

September 13, 2021



## AGENDA ITEM 4E

### CRTPA FINANCE POLICY

TYPE OF ITEM: Consent

#### STATEMENT OF ISSUE

Staffing is seeking approval of the CRTPA's Finance Policy.

#### CRTPA EXECUTIVE ACTIONS

At the August 24, 2021 meeting, the CRTPA Executive Committee reviewed the draft Finance Policy and Memo of Internal Controls in Other Areas. No formal action was taken.

#### RECOMMENDED ACTION

Option 1: Recommend the CRTPA Board approve the Finance Policy.

#### BACKGROUND AND ANALYSIS

The FDOT Office of Inspector General (OIG) conducted an audit of the CRTPA. One of the audit findings identified that the CRTPA's Financial Management System was not compliant with the requirements set forth in Title 2 CFR 200.302 (Financial Management) and the CRTPA's Joint Planning Agreement.

Specifically, the OIG Audit Report stated the CRTPA's financial management system, consisting of all processes (both automated and manual), was insufficient to meet federal recordkeeping requirements. Furthermore, the report recommended two actions to correct the deficiency. First, the OIG recommended the CRTPA develop and establish a detailed written procedure regarding the process for composing, calculating, and submitting invoices, including a step-by-step procedure to generate financial reports and filtering data for invoice calculation. Second, the OIG recommended the CRTPA assign a specific account code for unallowable costs incurred by CRTPA to be utilized at the time of data entry to PeopleSoft.

In response, CRTPA staff has drafted a Finance Policy (**Attachment 1**) and documented internal controls in the Memo on Internal Controls in Other Audit Areas (**Attachment 2**). The Finance Policy establishes procedures for the expenditure of the CRTPA grant funds and the internal operating processes for handling CRTPA funds and vendor payments.

Broken into five sections, the attached Finance Policy covers procedures related to Budget; Purchasing; Payroll and Check Distribution; Tangible Property/Assets; and the CRTPA Executive Director Approval Authority. The policy also addresses the Executive Director's authority under two types of emergency situations. In addition, the Memo on Internal Controls in Other Audit Areas provides further detail on invoice development and record-keeping, including classifying unallowable costs. The memo is designed to provide reasonable assurance to the Board regarding the preparation of reliable annual financial statements and is updated as internal controls are refined and implemented.

### **OPTIONS**

Option 1: Recommend the CRTPA Board approve the Finance Policy.  
(Recommended)

Option 2: CRTPA Board Discretion

### **ATTACHMENT**

Attachment 1: CRTPA Finance Policy

Attachment 2: Memo on Internal Controls in Other Audit Areas

**FINANCE POLICY GRANTS****APPROVED: (Date of Approval)****REVIEW BY: Every two years prior to development of UPWP (January 2024)****1. References**

- a. Staff Services Agreement for administrative services between the City of Tallahassee and the Capital Region Transportation Planning Agency (CRTPA).
- b. State of Florida Department of Transportation CRTPA Agreement for PL funds.
- c. State of Florida Department of Transportation 5305(d) Agreement for FTA funds.

**2. Purpose and Scope**

- a. The purpose and scope of this section is to document financial procedures for the expenditure of the CRTPA grant funds and the internal operating processes for handling CRTPA funds and vendor payments.

**3. Budget**

- a. **General Policies.** The Board shall review and approve the CRTPA's Unified Planning Work Program (UPWP) and operating budgets, programming, and expenditure of CRTPA funds. The annual operating budget and new UPWP budget will be reviewed by the Executive Committee prior to being submitted to the Board.
- b. **Unified Planning Work Program.** The UPWP shall be developed and approved by the CRTPA biennially. The fiscal year of the UPWP shall be from July 1st to June 30<sup>th</sup>. The budget will detail the expenditure of grant funds by tasks. A draft UPWP should be submitted to the Board for review at its March or April meeting and a final UPWP shall be submitted for approval by the Board no later than May 15th. A copy is also provided to the City of Tallahassee Grants Management Department and Financial Management Department. Operating and project budgets are maintained within the City's software program, People Soft.
- c. **Operating Budget.** The CRTPA Operating Budget shall be developed in accordance with the UPWP. For the Operating Budget the fiscal year shall be from October 1st to September 30<sup>th</sup>. The CRTPA staff shall prepare a detailed expenditure and revenue (operating and project budget) which is provided to the CRTPA's Budget Analyst and is maintained within the City's software program. A draft operating budget shall be submitted to the Financial Management Department in mid-July of each year. The City of Tallahassee operating budget approved at the City Commission meeting in September shall reflect the CRTPA revenues and expenditures.

- d. **Monitoring.** CRTPA staff shall monitor the approved budgets in the UPWP and identify any necessary modifications, amendments, or changes to the operating budget.
- e. **UPWP Modifications.** Modifications to the UPWP do not change the FHWA or FTA approved budget and do not change the scope of the funded work task(s). Modifications do not require Board approval and shall be processed by CRTPA staff and presented to the Board. The FDOT District Liaison and FHWA are advised via the UPWP Revision form.
- f. **UPWP Amendments.** Amendments to the approved UPWP add, delete, or change the scope of a work task(s), and/or revise the total grant funding. All amendments must be approved by the Board and by FDOT and FHWA.
- g. **Operating Budget Changes.** Changes to the CRTPA operating budget within the City's finance software shall be processed through a Line Item Transfer (LIT). All LITs shall be approved by the CRTPA Executive Director, with the exception of a LIT change that requires a UPWP amendment. The Board shall approve the LIT when approving the UPWP amendment. Upon approval, the City Financial Management office shall process the request. The City shall have no authority over approving changes to the CRTPA operating budget.
- h. **Invoices.** The CRTPA staff shall prepare and submit invoices to the State so that reimbursement is made back to the City of Tallahassee. The invoices shall be prepared and reviewed by assigned CRTPA Staff and ultimately approved by the CRTPA Executive Director.
- i. **Purchase Orders.** CRTPA staff shall ensure that purchase order requisitions and vendor invoices are processed in a timely manner utilizing the City of Tallahassee PeopleSoft and On-Base software programs.
- j. **Consultant Project(s) Budget.** For consultant services the CRTPA staff opens the project with the Grants Department. The Grants Department reviews the project scope and supporting budget as approved by the Board. Upon determination that the supporting documentation is adequate, the project is opened in People Soft and assigned a project number. The Grants representative sends an email with the Project Number to the CRTPA Administrative Assistant, the Project Manager, and the Executive Director. The CRTPA Administrative Assistant then submits a request to Procurement, through People Soft, to open the project's purchase order.

***Purchase Order and Payment:*** The consultant must submit a W-9 Form and a Vendor Information Form to establish the company as a vendor. Upon receiving a consultant's invoice (submitted to the Project Manager, Invoices@talgov.com and to the CRTPA Administrative Assistant) the CRTPA Project Manager shall approve the invoice. The Administrative Assistant shall receipt and confirm approval for payment within six (6) CRTPA workdays from receipt. CRTPA approval authorizes the City of Tallahassee's Finance Department to process the payment.

#### 4. **Purchasing**

- a. **Purpose and Scope.** The purpose and scope of this section is to specify requirements for the establishment, use, accountability, legal liability, and control of procurements and purchasing cards.
- b. **Single purchase order.** A purchase is the total amount of money encumbered by a single purchase order. It is unlawful to split purchases so as to appear to be authorized as a purchase that would not require competitive bidding.
- c. **Open market purchases \$1,000 - \$10,000** A one-time purchase less than \$1,000 not covered by a CRTPA contract may be purchased on the open market. Quotes are always encouraged but not required. Purchases greater than \$1,000 but less than \$10,000 require the CRTPA to contact at least three vendors to get written quotes.
- d. **General purchases less than \$10,000.** Purchases required for the day-to-day general operating needs of the office such as routine office supplies, minor office equipment and/or furniture costing less than \$10,000 (per item) may be authorized by the CRTPA Executive Director. If an item costs \$2,500 or more, it shall be supported by at least 3 price quotes, except in the case where the item is considered to be a sole source.
- e. **Purchases more than \$10,000 but less than \$25,000.** Purchases require the CRTPA staff to solicit and obtain competitive written quotations.
- f. **Purchases over \$25,000.** Purchases are formally advertised and solicit sealed written competitive bids. Bids will be advertised for a minimum of 14 days.
- g. **Capital Purchases over \$5,000.** Capital purchase shall be defined as office equipment and/or office equipment in excess of \$5,000 per item. Capital purchases shall be submitted for review and approval of the FHWA. A capital purchase may be made with a Purchasing Card (PCard) up to \$10,000. If the purchase amount is over \$10,000, a “purchase order” must be generated. The following steps outline the process for approval and payment.  
***Purchase Order and Payment [Capital Equipment]:*** The vendor must submit a W-9 Form and a Vendor Information Form to establish the company as a vendor. For capital purchases Procurement Services sends the purchase order to the vendor. The purchase order will then be sent to the vendor to order the item. Upon receiving of the vendor’s invoice (submitted to [Invoices@talgov.com](mailto:Invoices@talgov.com) and to the CRTPA Administrative Assistant) the CRTPA staff shall receipt and confirm approval for payment within six (6) CRTPA workdays from receipt. CRTPA approval authorizes the City of Tallahassee’s Finance Department to process the payment.

#### **4. *Purchasing (Continued)***

**h. Purchasing Card.** The CRTPA Executive Director shall be responsible for determining the need to assign an CRTPA staff member a purchasing card (PCard). Including the exemptions stated in these Policies and Procedures, the CRTPA shall follow City of Tallahassee's policies, unless otherwise stated herein, related to:

- 1)** Purchasing Card Policy
- 2)** Procurement
- 3)** Blanket Purchase Orders
- 4)** Prompt Payment of Invoices

#### **5. *Payroll and Check Distribution***

- a. Purpose and Scope.** The purpose of this section is to standardize the collection of payroll information for entry into the City payroll system, and for the distribution of payroll checks and W-2s.
- b. Timekeeping:** CRTPA staff shall be required to submit a completed payroll timesheet and task sheet for entry in the City's payroll system based on the City's payroll processing schedule. The Programs Manager and Administrative Assistant shall input enter the hours worked by task and review each other's entries. Designated Managers shall be responsible for reviewing and signing off on staff's timecard prior to authorization of payment. The CRTPA Executive Director's timesheet shall be reviewed by the Programs Manager and once confirmed all entries are correct, approved by use of electronic signature, or email communication received from the City of Tallahassee Assistant City Manager. The CRTPA Executive Director shall be responsible for ensuring that staff follows this procedure.

#### **6. *Tangible Property/Assets***

- a. Purpose and Scope.** The purpose of this section is to provide a documented inventory of the CRTPA's property obtained through the expenditure of CRTPA grant funds.
- b. CRTPA Property.** All materials purchased through the expenditure of CRTPA grant funds for the operation of the CRTPA office shall be considered CRTPA property. All property obtained through the. Expenditure of CRTPA grant funds for office supplies, upgrades and/or replacement of computer hardware and software that are included as part of the CRTPA's UPWP shall be considered authorized with the adoption of the UPWP budget. Such purchases may be approved by the CRTPA Executive Director. The CRTPA shall maintain an inventory list for physical review once a year by the City of Tallahassee Asset Management Department and by FDOT upon request. The CRTPA shall continue to use City of Tallahassee's Asset Management Department to monitor the removal and disposal of CRTPA property.

## **7. CRTPA Executive Director Approval Authority**

**a. Purpose.** The CRTPA is required to execute governmental documents related to administrative operations. In the interest of efficiency, this policy is being established to allow the CRTPA to delegate administrative functions of reimbursement requests and general operating contracts for services to the CRTPA Executive Director.

### **b. Types of Documents**

**(1) Fiscal.** The CRTPA, which is funded by Federal and State grants, submits invoices and progress reports on a quarterly basis for reimbursement of expenses incurred by the CRTPA.

**(2) Personnel.** The CRTPA Executive Director shall maintain appropriate staff to support and carry out the work products of the CRTPA. The CRTPA Executive Director shall be authorized to approve all forms and administrative documents related to maintaining the CRTPA functions.

### **(3) Contracts.**

**(a) Joint Participation Agreements (JPAs).** All JPAs shall be approved by the CRTPA Governing Board.

**(b) Operating Contracts.** The CRTPA outsources services to both enhance productivity and to provide services that cannot be performed by staff. These contracts typically include printing services, copier contracts and other contracts necessary to perform the day-to-day operations of the CRTPA office. The CRTPA Executive Director shall be authorized to approve and execute all of these types of contracts.

**(c) Special Service Contracts.** The CRTPA Governing board shall approve the selection of vendors and contracts for special services that include General Planning Consultants, Legal Services, or other service contracts of significance to the CRTPA. The CRTPA Executive Director shall be authorized to approve minor changes to these contracts as long as they do not change the scope or intent of the original contract and is authorized to approve minor budget changes and work orders as necessary.

**(d) Emergency Circumstances.** Emergency situations may arise from time to time that require immediate action and may not be postponed until the next scheduled CRTPA Board meeting. The CRTPA will convene the Executive Committee for approval of an emergency contract.

## **8. This policy addresses two types of emergency situations:**

**a. Time Deadlines.** Due to unforeseen circumstances, time constraints may dictate action on an item prior to the next CRTPA meeting. Under such circumstances, the CRTPA Executive Director shall confer with the CRTPA Chair, or in the Chair's absence or unavailability, the Vice-Chair on appropriate action to be taken. If the Chair or Vice-Chair is not available, the CRTPA Executive Director, using the Director's best judgment and in keeping with established CRTPA policies, shall be granted authority to make said decision. The CRTPA

Executive Director shall report on the item at the next scheduled CRTPA meeting. This authority is limited to operational situations only, and under no circumstances is the CRTPA Executive Director authorized to approve any item that is related to establishing a policy or making a statement of position for the CRTPA Governing Board without approval from the CRTPA Governing Board.

**b. Natural/Man-made Disasters.** The CRTPA Executive Director shall be granted authorization to execute general governmental documents that are in the best interest of the CRTPA in the event of a natural or man-made disaster. The procedures followed under this type of emergency shall adhere to the guidelines established in the CRTPA's Continuity of Operations Plan (COOP).

**9. Effective Date; Revocation.** This policy shall become effective upon approval by the CRTPA Governing Board. The CRTPA Governing Board may revoke this policy and the delegation of authority to the CRTPA Director at any time.

**SEE INTERNAL CONTROLS ATTACHMENT FOR ADDITIONAL DETAIL ON PROCESSES**

**Capital Region Transportation Planning Agency**  
**Memo on Controls in Other Audit Areas**



**Fixed Assets**

The CRTPA tracks all capital assets internally based on a capitalization threshold of \$1,000. The Administrative Assistant tags any assets over the threshold and enters the transaction into PeopleSoft for tracking in the City of Tallahassee Asset Management System. The CRTPA determines the useful lives of the asset based on prior purchases. The Administrative Assistant performs an annual inventory of fixed assets.

**Journal Entries**

The CRTPA's assigned accountant prepares all journal entry requests and enters the information into PeopleSoft. The assigned accountant at City of Tallahassee Finance Department reviews the entries and posts them to PeopleSoft. The Administrative Assistant reviews the CRTPA fund expense and related activity to ensure no other improper journal entries have been posted to the CRTPA fund that were not previously approved.

**Pension Plan**

The CRTPA utilizes the City of Tallahassee Pension Program. The CRTPA has no part in the process, outside of normal payroll procedures and relies on the City to submit any necessary information.

**Grants**

All grant expenditures are approved through the Unified Planning Work Program (UPWP) as noted below, and by individual task work orders for planning projects. Both of which are approved by the CRTPA Board. The City of Tallahassee fronts the costs of the grant funded projects, which are processed through the City's financial system. The CRTPA's Programs Manager and Administrative Assistant track all grant funds, operating and project, by task from the UPWP. All costs are input into the PeopleSoft System and coded according to budget category. Unallowable expenses, which are charged to local funds, are coded as such. The Programs Manager submits all requests for reimbursement to the grantor agency, after approved by the Executive Director, with all receipts processed by the Administrative Assistant.

**Budget Preparation**

Every two years, the CRTPA prepares a Unified Planning Work Program (UPWP) that outlines the long-term projects of the CRTPA by task, including all grant funded projects. The work program is prepared in conjunction with the Florida Department of Transportation, Federal Highway Administration, and Federal Transit Administration based on the level of funding provided by each agency. From the program, the CRTPA segregates the tasks by fiscal year and compiles an operating budget. The CRTPA Board approves the UPWP on a biennially and the operating budget annually. The UPWP is modified/amended as needed. Modifications are approved by the Executive Director and amendments are approved by the CRTPA Board. Every year, the CRTPA prepares an Operating Budget and provides to the City of Tallahassee Financial Services for the purpose of tracking operating costs by category and by project. Any budget adjustments occur through Line Item Transfer. Any budget increase is approved by the Board.

**Operating Expenditures (FUND 870)**

Independent of the City’s financial management system, the CRTPA manually tracks all expenditures in a spreadsheet for expenses in the Operating Fund Category (Code 870). At the end of each quarter the CRTPA reviews the totals for the expenditures in each category and runs queries in Peoplesoft, comparing for accuracy and/or discrepancies with the CRTPA’s records.

**Project Expenditures (FUND 871)**

The CRTPA also manually tracks all expenditures within the Project Fund 871 in a spreadsheet by project number. At the end of each quarter, the CRTPA reviews the totals for the expenditures in each project and runs queries in Peoplesoft and compares for accuracy and/or discrepancies with project expenditures.

**Quarterly Grants Invoices Approvals**

Quarterly the Grants Department runs a query and provides the quarterly fiscal operating expenditures to the CRTPA and Accounting. The CRTPA’s assigned Accountant categorizes expenditures by type and task consistent with the adopted UPWP and approved budget, with the final product being the quarterly billing detail. The CRTPA compares the quarterly billing detail against the CRTPA 870 spreadsheet, and 871 as applicable. Finally, the Accountant the CRTPA ensure the quarterly billing detail totals match with the report from Grants. The CRTPA Programs Manager completes the final invoice for reimbursement. The CRTPA Administrative Assistant completes the quarterly invoice for the project costs incurred. This is reviewed by the Programs Manager. All invoices are reviewed and approved by the Executive Director. The CRTPA submits the required documentation to FDOT requesting reimbursement for expenditures.