Back-Up Performed Daily

To prevent loss of data files and programs, back up will be performed daily.

Contingency Plan for Back-Up Computer Facilities and Equipment

The continuity of applications processing will be provided for with a realistic contingency plan that is periodically tested in the event of an unexpected interruption.

Procedures

System Back-Up

Files or programs are backed up every night. This process is monitored by the Accounting Manager.

After a system failure, all data files and programs will be recovered and checked to ensure that there were no unintended modifications.

Program libraries will be periodically backed up.

Back up media with copies of all files and programs will be maintained at an offsite facility.

9-02 COMPUTER SECURITY

Effective Date: 10/1/02

Control Objective

To prevent access to data stored on the computer to an unauthorized user.

Major Controls

Use of Passwords

A system of user IDs and passwords with frequent revisions will be employed.

Access to Sensitive Files/Modules Restricted

The operating system will restrict access to authorized modules.

Physical Access to Computer Facilities, Terminals, Modems and Communications Lines Limited

A system of authorizations will be required for access to the system.

Magnetic Tapes, Diskettes and Removable Hard Disks, and Sensitive Output Reports Will be Stored in a Secure Location

All off-line media will be stored in a secure location, with back-up media stored at an offsite facility.

COST ACCOUNTING

Control Objective

To properly record all costs incurred to the correct final cost objective and properly classify, accumulate, and summarize costs.

Major Controls

Cost Accounting Policies

JOI has adopted policies on its final cost objectives, distinguishing between direct vs. indirect costs, indirect cost pools and their bases of allocation.

Internal Accounting Controls

Separation of duties between those who maintain cost accounting records and those maintaining general accounting records.

Approval of source documents by the Director of Finance.

Procedures

Setting Up Cost Accounting Structure

JOI will identify its final cost objectives and incorporate them into its accounting system's chart of accounts/coding structure with separate groups of accounts and individual contract/grant accounts.

JOI will differentiate between those costs it intends to charge directly to final cost objectives vs. those costs it intends charging indirectly.

JOI will identify the number of pools it intends to capture in its indirect costs and will organize its coding structure/chart of accounts accordingly.

JOI will identify a base of allocation for each indirect cost pool and will accumulate base of allocation data.

Adapting the Accounting System to Segregate Costs

Copies of the award document and modifications must be obtained before opening a cost center. This includes the effective date of the contract/award detailing the work authorized, assigned personnel, contract delivery schedule.

The Director of Finance will open cost accounts for the designated contract upon receipt of the award document.

For specific contract work elements, a statement of work detailing cost account information, task description, budgeted cost and labor-hours by category of labor must be authorized by the appropriate Program Directors.

The Director of Finance will process the budget data into the accounting report.

Incurring Costs

Labor Distribution: Employees will record time on their time sheets and, after supervisory approval, the labor distribution data will be entered by the Accounting staff in the Labor Hour Distribution Schedule.

Material and Other Direct Costs:

A purchase requisition and purchase order will be prepared. The direct or indirect cost account number(s) charged will be entered in the purchase requisition and purchase order.

Upon receipt of the materials or other direct costs, the account number to be charged for the cost of materials and other direct costs will be entered.

Separate accounts will be maintained in both the direct cost and indirect cost group of accounts for any unallowable costs.

To recover indirect costs, the Director of Finance and the Accounting Manager will prepare and submit its indirect cost proposal to its cognizant agency six months after the end of the fiscal year.

Any differences between provisional and actual indirect cost rates will be established for interim and fiscal year end financial statements as an unbilled receivable or a liability by the Director of Finance.

Annual budgets of indirect costs will be prepared by Director of Finance in consultation with the President. These budgets vs actual will be monitored by the Director of Finance for significant fluctuations.

The cost summaries will be reconciled monthly with the General Ledger control account by the Accounting Manager.

CONSULTANTS AND PROFESSIONAL SERVICES

Control Objective

To control payment and close-out of consulting agreements, and to ensure compliance with Internal Revenue Service regulations.

Major Controls

Use of a Standard Consulting Agreement

JOI will use a written consulting agreement that specifies the scope of work, the consultant's obligation to pay income and self-employment taxes, and the consultant's requirement to furnish the tools of trade.

Procedures

Consultant Requirements

A written scope of work will be prepared by the requisitioning person for the use of a consultant.

Before going outside the organization to retain a consultant, an internal review will be conducted to determine the internal availability of required skills.

Consultant Monitoring and Reporting

Each consultant will be assigned in writing to a designated technical representative who will monitor the work of the consultant.

Each consultant will be required to maintain time records and to report time expended to JOI on their invoice.

Each consultant will prepare a final report of accomplishments as indicated by the agreement.

Consultant hours expended will be controlled by the technical representative and variances between time expended and work accomplished will be resolved with the consultant by the technical representative.

Consultant Accounting and Payment

A copy of the consultant's purchase order and consultant agreement will be routed from Contracting to Accounting.

Upon receipt of the consultant agreement, the Purchase Specialist will establish a vendor account in the vendor listing for the consultant and enter the following all necessary information:

- a. Period of the agreement
- b. Consultant's full billing address and telephone number
- c. Consultant's FIN or Social Security Number
- d. Maximum dollar size of the award
- e. Name and telephone number of assigned technical representative for approval of consultant payments.

Upon receipt of the technical representative's authorization to make payment to a consultant (in cases where the technical representative is not the authorized signer for the funds to be used, the signature of the authorized person will also be obtained), the consultant's invoice will be reviewed by the Director of Contracts & Administration and the Director of Finance for adequacy. The total amount of payments made to date, including this payment request, will be compared to the total amount of the award.

The amount of the authorized payment will be entered in the Cash Disbursements Journal by the Accounting Manager and a check will be prepared.

A check will be distributed directly to the consultant via mail or other means.

Management Reporting Regarding the Use of Consultants

Consultant Tax Compliance

Before award, each consulting agreement will be reviewed by the Director of Finance for:

- Extent of control, i.e., setting working hours, controlling the procedures for accomplishing the contracted services, etc.
- Specificity of scope of work to be performed
- Payment for any fringe benefits
- Consultant use of own tools of trade
- Extent of exclusive service arrangements
- Use of Company's office space.