

## **SECTION I: UNIFIED PLANNING WORK PROGRAM AND BUDGET**

The Unified Planning Work Program and Budget (UPWP) is the comprehensive work plan that details federally funded transportation planning and transportation related planning activities in the region and identifies the related budget for those activities.

The UPWP must meet all applicable federal requirements.

The UPWP is developed by following these steps:

- Members are asked to submit requests for projects.
- The Regional Technical Advisory Committee (RTAC) brainstorms regional needs and project ideas and then ranks those ideas.
- Staff prepares five year revenue and expense projections to help support budget decision making.
- Staff prepares an initial draft of the UPWP to use, together with population estimates, to calculate proposed member dues.
- Staff presents the five year projections, the ranked project list and the proposed member dues to the Finance Committee.
- The Finance Committee reviews the ranked projects from RTAC and determines the projects to include in the UPWP.
- The Finance Committee reviews the proposed dues and makes a recommendation to the Board.
- The Board approves the member dues.
- Staff prepares an updated draft of the UPWP and presents it to the Finance Committee for review. The Finance Committee makes a recommendation to the Board.
- The Board approves the UPWP.
- The approved UPWP is sent to ITD and FHWA for approval.

The UPWP provides the basis for procurement and expenditures in the budget period. Processes for procurement and expenditures are described below.

## **SECTION II: PROCUREMENT POLICY**

Idaho Code Title 67, Chapter 28 specifies the procurement law that applies to local governments including cities, counties, and highway districts. COMPASS follows the procurement law specified in Idaho Code Title 67, Chapter 28 for its purchasing. The specific procurement steps are described below.

Funds for the proposed expenditure must be appropriated in the UPWP. The expenditure may be specifically identified, such as for professional services to support a task, or generally identified, such as office supplies. If the UPWP does not include appropriation for the item, the purchase may not be completed without authorization from the Board.

Program managers are authorized to procure items (other than employee salaries and benefits) included in their program budget in the UPWP. Professional service agreements and contracts may only be signed by the Executive Director.

The procurement process for the item depends on the type and amount of the expenditure.

The steps for procurement are as follows:

- 1) Verify that funds for the proposed expenditure are appropriated in the UPWP.
- 2) Determine the type and amount of the proposed expenditure and follow the steps for that category.

### **Purchases exempt from competitive bidding**

Certain categories of purchases are exempt from competitive bidding. These are:

- Payment of wages to an employee
- Personal services (defined below)
- Professional services (such as legal, accounting, auditing, and appraisal services)
- Interest in real property
- Insurance
- Costs of participation in a joint powers agreement with other units of government

Idaho Code 59-514 defines personal services as “performance for remuneration (i.e. compensation) by an individual on a specified contractual basis of specialized professional or consultive expertise germane to administration, maintenance or conduct of governmental activities which require intellectual or sophisticated and varied services, dependent upon facilities, invention, imagination or a specific talent which the state or the taxing entity itself cannot provide or accomplish.” Personal services include but are not limited to planning consultants, digital mapping services, software maintenance, etc.

The purchase may be completed in the manner that the program manager sees fit. Program managers are encouraged, but not required, to seek informal bids to insure that they obtain the best value for the agency.

Purchases of services where the total value of the contract is less than \$10,000 do not require a professional services agreement or contract. Purchases of services where the total value exceeds \$10,000 require a written agreement or contract with the vendor. The Director of Operations prepares the contract for the Executive Director’s signature. The Board has delegated authority to the Executive Director to sign contracts on behalf of the agency.

COMPASS must publish a legal notice in the newspaper of record with the largest circulation within 15 days of entering into a contract in excess of \$10,000 per year for personal services. The notice must include the contracting parties, the amount of compensation and a brief description of the work to be performed.

### **Purchases of services or property valued at less than \$25,000**

Purchases of services, other than personal or professional services as defined above, or property (such as vehicles or equipment) valued at less than \$25,000 may be completed in the manner that the program manager sees fit, provided that such purchases are in the best interest of the agency. Program managers are encouraged, but not required, to seek informal bids to insure that they obtain the best value for the agency.

Purchases of services where the total value of the contract is less than \$10,000 do not require a professional services agreement or contract. Purchases of services where the total value exceeds \$10,000 require a written agreement or contract with the vendor. The Director of Operations prepares the contract for the Executive Director's signature. The Board has delegated authority to the Executive Director to sign contracts on behalf of the agency.

Purchases of property valued at less than \$25,000 do not require a contract.

### **Purchases of services or property valued at less than \$50,000 but more than \$25,000**

Program managers must request written informal bids from at least three vendors for purchases of services (such as janitorial services) or property (such as vehicles or equipment) valued at less than \$50,000 but more than \$25,000. Efforts to obtain three bids must be documented.

The request for bids should include:

- Description of the services or property to be purchased in sufficient detail to allow prospective bidders to understand what COMPASS seeks to procure
- Method for bid submission
- Due date and time for bid submission
- Minimum of three business days to respond to bid request

The Board has delegated authority to program managers to select winning bidders for those expenditures specifically identified in the UPWP for their programs. Program managers approve the winning bid or all bids are rejected and the process starts again.

Purchases of services or property valued at more than \$25,000 require a written agreement or contract with the vendor. The Director of Operations prepares the contract for the Executive Director's signature. The Board has delegated authority to the Executive Director to sign contracts on behalf of the agency.

### **Purchases of property or services valued at more than \$50,000**

Purchases of property or services where the total purchase amount or value of the contract is more than \$50,000 require a competitive sealed bid process.

Two notices soliciting bids must be published in the Idaho Statesman, with the first notice at least two weeks before bid opening and the second notice at least one week prior to bid opening.

The notice must state the property or services sought and instruct prospective bidders how to obtain the specifications, bid forms, instructions, contract documents and other information.

The sealed bids are opened in public at the date, time, and place specified in the bid materials.

The program manager or the Executive Director may approve the winning bid, provided that the lowest bidder is selected. The Director of Operations prepares the contract with the lowest bidder for the Executive Director's signature. The Board has delegated authority to the Executive Director to sign contracts on behalf of the agency.

If COMPASS chooses to award a bidder other than the lowest bidder, the bids are presented to the Board and the Board selects the winning bidder. If the Board chooses a bidder other than the lowest bidder, the Board must document the reasons for the selection, the record must reflect the reasons for selection of a bidder other than the lowest bidder, and those reasons must be ~~and~~ communicated to all bidders.

Purchases of services or property valued at more than \$50,000 require a written agreement or contract with the vendor. The Director of Operations prepares the contract for the Executive Director's signature. The Board has delegated authority to the Executive Director to sign contracts on behalf of the agency.

### **SECTION III: PAYROLL CYCLE**

Exempt and non-exempt employees are required to track time worked each day on a program and sub-task (where appropriate) basis so that actual workdays for each program and task are accurately reflected. Employees are expected to accurately record time worked in each program and task daily.

At the end of each payroll period, employees submit timesheets to their supervisors with a record of all hours worked by program and task, as well as leave hours used, if any.

Supervisors review and sign each timesheet, indicating their concurrence with the accuracy of hours reported. Approved timesheets are turned in to the Financial Assistant by the due date and time for that pay period, as specified by the Financial Assistant.

The Financial Assistant:

- Reviews the timesheets for accuracy as to the number of hours reported. Timesheets with errors are returned to the employee for correction and resubmitted to the supervisor for approval.
- Enters approved timesheets into the accounting software system. The accounting software system automatically prepares the related entries for salaries expense, benefits, taxes, direct deposits and leave accruals.
- Reviews the payroll registers and entries for accuracy and corrects any errors found.
- Posts the payroll entries in the accounting software system to record the expenses and liabilities, update employee leave balances and upload the direct deposit file to the agency's bank.
- Prints the payroll summary and the direct deposit entry for review and approval by the Director of Operations.
- Provides an updated reported of accrued leave time to employees and supervisors
- Files all supporting documentation for the payroll.

The Director of Operations:

- Reviews the payroll summary and verifies that the correct total amount is being paid to each employee.
- Reviews the direct deposit entry for accuracy and releases the direct deposit batch for payment.

Only the Executive Director may authorize changes in employee compensation rates. Notice of changes to employee compensation are provided to the Financial Assistant in writing for entry into the accounting software system.

#### **SECTION IV: CASH DISBURSEMENT CYCLE**

Spending authority for all purchases must be included in the UPWP adopted by the Board. The program managers can authorize expenditures for their assigned programs, subject to the procurement requirements detailed in Section II, provided those expenditures are specified in the adopted UPWP.

When contracts are executed for planned expenditures, the contract not-to-exceed amounts are entered into the accounting software system to show that the contract amounts have been encumbered. As the contract dollars are expended and payments are processed through accounts payable, the amounts move from encumbered to expended in the accounting software system. In this way, the financial reports reflect the most accurate picture of the budget to actual results for the agency.

The Director of Operations provides new and updated contract amounts to the Financial Assistant for entry into the accounting software system as the contracts are finalized or updated.

The Financial Assistant receives all invoices for payment. The Financial Assistant adds invoices to the "Invoices to be Paid" tracking sheet upon receipt. The Financial Assistant routes the invoice to the correct program manager for review and approval.

The Financial Assistant enters approved invoices into the accounting software system and prints a cover sheet for each invoice showing the amount, program, and general ledger account for each invoice.

The Financial Assistant attaches the cover sheets to the invoices and forwards them to the Director of Operations.

The Director of Operations reviews each invoice and cover sheet and verifies that the entry was correctly posted to the accounting software system. The Financial Assistant corrects any errors and prints a corrected cover sheet, as needed.

The Director of Operations returns the approved invoices to the Financial Assistant and the Financial Assistant posts the entries in the accounting software system. The Financial Assistant compares the posted entries to the "Invoices to be Paid" tracking sheet and verifies that all invoices have been returned from the program managers.

Payments are processed as needed, but not less than once per month.

The Financial Assistant selects the appropriate items for payment in the accounting system and prints out a disbursement list for the Executive Director's and Secretary/Treasurer's review.

The disbursement list is forwarded electronically to the Secretary/Treasurer for review. The Secretary/Treasurer provides electronic approval to the Financial Assistant of the proposed disbursements. The Financial Assistant prints a record of the Secretary/Treasurer's approval of the disbursement list.

The disbursement list along with the backup documentation for each listed payment are forwarded to the Executive Director for review.

The Executive Director reviews the disbursement list and signs off, indicating his approval for payment, then returns the disbursement list and backup documentation to the Financial Assistant.

The Financial Assistant uploads the payment information from the accounting system to the banking system, then forwards the signed disbursement list to the Director of Operations.

The Director of Operations compares the signed disbursement list to the payment file in the banking system and verifies that the items match exactly, then releases the payment file from the banking system to complete payment processing.

The Financial Assistant files the backup documentation.

A complete listing of payments made in the reporting period is provided to the Finance Committee at its regularly scheduled meeting for their review.

#### **SECTION IV-A: TRAVEL/EDUCATION**

An employee wishing to attend a professional meeting or secure additional education or training at the expense of COMPASS will complete a Travel Authorization form with an estimate of all costs involved, and turn it in to the employee's supervisor. Supervisors will review the request and forward it to the Executive Director with their recommendations. If approved by the Executive Director, the employee will be notified and the form will be sent to the Financial Assistant for inclusion in the appropriate check cycle.

An employee may request an advance to cover miscellaneous travel/training related costs (e.g., ground transportation and publications), and should indicate that on the Travel Authorization form.

COMPASS per diem rates are set by the State of Idaho Travel Policies and Procedure guidelines to cover the cost of meals and related tips while out of town for COMPASS purposes. The out-of-state per diem rate will depend upon the destination city. Rates for different cities may be obtained from the Financial Assistant.

Partial day per diem rates are granted for out of town travel when the partial travel day is adjacent to an overnight stay or when the entirety of the trip does not require an overnight stay. Partial day rates are expressed as a percentage of the full day rate as follows:

Breakfast	25%
Lunch	35%
Dinner	55%

Upon return, the employee must complete an Expense Report to obtain reimbursement for any travel/training costs paid by the employee. A receipt must accompany requested expenses. If an advance was received, it must be indicated on the Expense Report, and

subtracted from the total expenses claimed. If the advance was greater than the reported expenses, the employee must reimburse COMPASS for the difference. Failure to reimburse COMPASS will result in a payroll deduction. The Expense Report must be approved by the employee's supervisor and forwarded to the Financial Assistant for processing during the next disbursement cycle. Expense reports from the Executive Director must be approved by the Board Secretary-Treasurer (or other Board officer in the Secretary-Treasurer's absence) before processing for payment.

A Board member may request or be asked to attend a professional meeting or travel for a specific purpose at the expense of COMPASS. Board members will complete a Board Travel Authorization form, with an estimate of all costs involved and submit to the Executive Committee for approval. The Executive Committee will review the request and determine the level of reimbursement based on the level of COMPASS representation.

Board members will be entitled to submit reimbursement for expenses incurred. Reimbursement for per diem will be at the same rate as described above. Expenses reimbursement requests must be accompanied by statements or receipts.

#### **SECTION IV-B: CREDIT CARD USAGE**

Credit cards are issued to the Executive Director and the Director of Operations only.

Credit cards may be used for specific agency related expenditures where payment via check is impracticable. Generally, payment via check is the preferred agency method and should be used whenever possible.

All credit card purchases must be documented. Receipts for credit card purchases are provided to the Financial Assistant upon completion of purchase.

The Financial Assistant verifies the receipts against the credit card statements when received. The receipts are attached to the credit card statement. The Executive Director reviews and approves the Director of Operation's credit card statement for payment. The Board Secretary-Treasurer (or other Board officer in the Secretary-Treasurer's absence) reviews and approves the Executive Director's credit card statement for payment. The payment to the issuing bank is processed following the cash disbursement procedures described above.

Use of the credit card for anything other than authorized agency expenses is strictly prohibited, without exception.

#### **SECTION IV-C: PETTY CASH FUND**

Minor payments needing immediate attention (e.g., supplies, meeting costs, etc.) may be paid from the petty cash fund. Generally, payment via check is the preferred agency method and should be used whenever possible.

The petty cash fund maintains a balance of \$200. A petty cash receipt is completed by the Financial Assistant and signed by the requester at the time of the draw from petty cash. All draws from petty cash must be accompanied by a receipt for the item purchased. Petty cash draws may not exceed \$50.

Documentation of draws from petty cash are attached to the request to replenish petty cash. The total of the draws from petty cash must match the replenishment request exactly. The replenishment request is then processed according to the cash disbursement procedures above.

The Director of Operations counts the petty cash on hand at least once each month and compares the total to the pending replenishment requests to verify accuracy.



#### **SECTION IV-D: CAPITALIZATION POLICY**

Purchases of property, such as land, buildings, or equipment, with a cost of \$1,000 or more for an individual item and a useful life of three or more years are capitalized. Capitalized assets are acquired for use in normal operations and are not for resale. The \$1,000 threshold is applied to an individual item of equipment, not to a group of items purchased together.

The Financial Assistant records capitalized assets as fixed assets in the accounting software system. Fixed assets are depreciated straight line over their useful lives. The accounting software system automatically calculates the depreciation amounts. The Financial Accountant periodically, but not less than annually, reviews these amounts and posts them to the general ledger.

The Financial Accountant removes capitalized assets that have been removed from service from the fixed assets system at the time of disposition.

The Director of Operations periodically, but not less than annually, compares fixed asset records to the actual inventory of assets to verify accuracy.

#### **SECTION V: BILLING**

The Financial Accountant prepares grant billings for the agency's grants each month.

The Financial Accountant prints job cost reports from the accounting software system that provide the detail of salary, fringe and direct expenses charged to each program. The job cost reports also show the application of the approved indirect cost rate from the Idaho Transportation Department (ITD) to those costs. The sum of the salary, fringe and direct expenses and the calculated overhead amount, less any expenses not eligible for federal funding, is shown on the job cost reports and is the amount billed for the grants.

The Financial Accountant reviews the job cost reports and reconciles the total expenses shown to the total expenses in the general ledger. The Financial Accountant corrects any errors and prepares the billing summary.

The Director of Operations reviews and approves the billing summary and the job cost reports.

Upon approval, the Financial Accountant submits the billing to ITD.

The billed amount is recorded as revenue and an account receivable in the accounting software system.

When payment is received, the Financial Accountant posts the payment against the outstanding receivable in the accounting software system.

The Financial Accountant follows up with ITD on any billings that remain unpaid thirty days after submission and resolves any issues with those billings.

The Financial Assistant prepares invoices and makes entries into the accounting software system for all other miscellaneous billings, such as map or orthophotography sales.

## **SECTION VI: CASH RECEIPTS PROCEDURE**

Payments to COMPASS may be received through direct deposits into COMPASS bank accounts, via checks received in the mail or via checks or cash from walk in customers.

### **Payments received through direct deposit**

The Financial Accountant reviews the transactions posted to the agency's checking through the online banking system daily. The Financial Accountant prepares and posts entries to the accounting software system for any direct deposits made to the account at the time those deposits are made.

### **Payments received through the mail or from walk in customers**

The Administrative Assistant:

- Opens the mail
- Endorses the back of each check with the "For Deposit Only" stamp
- Makes one copy of the check
- Enters the check on the receipt log
- Enters cash received on the receipt log
- Forwards the checks and cash to the Financial Assistant
- Forwards the check copies and a notation of cash received, if any, to the Financial Accountant

The Financial Assistant:

- Prepares a duplicate bank deposit slip
- Takes the deposit to the bank
- Forwards one copy of the deposit slip to the Financial Accountant

The Financial Accountant:

- Compares the deposit slip to the check copies to verify accuracy
- Enters the deposit to the accounting software system

The Director of Operations:

- Periodically, but not less than monthly, reviews the receipt log and compares to the accounting software system and bank statements to verify accuracy

## **SECTION VII: BANK RECONCILIATIONS**

All agency bank accounts are reconciled monthly.

The Director of Operations:

- Receives the unopened original bank statements
- Opens the bank statements and reviews for any unusual activity
- Forwards the bank statements to the Financial Accountant

The Financial Accountant

- Prepares the bank reconciliations for each account using the accounting software system
- Prints the completed bank reconciliation reports and forwards to the Director of Operations for review

The Director of Operations

- Reviews and approves the completed bank reconciliations

## **SECTION VIII: GENERAL LEDGER ENTRIES**

Most of the general ledger activity is posted from the sub ledgers in the accounting software system. Occasionally, a manual entry in the general ledger will be required for a correction or adjustment.

The Financial Accountant prepares manual journal entries. The entries should include all supporting documentation. The entries are reviewed and approved by the Director of Operations prior to posting.

## **SECTION XII: INVESTMENTS**

COMPASS obtains its funding primarily from membership dues and federal grants. The Finance Committee and management of COMPASS invest with the judgment and care that prudent individuals would exercise in the execution of their own affairs, to maintain the safety of principal, to maintain liquidity to meet cash flow needs, and to provide competitive returns on deposits and investments. These primary objectives in priority order are:

- Safety: Safety of principal is foremost and investments will be made in a manner that ensures the preservation of principal.
- Liquidity: Funds will remain sufficiently liquid in order to meet all anticipated operating expenses.
- Yield: Investments will be made to maximize return, subject to the constraints of safety and liquidity. Yield is always secondary to safety and liquidity.

With these constraints in mind, COMPASS cash is invested in general checking and savings accounts, money market accounts, and certificates of deposit.

COMPASS staff is encouraged, but not required, to keep investments at any one financial institution under the limits of federal deposit insurance. Investments may exceed federal deposit insurance so as not to create undue administrative burden, but still adhere to the investment priorities of safety, liquidity and yield. COMPASS may establish accounts at multiple financial institutions authorized to do business in the State of Idaho as necessary to stay within the limits of federal deposit insurance.

The Executive Director may authorize the opening or closing of accounts to conform to this guidance.

A report of current accounts and the associated financial institutions, balances by account, current rates of return and any accounts opened or closed in the reporting period shall be provided to the Finance Committee with the quarterly financial report.

## **SECTION XIII: FUND BALANCE**

COMPASS shall maintain a fund balance reserve equivalent to not less than three months' expenses. Use of fund balance in excess of the three months' reserve shall be recommended by the Finance Committee as part of the annual UPWP process.

## **SECTION XIV: FINANCIAL REPORTING**

COMPASS shall provide a quarterly report to the Finance Committee that includes the following:

- Year to date budgeted and actual revenues and expenses by line item
- Year to date budgeted and actual expenses by program
- Summary balance sheet as of the last day of the quarter
- Cash summary as of the last day of the quarter

COMPASS shall provide an annual report to the Finance Committee that includes the following:

- Year to date budgeted and actual workdays by program

The Financial Accountant shall provide a monthly report to program managers, the Executive Director, and the Director of Operations that includes the following:

- Year to date budgeted and actual revenues and expenses by line item
- Year to date budgeted and actual expenses by program
- Year to date budgeted and actual workdays by program

The Financial Accountant shall provide other information as requested to the program managers, the Executive Director, and the Director of Operations on an ad hoc basis.