

## **COASTAL BEND COUNCIL OF GOVERNMENTS (THE COUNCIL) ACCOUNTING POLICES AND PROCEDURES**

### **FUND ACCOUNTING SYSTEM**

The Council maintains a general ledger accounting system which includes an accounts payable module, an accounts receivable module and a payroll module utilizing the Abila fund accounting software. The Abila fund accounting software handles grant accounting in an efficient and effective by way having the ability to track grants which have a federal, state or fiscal year other than the Council's fiscal year end of December 31<sup>st</sup> using accrual accounting. The Council accounting system is set up by fund, general ledger account code, grant code, cost center code, and service code. The Council can generate reports which allow the Council to report and submit monthly and/or quarterly expenditures to the federal/state agencies' utilizing grantors' automated financial status reports, quarterly performance reports, and request for payments reports. The Council's fund accounting software performs the monthly bank reconciliations and allows the data entry of grant budgets to monitor actual expenditures in comparison to budgetary expenditures in order to minimize overspending.

The Council's fund accounting system assists in the preparation of the Coastal Bend Council of Governments' Comprehensive Annual Financial Report and the Council's Schedule of Expenditures of Federal/State Awards utilizing Excel 2010. The Schedule of Expenditures of Federal/State Awards must include the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity.

The Director of Finance is the administrator of the Council's fund accounting system. The Council has four workstations; and the four users are assigned a user name and password. The same security rights are given to the two accountants and administrative assistant who maintain the database by data entering accounting transactions but are not allowed to post to the general ledger accounting system. The users can view, edit, delete existing records that not posted and can add new records and process records. The Director of Finance has access to all of the security rights. All accounting transactions are reviewed by the Director of Finance prior to posting.

Backups of the Council's accounting and payroll database are performed by the Director of Finance on the days that the accounting system has been updated via two rotating external Seagate drives. The external Seagate drive is placed in the Council safe; and on Fridays the drive is taken to American Bank and stored in the bank vault. The Seagate drive that is there from the previous Friday is returned onsite to conduct backups for the following week. This backup procedure is then repeated.

### **Finance Department's Computer System Network**

The Finance department's computer system network consists of one standalone server and four workstations which are assigned a username and password. The Finance department's computer system network is segregated from the other department's computer system networks. The Finance Department's server and four workstations are shut down at the end of the day and locked in offices except for the administrative assistant's workstation. The standalone server can also be used as a backup workstation in emergency situations such another workstation being repaired and/or upgraded.

### **Personally Identifiable Information (PII)**

The Council safeguards the identity of its employees' first and last name, address, personal email address, personal telephone numbers and social security by requiring a user name and password to access the five accounting and payroll database with limited security rights given to the users and full rights given to the Director of Finance, as well as, a different user name and password to access the Finance & Administrative Department's computer system network. The Council utilizes Windows 2007's for its firewall protection and McAfee for its Threat Prevention coverage and Web Control coverage. The Council's current and prior years' accounting and payroll documents are locked up in the accounting office and access to them are limited to the Council's two accountants, the Executive Director and the Director of Finance. The Council's accounting and payroll documents, from previous years, are stored in the Finance and Administrative Department locked storage room for a period of seven years. The keys to the secured offices, file cabinets and drawers and storage rooms are locked up in the Council's safe. Access to the Council's safe via a secured combination is limited to the Council's two accountants, the Executive Director and the Director of Finance. The Council's personnel files which are secured two drawer file cabinet are limited to the Executive Director and are located in the Finance and Administrative department's accounting office which is a secured office.

### **System for Award Management (SAM)**

The Council registers annually with the System for Award Management (SAM) and is assigned a Data Universal Number System (DUNS) number of 832334234. The purpose of the registration with SAM is to identify individuals and entities that have been suspended or debarred from receiving a grant or contract.

### **CASH POLICIES AND PROCEDURES**

The Council's Director of Finance is directly responsible for the Council's cash management. Cash flows are monitored to ensure adequate funds are available for the payment of accounts payable and disbursement of payroll. Cash collected is properly safeguarded and deposited in the Council's official depository and invested in accordance with Council's investment policy. The majority of the Council's federal-pass-through funds and state funds are directly deposited in the Council's depository accounts. It is the Council

policy to disburse the advancement of federal-pass-through funds requested within 10 business days from the day of receipt. If cash advancements are requested from the state government it shall not exceed more than 3 days of cash drawn down in advance. A constant balance is maintained between safe investments at market yields and sufficient liquidity to meet cash demands.

The Council's policies require individuals with the fiduciary responsibility of cash management is properly bonded. The Council's maintain a \$100,000 Public Employee Dishonesty Bond. It is the Council's policy to maintain a regular checking account, operating checking account, and a payroll checking account. All deposits are made to the regular checking account and checks drawn on this account are for expenditures over \$1,000 and all Title III payments.

The operating checking account is for expenditures under \$1,000. Both the operating and payroll bank accounts are reimbursed for disbursements by electronic bank transfers initiated by the Director of Finance. The Council has an American Business account and two American Liberty accounts. The three accounts are non-interest bearing demand accounts and are subject to banking fees. However, all three accounts earn earning credits to offset the bank fees. The Council does not anticipate in paying banking fee in any given month.

It is the Council's policy that all checks issued require dual signatures and forbids checks issued payable to cash or bearer. The Council's Board of Directors (up to three) and the Executive Director are given the authority to sign on the Council's regular checking account and the Executive Director, Director of Planning, and one Board of Director are given the authority to sign on the Council's operating account. The Council's payroll account vouchers are paid via direct deposits.

### **DEPOSITORY PROCEDURES**

Most of the Council's deposits received from the federal and state agencies are directly deposited into the Council's regular checking account by the Texas Comptroller of Public Accounts and are accompanied with direct deposit receipts. The direct deposit receipts are confirmed for actual receipt of funds via bank online at [www.americanbank.com](http://www.americanbank.com) by the Director of Finance.

For checks and/or cash received through the mail or collected by a staff member the following depository procedures are followed:

1. The Council's administrative assistant collects the checks received by mail and stamps them "Proceeds of this check credited to account of within named payee absence of endorsement guaranteed by the Coastal Bend Council of Governments, agent For Deposit Only" utilizing the endorsement stamp. The endorsed checks are forwarded to the Finance Director's office and placed in a locked file cabinet. The Director of Finance sorts the checks, by cash and ac-

counts receivable receipts, and verifies the purpose of the payment, then prepares the deposit(s). If the Director of Finance is on vacation, one of the Council's accountants is responsible for preparing the deposits.

2. When cash and or currency are received in person, a receipt is prepared that includes **the amount received, the date the cash and currency were received, the purpose of the receipt, the name of the individual submitting the cash and currency, and the signature or initials of the individual who received the cash and currency.** The Council's administrative and accounting department prepares the cash receipts for checks and cash. A copy of the receipt along with the cash and currency is turned in to the Director of Finance for deposit.
3. Deposits are prepared and delivered to the bank in person, daily and weekly for deposits less than \$50. All receipts not deposited are locked up in the Council's safe.
4. The Director of Finance makes two copies of the bank deposits (one delivered to the Council's accounting department for account coding and data entry to the Council's general ledger accounting system and one delivered to the Council's Executive Director). The Director of Finance attaches the receipts and check stubs to the accounting department's copy so that the proper credit will be posted to the accounts receivable subsidiary accounts or to the correct revenue account.
5. Direct deposits received from the Texas Comptrollers' of Public Accounts and the United States Treasury are confirmed weekly, utilizing online banking at [www.americanbank.com](http://www.americanbank.com). Once direct deposits are confirmed, the Director of Finance notes on the deposit notification received (1)the amount of direct deposit, (2)the date of direct deposit and (3)the state or federal agency initiating the direct deposit.

## **BANK RECONCILIATIONS POLICIES AND PROCEDURES**

It is the Council's policy that all bank accounts are reconciled monthly, no later than the 10<sup>th</sup> day of the month.

After the Council's monthly transactions for the period have posted to the general ledgers, the bank reconciliation process is performed. The Council's Director of Finance is responsible for performing the bank reconciliations utilizing the Council's automated accounting system bank reconciliation function.

## General Fund Policy

The Council shall maintain a minimum unassigned fund balance equivalent to twenty-five percent of its operating expenditures budget for the current year with this amount equal to three months of that year's General Fund operating expenditures. The intent of this policy is to ensure cash availability when revenue is unavailable.

General Fund Reserve policy consists of two components:

1. An unassigned fund balance is maintained to provide the Council with sufficient working capital and liquidity necessary to avoid potential cash flow problems as most of the Council's grant awards are cost-reimbursement; and
2. An assigned fund balance represents the portion of a fund balance that is earmarked for matching in grant programs and is equivalent to the amount adopted in the Council's Budget; and when the Council's Governing board adopts the Annual Budget, it authorized the Executive Director to earmark funds for matching purposes as defined and included in the assigned fund balance.

## REVENUE POLICIES AND PROCEDURES

The Council revenues consist primarily of grant revenues, 9-1-1 service fees, and membership dues. Monthly billings are prepared and submitted to grantor agencies shortly after month end in order to expedite reimbursement of funds disbursed. The Commission on State Emergency Communications (CSEC) and the Texas Commission on Environmental Quality advances the 9-1-1 service fees and the solid waste funds to the Council on a quarterly basis. The quarterly advancements for the 9-1-1 program are based on the services fees allocated by the State of Texas and not on the actual service fees collected by the telephone companies in behalf of the Coastal Bend region. The same employee(s) are not responsible for both the preparation and collection of accounts receivables.

## COLLECTION PROCEDURES

For collection procedures, see depository procedures under cash policies and procedures. A detailed aged accounts receivable report is printed out, on an as needed basis to determine which accounts are past due.

## DISBURSEMENTS POLICES AND PROCEDURES

The Council's expenditures consist of payroll, employee benefits, supplies, travel and training, computer parts, equipment, and contractual services. The overall disbursement process comprises several independent and very important functions. Each of these functions is addressed in detail in separate sections: **the purchasing process, the accounts payable function and the payroll process.**

In a typical payroll transaction, the following documents are used:

- CBCOG sign in/out logs
- time sheets,
- payroll registers,
- payroll direct deposits and
- payroll tax forms (quarterly reports and W-2s).

A typical accounts payable transaction involves:

- purchase requisitions,
- purchase orders,
- receiving documents
- invoices, and
- checks.

All of these documents are safeguarded. Blank checks and purchase orders are kept in locked storage. These documents are accessible to authorized personnel only. Blank checks, purchase orders and requisitions are sequentially numbered. All purchasing documents and checks are periodically accounted for and those that have been voided are properly canceled and filed in numerical order with the executed purchase orders and requisitions or voided checks, whichever applicable. The Council's administrative and finance department is authorized to operate the Council's purchase order module.

### [The Purchasing Process](#)

The first step in the purchasing process is the preparation and approval of the Council's annual budget. The Director of Finance prepares the Council's budget. The Executive Director and Finance Director present the Council's proposed budget to the budget committee. The budget committee discusses and agrees upon any modifications to the proposed budget, if applicable. The budget committee votes on a recommendation to be presented to the Board of Directors. The chairman of the budget committee presents the proposed budget to the Board of Directors with a recommendation for adoption. The proposed budget establishes the levels of available funding and how the funds may be spent.

The Council automatically exempts payroll –related costs from purchase order requirements because the nature of the transaction is fundamentally different from other types of purchases.

Currently, the Council has a \$1,000 purchasing limit for goods and services from exemption of the Council's purchasing policies and procedures. However, employees should

use discretion when acting as a purchase agent in behalf of the Council. For purchases that fall over the \$1,000 limit, the Council's Executive Director must authorize the purchase of goods and services with the issuance of a purchase order.

### Requisitions:

The Council's purchase requisition is the document that details the goods or services that are being requested. The purchase requisitions are pre-numbered and maintained by the accounting department accessible to employees. The Council's purchase requisition includes the following:

- requisition number
- date of requisition
- requisition by (employee initiating the request)
- department issuing the requisition
- purpose of purchase
- department head's approval
- charge to (general ledger account # and cost center #)
- sources of funds (such as federal , state, or local)
- estimated cost
- dated needed
- delivery destination
- quantity of items requested and description
- requester's comments

Once the requisition has been completed, it should be forwarded to the department head for review and approval. The approval process for standard informal requisitions is as follows:

1. The department head will review the requisition form to determine the appropriateness of the items requested.
2. The department head will then determine the availability of the funds for the purchase and the appropriate account(s) to which the purchase will be charged to. Monitoring the departmental budget is the most important phase of the department head's duty. The account or accounts to which the purchase will be charged are reviewed to determine the balance available for the purchase requisition being presented for approval.
3. If there are sufficient funds and the purchase is valid, the purchase requisition will be approved. The approved purchase requisition is submitted to the purchasing agents for execution of purchasing procedures. **The purchase requisition is attached to the authorized purchase order so that the Director of Finance can review the authorized purchase requisition during the accounts payable review process, which is conducted prior to posting the accounts payable batches. (Attachment J)**

4. If the department head does not approve the requisition, the requisition form is returned to the appropriate departmental employee complete with an attached explanation for the denial, which is then forward to the accounting department to be filed.

Most of the Council's purchases are considered "small purchases" (in aggregate less than \$50,000) and therefore, no competitive bidding procedures require. However, the Council's procurement policy requires the purchasing agent(s) to obtain one written vendor quote for purchases over \$500 and not more than \$3,500. For purchases over \$3,500 and not more than \$50,000, three written vendor quotes must be obtained. For purchase over \$50,000, competitive bidding procedures are required. See the Council's procurement policy, dated January 1, 2017, for additional information concerning procurement polices and procedures.

#### **Preparation of Vendor Quotes:**

Once a requisition has been approved, the purchasing agent prepares the vendor quote form by obtaining a minimum of two vendor quotes for items not purchased on a recurring basis and has a unit cost in excess of \$1,000. The purchasing agent selects the vendor with the best price per quantity, considering other factors such as quality and delivery costs. Copies of price quotes with specs should be attached to purchase order. Vendor quotes will not be prepared if the vendor selected is a General Service Commission (GSC) vendor.

#### **Preparation of Purchase Orders:**

Once a vendor has been selected, the purchasing agent prepares the automated purchase order and has it signed by the Council's Executive Director. The purchase order serves as the official order form. Once the purchasing agent has the completed purchase order process, it is distributed as follows:

- original copy, serving as the order form, is faxed or emailed to the vendor;
- original copy goes to the accounting department to be filed and ultimately matched with the shipping report and the invoice for payment

#### **The Receiving Process:**

The next step in the purchasing process is the receipt of ordered goods. The main function of the purchasing agents or the individual that requisitioned the goods is to obtain an initial count of the items received. Adequacy of the quality of the items ordered is determined by the department or individual that requisitioned the goods. The receiving process includes:



- pulling the accounting department's copy of the purchase order to confirm that the goods delivered were in fact ordered by the Council;
- verifying that the number of boxes or packages agrees with the bill of lading, then signing for delivery of the shipment;
- the purchasing agents open and count all items received, comparing results of the count with the enclosed packing slip or shipping document (noting any discrepancies or backorders), and completing the packing slip or shipping document by recording the number of items received by item ordered and by signing and dating the report;
- forwarding the goods to the appropriate department;
- forwarding the packing slip or shipping document to the accounting department; and
- filing the packing slip or shipping document with the purchase order in the accounts payables' accordion file.

### The Accounts Payable Function

The accounting department is responsible for processing the invoices for payment. The basic payment procedures are as follows:

1. One of the accountants is in charge of sorting out all mail. All invoices received are date stamped by the accountant and remitted to the accounting department.
2. The accounting department processes all invoices. The invoice is compared with the purchase order and shipping document. The invoice and the shipping document must agree. Any discrepancies should be resolved and documented on the face of the invoice, including adjustments to the amount due on the invoice. If items are backordered, the purchase order is not liquidated and remains active until the order is complete. The accounting department must indicate on the purchase order the number of items already paid for and the invoice number used for payment. A copy of the unliquidated purchase order is made and filed in the Council's accounts payable accordion file, which must be used with the invoice that contains the backordered items.
3. Once the accounting department compares the quantity and unit price billed for to the purchase order and confirms and documents any changes, the department extends out the quantity and price for each line item. Once the extensions are done, the department foots the invoice down and signs their initials by the amount due. **Having the accountants sign the invoice with their initials, documents that procedures # 2 and 3, mentioned above, have been performed.**

4. Accounts payable batches are separated by due dates, but are recorded as expenditures in the month the invoices are received except for those invoices received a month or months prior to their service date(s). Invoices received in two months after year end are recorded as expenditures in the prior year if those expenditures were incurred in the prior year. It is the Council's policy to keep the prior year open for two months after year-end.
5. Then, the accounting department codes the accounts payable invoices to the appropriate general ledger account codes by fund #, general ledger #, grant #, cost center # and service type #. The accounting department enters the accounts payable batches into the Council's accounting system, printouts the unposted accounts payable invoice transaction register and reviews the report for accuracy. The accounting department verifies if the correct invoice number, document date, vendor, effective date, fund #, general ledger account #, grant #, cost center #, service type # and amount due was properly entered. Once the verification process is completed and the necessary corrections are made, the accounting department confirms the batch total by subtracting out the invoices that make up the batch from the batch total. All processed invoices are stamped with the certification stamp and the paid stamp.
6. The batch is then submitted to the Finance Director for review. The accounting department makes any corrections and/or changes requested by the Finance Director. The Finance Director posts the accounts payable batches. The accounting department files the posted accounts payable batches in the "A/P unpaid invoices" binder.
7. The accounting department normal check run dates are on the second and fourth Friday or Monday. The Finance Director selects the account payables for payment by due date and availability of federal, state and/or local funds.
8. The checks are printed and forwarding to the Council's accountant(s) for process and distribution. **The accountant(s) attaches the check stubs to accounts payable invoices, along with the related purchase orders, shipping documents, purchase requisition, and vendor quotes, if applicable. The documents should be placed in this order. The paid invoices are defaced with the check date, check number and accountant's signature and certified that the goods and services were necessary by the Executive Director.** The check and any remittances are placed in the Council's accounts payable envelopes for mail out.
9. At the board of director's monthly meeting, the treasurer of the board presents the monthly cash transaction report(s) which include the total cash receipts, accounts payable disbursements by check number, amount, payee, and description and payroll disbursement for review. The supporting documentation for each check disclosed on the cash transaction report is made available at the

monthly board of directors meeting for review by the board members if requested.

### Procurement Card Program Overview

The Finance Department offers CBCOG Departments a procurement card program that will expedite the process of obtaining goods and or services in timely manner. At the same time, this will allow the Finance Department to spend less time on small purchase orders and increase productivity in the other aspects of financial matters such as billing, monitoring, and financial reporting. The purpose of the Procurement Card Program is to establish a more efficient, cost-effective method of purchasing and paying for goods and/or services. The Procurement Card can be used with any authorized CBCOG vendor that accepts Master Card as a form of payment.

The Procurement Card program is designed to delegate limited authority to employees for the purchase goods and/or services. The Procurement Card will enable the authorize cardholder to purchase goods and/or services directly from vendors without the issuance of purchase requisitions and purchase orders.

### Procurement Card Contract

The terms and conditions of the Procurement Card contract were specified and awarded by the Texas Building and Procurement Commission for the State of Texas. CBCOG is utilizing the State of Texas contract for Procurement Card services authorized CBCOG will comply with the terms and conditions of the state contract.

### Procurement Card Program Guide

The Procurement Card Program Guide provides the guidelines for using the Procurement Card. Please read carefully and address questions to the Finance Director at [veronica@fin.cbco98.org](mailto:veronica@fin.cbco98.org) prior to signing the Cardholder Procurement Card Agreement. The cardholder's signature on the Cardholder Procurement Card agreement documents the employees' understanding of the intent of the program and agrees to follow the established guidelines.

### Important Policies of the Program

The following important polices should be reviewed and clearly understood before using the Procurement Card:

- The Procurement Card is issued in the cardholder's name (employee's name). **All purchases made on the Procurement Card must be only the cardholder. The cardholder is responsible for the security of the Procurement Card and the transactions made with it. If the cardholder (the employee)**

**does not follow guidelines when using the Procurement Card, the cardholder could receive corrective action, including termination.**

- The cardholder can use the Procurement Card at any authorized CBCOG vendor that accepts Master Card and is not on the restricted list. It may be used for in-store purchases, online orders and fax orders.
- The cardholder may use the Procurement Card to purchase goods and/or services within the \$1,000 limit.
- The cardholder is limited to a monthly credit limit of \$1,000.
- The cardholder must reconcile the statement received from Citi Bank to ensure all charges are accurate. Statement reconciliation must be completed within five business days of receipt of the statement. A copy of Citi Bank statement will be given to cardholder(s).
- Supervisors will turn in approved statement reconciliation and receipts to accounting for payment.
- **The Procurement Card is not intended to avoid or bypass appropriate purchasing or payment procedures. The cardholder shall exercise sound purchasing practices in use of the Procurement Card.** This program complements the current procurement system in place.
- **The Procurement Card is not for personal use.**
- The Procurement Card must be returned to the Program Administrator upon the cardholder's termination.
- The cardholder must have attended training to understand the policies and procedures for using the procurement card.

### Duties and Responsibilities

Program Administrator: The Program Administrator is designated by CBCOG for questions, issues and administration of the program. The Administrator is knowledgeable on all procedures in the Procurement Card Program Guide. All Procurement Card requests must go through the Program Administrator. Responsibilities include:

- Review procurement card applications,
- Provide training for Cardholders and Supervisors,

- Secure revoked/cancelled procurement cards,
- Review the usage of the procurement cards and cancel cards based on non-usage to limit liability,
- CBCOG liaison with Citi Bank
- Submitting completed applications to Citi Bank,
- Citi Bank and receiving procurement cards,
- Obtaining Cardholder's signature on Cardholder Agreement.
- Assisting Supervisor with vendor declines and emergency transactions

Program Administrator

Veronica A. Toomey

361-232-5327

[Veronica@fin.cbco98.org](mailto:Veronica@fin.cbco98.org) or emergency email veronicaA-toomey@gmail.com

**Supervisor:** The supervisor is responsible:

- Designating Cardholders
- Reviewing and approving monthly Procurement Card statements of Cardholders, as requested by the accounting department
- Resolves disputes or billing errors directly with the vendor and notifies Citi Bank
- Approves Cardholder application,
- Forwards approved application to Program Administrator,
- Notifies Accounting regarding invoice discrepancies,
- Notifies Program Administrator of staff terminations.

**Cardholder:** The Cardholder is a person designated by the Supervisor to utilize the Procurement Card. Cardholder must:

- Follow the procurement guidelines of CBCOG in regards to purchases,
- Ensure that the procurement card is used for legitimate CBCOG business purposes only,
- Maintain the procurement card in secure location at all times,
- Prohibit other individuals from using their procurement card,
- Obtain and reconcile sales slips, register receipts, and/or procurement card slips to the Transaction Log,
- Provide Transaction Log and associated receipts to the accounting department for review of reconciliation and approval,
- Resolve disputes or billing errors directly with the vendor and notify Citi Bank if the dispute or billing error is not satisfactorily resolved by emailing or faxing Citi Bank the required Dispute Form.

- Verify with Accounting to ensure that the appropriate credit for the reported disputed item or billing error appears on your subsequent statement,
- Agree to accepting no cash in lieu of credit to the procurement card account,
- Immediately report a lost or stolen card to Citi Bank
- Identify and notify accounting department of transactions, which require follow-up actions by the cardholder due to tax being inappropriately charged,
- Immediately notify Program Administrator of a lost or stolen procurement card at the first opportunity during business hours,
- Return procurement card to Program Administrator upon terminating employment.

Misuse of the procurement card will subject the Cardholder to disciplinary action including termination in accordance with CBCOG policies.

Supervisor: Supervisor shall attend The Cardholder Training Class to learn guidelines and instructions given to cardholders. Responsibilities include:

- Review sales slips, register receipts, and/or procurement card slips and the Transaction Log, if requested by the accounting department
- Resolve any disputes with vendor and/or Citi Bank not resolved by Cardholder,
- Notify Accounting within 5 days of any unresolved disputes, noting the reason for dispute
- Identify and correct transactions where tax was charged,
- Notify Program Administrator of lost or stolen cards,
- Request Program Administrator to cancel a Cardholder's card (e.g. terminated employees and loss of Procurement Card privileges).

### Purchasing Card Controls:

Credit Limits: All cardholders will have a credit limit not to exceed \$1,000 per month.

Transaction Limits: All cardholders will have a single transaction limit of \$1,000.

Restricted Vendors: The Procurement Card program is restricted for use with the authorized Coastal Bend Council of Governments' vendors and the corresponding Merchant Category Code (MCC) codes. If cardholders present their Procurement Cards for payment with an unauthorized vendor, their procurement card will be declined. There may be instances where a Merchant Category Code (MCC) code may need to be added due the fact that the vendor is an authorized Coastal Bend Council of Governments' vendor; however, the appropriate MCC code is not authorized. The Program Administrator should be made known of this fact. The request will be evaluated and response initiated by the Program Administrator.

**PCard Invoices are due to Accounting within (2) business days after month end via the use of the Procurement Card Transaction Log**

**All invoices, packing slips, and the (3) informal quotes obtained must be attached to the Procurement Card Transaction Logs.**

**If a cardholder is in need of their statement for any given month, please make your request to [veronica@fin.cbco98.org](mailto:veronica@fin.cbco98.org).**

Purchasing Card Transaction Log: Enclosed in this Procurement Card Program Guide is an example of the Procurement Card Transaction Log (See Attachment B). The transaction log is required and provides an additional method for expenditure tracking while using the Procurement Card. The form is available under Internal Order/Transaction Log Form.

CBCOG requires that each cardholder use a new log for each month's purchases. The accounting department recommends that the Procurement Card Internal Order Transaction Log be filled out as each purchase is made, not at the end of the month. Use a detailed description of the item(s) purchased to recognize the purchase as an authorized one. For auditing purposes use the "Delivery Date" column to verify that all purchases and documentation were received.

Always obtain an itemized invoice when using the Procurement Card. It is every cardholder's responsibility to ensure there is an itemized invoice for each purchase. All receipts should be kept with the transaction log. Screen prints are acceptable for internet orders and order forms for fax/mail orders if a receipt is not provided by the vendor. If either of these two is used, they must show the price per item purchased with description(s). The information is to be retained by CBCOG. **It will be required for future audits. This will be CBCOG official record for this transaction.**

The log can also be used for a cardholder to keep track of his/her expenditures. The log and the receipts will be a cardholder's back up to the monthly Procurement Card charges. At the end of each billing cycle, cardholders can request a copy of their Cardholder Statement which list purchases made to that account. **Within two business days after month end, the cardholder is required to submit to the accounting department their Procurement Card Transaction Log with their invoices supporting the purchases incurred for a given month. Attach all supporting documentation pertaining to the purchases incurred such as the packing slip, the (3) informal quotes obtained for the purchase, note any additional information pertinent to the purchase, and forward the documents to the accounting department for review and approval.** Any transaction not approved by the accounting department will be the responsibility of the cardholder, which could result in disciplinary action.

### Sales Tax

CBCOG a political sub-division of the State of Texas is tax exempt and the credit card identifies CBCOG as being exempt within the State of Texas. A sales tax certificate may be required regardless of exemption noted on the card.

### Security of the Purchasing Card

The cardholder is responsible for the security of the card. This card shall be treated with the same level of care, as the cardholders would use with their personal credit and or debit cards. It should be kept in an accessible, but secure location. The only person authorized to use the Procurement Card is the cardholder whose name appears on the card. The card is to be used for business purposes only.

### Employee Termination

The Procurement Card must be turned in upon termination. Return the card to the Program Administrator.

### Lost or Stolen Cards

If a Procurement Card is lost or stolen, immediately contact Citi Bank's Customer Service at 1-800-248-4553. After contacting Citi Bank, notify the Program Administrator and Supervisor. Prompt, immediate action can reduce your liability of fraudulent activity. It is imperative that you contact the bank immediately for suspension of your card because the Cardholder will be responsible for all charges made on the card until it has been cancelled.

### Procedures

#### Obtaining a Procurement Card

Employees can obtain a Cardholder Application from the Program Administrator. The application will provide Citi Bank with the necessary information about the employee requesting the procurement card, as well as, documenting the Supervisor's approval of the issuing a procurement card to the employee submitting the Cardholder Application for approval by Citi Bank.

Submit completed and signed application form to the Program Administrator.

If the employee's application is approved, the Program Administrator will request issuance of the Procurement Card from Citi Bank.



Program Administrator will schedule the approved applicants for Procurement Card Training.

Applicant attends training class (approximately 2 hours) and must sign a Cardholder Procurement Card Agreement (Attachment C) and the Procurement Card Charges/Usage (Attachment D).

### **Card issued**

The following items should be provided to the cardholder, during training session:

- **Cardholder Procurement Card Agreement:** This is an agreement between the cardholder and CBCOG which affirms that the cardholder has read and understands the policy and procedures for the Procurement Card. This agreement is signed at the end of the training session by the cardholder.
- **Procurement Card Program Guide:** This document outlines CBCOG procedures in regard to its Procurement Card. It also outlines the approved purchases.
- **Procurement Card Transaction Log (required):** The cardholder shall use this form to record purchases, returns and during the reconciliation process.

**Procurement Card:** Upon signing the Cardholder Procurement Card Agreement, the card is issued to the employee.

**About the Card:** A Procurement Card will be in your name with the CBCOG seal and the wording “For Official Use Only” clearly indicated on the card. This card is for CBCOG business purposes only and may not be used for any personal transaction. It is important that you understand that you are personally responsible and accountable for this Procurement Card.

**Procurement Card Activation:** The cardholder must activate the Procurement Card before using it. Upon receipt of the card, the cardholder should sign the back of the Procurement Card and always keep the card in a secure place.

### **General Information**

As a political sub-division of the state of Texas, we are bound by certain, State, Local, and Federal guidelines and laws. All purchases must be in accordance with the laws of the State of Texas and procurement procedures of CBCOG. The cardholder is responsi-

ble for compliance and strict adherence to all purchasing guidelines within their departmental delegated authority.

Cardholders should promote and encourage positive interactions with vendors. Honesty and courtesy are essential ingredients in all aspects of a buyer/supplier relationship. All Cardholders shall follow these guidelines when using the Procurement Card.

Cardholders shall determine if the transaction is an acceptable use of the card, and if it is within the \$1,000 spending limit per transaction not to exceed \$1,000 per month.

**Confirm pricing and freight:**

Request that a hard copy of the invoice be included in the shipment of supplies.

If a supplier requests a purchase order number, use a combination of initials and grant numbers and/or cost center(s); e.g. John Doe works on grant # 9142 and in cost center 100 would be purchase order number “JD9142100.”

**Examples of Acceptable Purchases not to exceed \$1,000 per Transaction:**

- Office supplies and other consumable supplies
- Furniture
- Computer equipment
- Lodging
- Subscriptions
- Registrations
- Car rental
- Air fares
- Auto tires & parts – COG vehicles only
- Computer software
- Subscription merchant
- copying

All purchases must be made in accordance with the Texas Comptrollers of Public Accounts’ policies and CBCOG’s policies and procedures. CBCOG does not pay for goods before their delivery to COG’s offices. Vendors should only charge the credit card account when goods are shipped. Back orders should not be charged on the account until the shipment of goods.

**Unacceptable Purchases:**

**The Procurement Card my NOT be used for the following purchases:**

- **Items for Personal Use**
- **Cash advances or Refunds**

- **Consulting Services**
- **Meals, fuel, and other related travel costs**
- **Temporary services**
- **Auto repairs to personal owned vehicles**

### Receiving Supplies

It is the Cardholder's responsibility for ensuring receipt of goods and to follow up with vendors to resolve any discrepancies and/or damaged goods. A copy of the charge slip, sales receipt or any other information related to the purchase must be kept. Invoices with no amount due are the most optimal documentation since they itemize the purchases. A vendor's entry system usually prints an automatic invoice with the processed order and includes the invoice with the shipment of goods. If this is not the case, cardholders should instruct vendors to send their invoices directly to the cardholder making the purchase. If a purchase is made via telephone, cardholders should request that the vendor include the sales receipt with the packing slip when the goods are shipped.

### Procurement Card Transaction Log and Documentation:

The Cardholder is responsible for maintaining a Procurement Card Transaction Log containing the information listed below. Purchases should be recorded on the log (See Attachment B) as they are made, and a new log should be used for each monthly billing cycle:

- Card Holder Name
- Purchase Date
- Vendor Name
- Transaction Description
- Delivery Date
- Dollar Amount of Purchase
- Returned, Credited, or Disputed Item Information (if any)
- Grant, general ledger, cost center description

Additionally, the following documentation must be retained and kept with the log:

- Itemized Sales Receipts
- Packing slips
- Credit Card Receipts/Slips
- Other information or correspondence related to the purchase
- Screen prints are acceptable for internet orders

The log shall be reconciled to the monthly Citi Bank within five (5) business days of receipt of the statement. Any discrepancies identified shall be promptly investigated and resolved by the cardholder. Documentation of any action taken to resolve a discrepancy must be recorded as an attachment to the log.

## **Guidelines for Reconciling Purchasing Card Statement**

All cardholders are required to keep a monthly Procurement Card Transaction Log for each card. This log should be a record of all orders/purchases placed on the purchasing card. It is the Cardholder's responsibility to ensure there is an itemized invoice/sales receipt for each purchase. Screen prints are acceptable for internet orders and order forms for fax/mail orders if a receipt/invoice is not provided by the vendor. Attach itemized invoices, receipts, and other supporting documentation to the log. It is recommended that the transaction log be filled out as each purchase/order is made.

Upon receipt of your purchasing card statement, reconciliation is required to be done within two business days of receipt of the statement. The reconciliation should compare the transactions listed on the statement to the purchases listed on the transaction log. Any items that were on the log but not on the statement will be reconciling items. This itemization could be accomplished by noting all outstanding charges or by attaching a log of these items. The reconciliations should also include the following: Balance Forward (this will be the total of the unbilled items from the previous months), cardholder's signature, reviewer's signature, and the reconciled date.

The reconciliation should reflect the following, if applicable:

1. Total of all items that were purchased for the statement period (should be the total from the monthly log);
2. Total of itemize purchases on statement
3. Difference between the Procurement Card Transaction Log and the Procurement Card Statement equals the reconciliation amount
4. Reconciliation amount becomes the total of unbilled items and the balance forward for next month's reconciliation.

Any discrepancies identified shall be promptly investigated with documentation of action taken recorded as an attachment to the log. It is the cardholders/department responsibility to resolve all discrepancies.

### **Audit of Logs:**

The Procurement Card Transaction Logs, along with the supporting documentation become the official records and shall be maintained in the accounting department for auditing purposes related to the Council's independent audits and audits conducted by federal and state governments.

## **The Payroll Preparation & Process**

The Council maintains a personnel manual, which is updated by the Executive Director on an ongoing basis. It is dedicated solely to the personnel policies followed by the Council's management.

The Council's Executive Director maintains up-to-date and complete personnel records for every employee. The personnel records are locked in a secured file cabinet located in the accounting department. Only authorized individuals have access to the files.

**The following items are to be included to personnel files:**

- Resume
- Employment application (Attachment E)
- Job duties and responsibilities signed by employee
- Employment Letter
- Form I9
- W4
- Direct Deposit Enrollment form
- Enrollment forms for Health, Life, Disability, Long term Care Insurance
- Enrollment in 401(a) retirement plan, 457 Plan
- Evaluations and salary adjustments, if applicable
- Authorized employee payroll deductions
- Employee signature for Background Check Authorization, Falsification Statement, Drug Testing Statement, I-9 Notice, and At-Will Employment Statement.
- College Transcripts

The Council's Director of Finance maintains timely and extensive employee payroll-related information. This information is maintained in computer files that, once entered, are stored permanently until the information is updated. Hard copies of all this information is maintained as backup. Information included in payroll system for each employee:

- Employee's full name, home address, home phone number, social security number, W4 information, semi-monthly pay, hourly rates for hourly employees, benefits, and authorized deductions.

The following is a description of the payroll process that takes place in the preparation of the Council's payroll:

1. Each employee prepares its employee "CBCOG sign-in/sign out log" on a daily basis. The sign in/sign out log documents the time the employee began their workday, the time the employee took a lunch break, the time the employee ended their workday, and any vacation, sick leave, or holiday leave the employee took. All sick leave and vacation taken must be approved by the employee's supervisor and the Executive Director utilizing the approved sick leave and vacation form. It also documents any appointments or meetings the employee attended. (Attachment F)

2. The Council's administrative assistant uses the employees' "CBCOG sign-in/sign-out logs" to calculate each employee's hours worked and vacation and/or sick leave taken for each pay period utilizing an automated Excel template which calculates the total number hours worked per day. All hours worked, vacation, holiday, or sick leave hours are reported on employees' timesheets by day.
3. The timesheets are submitted to the Director of Finance for review and calculation of payroll. (Attachment G)
4. The Director of Finance then enters hours worked for part-time employees into the payroll system for calculation of gross pay for hourly employees for each pay period, if applicable. For salaried employees their paychecks are automatically calculated utilizing the default timesheets set up for each employee.
5. Once the initial calculation is completed, a printout for proofing is prepared. Since the 15<sup>th</sup> and 31<sup>st</sup> payroll calculations are most often exactly the same, the printout is compared with other payroll calculations in previous payroll periods.
6. Once the payroll calculation is verified and accepted, the direct deposit vouchers are printed. The payroll check register is printed and a copy is made to use for reimbursing the payroll account and for preparing the direct deposit ACH file uploaded to the CBCOG's depository institution, as well as, the 941 tax deposits, and ICMA retirement plans.
7. The Council's administrative assistant distribute to the employees their pay stubs which have, the words in bold lettering, "Direct Deposit," and are attached to the employee's timesheet and sign-in/out logs.
8. All employees must return their timesheets to the accounting department, signed and completed, reporting the distribution of their chargeable hours to the grants/cost centers worked on within two working days after the end of each pay period.
9. The Council's administrative assistant calculates paid time off to confirm the employees chargeable time charged to the grants/cost centers. This process is reviewed by the Director of Finance.
10. After the payroll timesheets are finalized, the administrative assistant prepares the payroll distribution spreadsheet which reports each employee's timesheet to the grants /cost centers to derive at total chargeable salaries. Then, the approved release time rate is multiplied to the chargeable salaries to derive at total chargeable release time. The summation of the total chargeable salaries and total chargeable release time is the base to calculate indirect cost allocated to

the grants/cost centers. This process is reviewed both by an accountant and the Director of Finance.

11. Vacation and sick leave taken during a given pay period must be approved by the employee's supervisor and Executive Director utilizing the Coastal Bend Council of Governments' Request for Leave form. The approved Request for Leave form is attached the employee's sign in/out logs.
12. Reports updating vacation and sick leave balances following the calculation of the current payroll run are posted on CBCOG's bulletin.

## **Fringe Benefits**

### **Flexible Time authorized by the Executive Director:**

Employees are given the flexibility to work their eight hour day between the hours of 7am and 7 pm. An employee working a ten hour day is allowable without the approval of the employee's supervisor. However, hours worked in excess of 10 hours, for a particular day, must be approved by the employee's supervisor by signing off the employee's timesheet. Total numbers of hours worked for a particular pay period in excess of the minimum numbers hours required to work must be requested and approved by completing the Request for Compensatory Time form signed and dated by the employee, the employee's supervisor and Executive Director prior to submission to the Accounting Department in order for the total hours of compensatory time earned, in the current period, be carried forward to the next period. Compensatory time must be used by the end the following pay period or the hours will be lost. The employee has the option of obtaining an extension for the use of compensatory time from their supervisor and the Executive Director. (Attachment H)

Approval of vacation leave must be authorized by the employee's supervisor and the Executive Director prior to taking the leave. Sick leave may be taken without approval or without a doctor's excuse; however excessive sick leave taken without a doctor's excuse, may require the supervisor to issue a warning of dismissal. (Attachment I)

### **Travel Policies and Procedures for In Region and Out of Region Travel:**

#### **Conservation of Funds:**

The Coastal Bend Council of Governments (CBCOG) shall minimize the amount of travel expenditures and ensure that travel arrangements are the most cost-effective. If travel expenditures of more than one individual are being paid or reimbursed and if the expenditures were incurred for the same or similar travel, then the supporting documentation of those expenditures must demonstrate that the number of individuals traveling was necessary to perform CBCOG business. The CBCOG shall use interactive Webinar and telephone conferences to the greatest extent possible. To conserve funds, it is in the best in-

terest of the Coastal Bend Council of Governments to reimburse employees for actual travel costs incurred not to exceed the daily dollar limits per the federal Domestic Maximum Per Diem Rates.

### **Travel Reimbursement Documentation Requirements:**

The travel reimbursement forms submitted for payment must clearly denote the purpose of the employee's official CBCOG business conducted and approved by the Executive Director. Any abbreviations or acronyms must be described. (Attachment K) The employee must attach Map Quest miles for out of city mileage. Also, the employees' sign in/out logs for the travel day(s) mileage was incurred must be attached to the travel reimbursement request.

### **Cancellation charges:**

The CBCOG may reimburse an employee for a cancellation charge if:

- The charge incurred for a reason related to CBCOG business that could not be conducted due to illness, personal emergency, or weather conditions.

### **Payments and reimbursements contingent on incurrence of travel expenditures:**

CBCOG will not pay or reimburse an employee for travel expenditures unless the employee has incurred the expenditures and supported with original receipts.

### **Meals and Lodging Expenditures:**

#### **Prohibited Reimbursements:**

Meal expenditures incurred at CBCOG offices and meals incurred for travel not requiring an overnight stay are not reimbursable.

CBCOG will not reimburse for lodging expenditures incurred at place that is not a commercial lodging establishment.

Alcoholic beverages and gratuity are not reimbursable.

### **Overnight Travel Within Texas**

Lodging expenditures will be reimbursed for actual costs supported with original receipts and not to exceed the Per Diem Rates for Texas at <http://www.gsa.gov/portal/category/100120> and meals supported will original receipts will be reimbursed in an amount not to exceed \$40 per day for in state travel and out of state travel. For areas not listed, the rates are: Lodging up to \$85 and Meals up to \$40.



For out-of-state meals and lodging, meals and lodging will be reimbursed according to the federal Domestic Maximum Per Diem Rates and for areas not listed; the rates for the nearest city or county will be used.

### **Lodging Receipts Requirements:**

Lodging receipts must be original and complete. The receipt must include:

- the name and address of the establishment,
- the name of the employee,
- the single room rate and
- a daily itemization of the lodging charges

Hotel Occupancy taxes are reimbursable.

### **Mileage, Parking and Tolls**

With the exception of tolls and parking expenditures, only mileage will be reimbursed on a personally owned or leased motor vehicle.

The amount of mileage reimbursement cannot exceed the number of odometer miles driven for CBCOG business conducted in the City of Corpus Christi and the approved State of Texas current mileage rate or the number of Map Quest miles and the approved State of Texas current mileage rate for miles out of the city limits of Corpus Christi.

### **Coordination of travel (four-per-car rule)**

**Coordination of travel must occur when two or more employees, but not to exceed four per vehicle, are:**

- traveling on the same dates with the same itinerary to conduct the same CBCOG business, and
- traveling in a personally owned or rental vehicle.

### **Mileage Incurred While Obtaining Lodging:**

Mileage incurred while obtaining lodging is reimbursable when obtained within a duty point and mileage incurred while obtaining lodging outside the duty point is reimbursable within reason.

### **Parking**

Parking expenditures incurred in a personally owned vehicle, CBCOG vehicle or rented vehicle are reimbursable.

### **Public Transportation:**

Travel expenditures incurred for airfares, taxi cab fares, and shuttle vans and buses are reimbursable to the extent that original, itemized receipts are provided.

When sharing a taxi, only the employee who paid for the taxi may be reimbursed. If the other employees are imposed a charge, then they can be reimbursed for their portion.

### **Rental of Vehicles:**

Reimbursable costs include:

- Applicable taxes and similar mandatory charges
- A charge for an additional driver only if the charge is incurred for an official business reason

A charge for a collision damage waiver or a loss damage waiver is not reimbursable due to the collision damage insurance coverage provided by TML insurance for rental vehicles.

Board Members are not exempted from complying with CBCOG travel policies and procedures.

### **Travel Expenditures Reports and requirements:**

The CBCOG employees may receive a travel advance provided the **Out-of-Region Travel Advance Request** is completed in full by providing the required information: (Attachment L)

- Employee's first and last name
- Departure date and return date
- Itinerary City to City information
- Purpose of the CBCOG business trip
- Mode of transportation
- Estimated total cost of trip for training, seminar, conference which include the travel expenditures paid directly to the vendor(s) such as registration and conference fees, car rentals
- Hotel reservations and/or car rental reservations must be attached to the travel advance request
- Map Quest miles must be attached for mileage reimbursement
- Grant(s) and cost centers to charge for the travel costs
- Dollar amount of Travel Advance requested
- Employee must certify, with their signature and date, to abide to the CBCOG's travel policy and procedures and complete the Out-of-Region Travel Expenditure Report within 5 working days from the return date.

- A detail agenda noting the schedule of training, seminar, and conference days, times and topics to be presented must be attached to the Out-of-Region Travel Advance Request.
- Signature of Employee, Supervisor and Executive Director and date of signature(s) must be obtained prior to submission the accounting department for payment.

**Out- of-Region Travel Expenditure Report** must be completed by the employee upon return of travel within 5 working days. The Out-of-Region Travel Expenditure Report must be completed in full and supported with actual receipts for all reimbursable costs paid with a travel advance and copies of original receipts for expenditures paid with a Procurement Card and/or CBCOG check. . The travel report must include:

- Employee's first and last name
- Department Name
- Destination
- Week Ending
- Grant and Cost Center Codes
- Purpose of Trip
- Travel dates by the days of the week
- Mileage using MapQuest
- Airfare with actual receipt or E-Ticket
- Car rental must include car rental agreement, check out and return of vehicle documentations
- Cab/Shuttle van with actual receipt
- Parking with actual receipts
- Gas with actual receipts if using a rental vehicle or CBCOG vehicle or copies of the gas receipts if using CBCOG's gas cards.
- Hotel with itemized receipts detailing costs per day
- Meals with actual receipts
- Other such as registration fees
- Copies of the employees' sign in/out logs for the days on business travel
- Signature of employee certifying that the Out-of-Region travel expenditures reported and attached receipts are true, correct, and complete to best of their knowledge and belief, and that payment for the net amount due, or any part thereof, has not been received. (Attachment M)

**Capital Assets:**

The Coastal Bend Council of Governments maintains capital asset records for all appropriate assets to which the Council holds title. The records are necessary to:

- ❖ ensure adequate safeguarding of the asset from loss, theft, misuse, or environmental damage,
- ❖ provide documentation necessary for effective use, maintenance, management, and reporting of the asset,
- ❖ initiate the calculation and recording of depreciation for special revenue fund assets and the general government assets charged to indirect cost pool,
- ❖ reconcile capital asset records to general ledger accounting records
- ❖ provide necessary documentation for insurance purposes,
- ❖ conduct a biennial physical inventory.

### Types of Capital Assets

The common capital asset categories are defined as follows:

Land-	Vacant land parcels and those used for building sites and other uses
Buildings-	Permanent structures, including permanently attached fixtures (building improvements that meet capitalization guidelines are also added to the overall value
Equipment-	Items such as motorized vehicles, office equipment, public safety answering equipment, and software
Intangibles-	Capitalize assets that are not tangible, but are of significant value and have extended useful lives such as 9-1-1 deferred cut over costs, software

### Capitalization Threshold

The Council capitalizes tangible and intangible assets such as software, which have a unit cost greater than or equal to \$5,000 and useful life exceeding two year as capital assets. Management considered materiality and the cost/benefit associated with capitalizing the asset in determining an appropriate threshold.

In general, the following items should be included in the cost of a capital asset:

- ❖ actual purchase costs ( before trade-in allowance, net of discounts),
- ❖ actual costs incurred by the government’s staff if the asset/project is constructed “in-house,”

- ❖ associated professional fees( attorneys, architects, appraisers, engineers, surveyors, consultants, movers, electricians),
- ❖ site preparation costs including cleaning, grading, and demolition of existing structures, and shipping and installation charges, as well as any other costs incurred in readying the asset for its intended use.

### Capital Asset Records

Capital asset records include the following information:

- ❖ asset identification (tag) number,
- ❖ department to which the asset purchase was charged,
- ❖ location of the asset
- ❖ complete asset description including, as applicable, model number and manufacturer's serial number,
- ❖ total cost of the asset purchased
- ❖ date of acquisition

### Capital Asset Disposals and Transfers

The Council's capital assets remain in service until they are no longer functional or are irreparable. At this point, the asset may literally be scrapped. At other times, the asset may have residual value or be of possible use to someone else. It's the Council's policy to obtain permission, from the state and/or federal government, on whether the asset can be sold or donated to other governmental or not-for-profit agencies.

### Depreciation

Depreciation is calculated and reported on all special revenue funds, as well as, general government assets charged to the indirect cost pool. A depreciation schedule is prepared, utilizing excel, calculating depreciation for each individual asset. The calculation is based on:

- ❖ the asset's depreciable cost basis
- ❖ the date the asset was acquired
- ❖ the estimated useful life, and
- ❖ the straight line depreciation method.

Depreciation is calculated and recorded annually in conjunction with the close of the fiscal year.

### Inventoried items

Non-capital asset items are inventoried. Biennial physical inventories are conducted in conjunction with the physical inspection of the capital assets. As a result, regardless of the internal controls that are in place, adjustments occasionally must be made to the rec-

ords to reflect the actual status of the capital assets. These adjustments are most often identified during a capital asset inventory. The administrative and finance department conducts the physical inventory of all departments except for the 9-1-1 department. The 9-1-1 department conducts a physical inventory of 9-1-1 capital assets located at the Council's offices, as well as, at the Public Safety Answering Points' (PSAPs) offices. The employees conducting the physical inventory sign each capital asset inventory sheet. A copy is made for the department's files and the original forward to the administrative/finance department. Once the inventory is completed and results are accepted, the capital asset records are adjusted to reflect the results of the physical inventory. If material adjustments need to be made, management reevaluates its current internal control procedures to determine how the current internal controls may be improved. The 9-1-1 department remits their capital asset inventory records to the administrative/finance department for reconciliation to the Council's general ledger accounting records.

### **Liability Insurance Coverage for Capital Assets**

It's the Council's policy to provide the adequate amount of property liability insurance to cover the Council's capital assets, located at the Council's offices, from damage and loss.

### **Financial Status Reports (FSRs), Quarterly Performance Reports (QPRs), and Request for Payments (RfPs)**

Financial Status Reports must be prepared in accordance with the applicable state/federal agencies' policies and procedures. However, it is a requirement of the Council that the FSRs are properly reconciled to general ledger accounting records prior to submission to the appropriate state/federal agencies. Furthermore, it is the responsibility of the Director of Finance to review and approve the FSRs prior to submission.

The Council's procedures for FSR preparation are the following:

- ❖ Director of Finance posts approved expenditures to general ledger accounting records throughout the month and at month end.
- ❖ At month end after the bank accounts have been reconciled, the Statements of Revenues and Expenditures-Budget and Actual reports are printed out and distributed to the accountants for FSRs preparation, RfP reporting, and other financial reports prepared to request reimbursements.
- ❖ The accountants prepare the FSRs, RfPs and QPRs in accordance with state/federal policies and procedures and reconcile them to the Statements of Revenues and Expenditures-Budget and Actual (generated from the general ledger accounting records).
- ❖ Upon completion, FSRs, RfPs, and QPRs are submitted to Director of Finance for review and approval. Upon acceptance by Director of Finance, the reports are submitted to the appropriate state/federal agencies.

## **Retention of accounting records:**

The Coastal Bend Council of Governments' retention period for accounting records, supporting documentation and other records pertinent to the Federal/State awards is seven years from date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively. This includes the Council's general ledger accounting database. Accounting documents are purge after the above policies have been met.

If any litigation, claim, or audit is started before the expiration of the 7-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action is taken.

If the Council is notified in writing by the Federal/State awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs to extend the retention, the Council will comply with the written notice.

Records for real property and equipment acquired with Federal/State funds must be retained for seven years after final disposition.

If the Council is required to report program income after the period of performance, the retention period for the records pertaining to the earning of the program income starts from the end of the Council's fiscal year, December 31<sup>st</sup>, in which the program income is earned.

The Council's indirect cost rate proposal and central cost allocation plans supporting documents seven year retention period starts from the date of such submission.

## **Cost Principles**

### **Indirect Cost Plan and Central Service Cost Allocation Plan**

The Coastal Bend Council of Governments' indirect cost pool accounts for the administrative and financial management costs of administering grant programs. The administrative indirect costs benefit all grant programs and pooled in an indirect costs plan for cost sharing purposes. The indirect costs are allocated to the grant programs via an indirect cost rate to recover the indirect costs incurred. The Council's direct and indirect costs consist of salaries, wages & release time paid off, health, retirement & other fringe benefits, auto expenditures, rental space, utilities, office supplies, reproduction, printing & publication, postage & freight, insurance, travel, reproduction costs, dues and subscriptions, telephone, dues, training, insurance, maintenance & repairs, conference & meetings, contract services, and auditing services. The depreciation, under/over recovery of indirect costs, and under/over recovery of release time costs are calculated and charged to

the indirect cost pool. Costs that are disallowed are advertising unless the advertising costs are for recruitment of personnel or the solicitation of an independent auditor, for the procurement of goods and services for grant award, the disposal of scrap or surplus materials acquired in the performance of a grant award, public relations costs unless these costs are specifically required by the grant award, the public relations costs are considered necessary as part as the outreach effort for the grant award, the public relations costs are necessary to keep the public informed on matters of public concern, such notices of funding opportunities, financial matters, etc., advisory councils costs, alcoholic beverages, alumni activities, board membership expenditures, lobbying, gratuity, entertainment, bad debts, bonding costs are allowable as an indirect costs to the extent that such bonding is in accordance with sound business practice and the premiums are reasonable, and fines and penalties. The Council's employees charged to the indirect cost pool are the Executive Director, Director of Finance, full-time accountant, part-time accountant, printer, and administrative assistant which are responsible for personnel management, budgeting, purchasing, accounting, auditing, financial reporting, reproduction, operating mail room, maintenance of building facilities, public information and liaison with board membership.

The Council's adopts an annual indirect costs fixed rate with carry-forward utilizing personnel costs as the base. The difference between the actual indirect costs and the allocated indirect cost is carried forward to the following year as either under or over recovery of indirect costs.

The Council utilizes a central service cost allocation pool for allocating accounting and payroll service fees, reproduction/mail outs services, and management advisory services to the grant programs using number of employees, number of accounts payable invoices processed and direct hours as allocation bases.

The Council indirect costs allocation plan which includes the central service costs allocation plan are submitted to Health and Human Service Commission (HHSC) for review and approval as the Council's designated oversight agency.

Indirect Cost Certification which is signed by the Executive Director and the Director of Finance reads as follows: "By signing this report I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal Award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.

Debarment and Suspension Certification:

**CERTIFICATION**  
REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY  
AND VOLUNTARY EXCLUSION FOR COVERED CONTRACTS AND GRANTS

Federal Executive Order 12549 requires the Coastal Bend Council of Governments to screen each covered potential



contractor/grantee to determine whether each has a right to obtain a contract/grant in accordance with federal regulations on debarment, suspension, ineligibility, and voluntary exclusion. Each covered contractor/grantee must also screen each of its covered subcontractors/providers. In this certification "contractor/grantee" refers to both contractor/grantee and subcontractor/subgrantee; "contract/grant" refers to both contract/grant and subcontract/subgrant.

**By signing and submitting this certification the potential contractor/grantee accepts the following terms:**

1. The certification herein below is a material representation of fact upon which reliance was placed when this contract/grant was entered into. If it is later determined that the potential contractor/grantee knowingly rendered an erroneous certification, in addition to other remedies available to the federal government, the Department of Health and Human Services, United States Department of Agriculture or other federal department or agency, or the Texas Department of Aging and Disability Services may pursue available remedies, including suspension or debarment.
2. The potential contractor/grantee shall provide immediate written notice to the person to which this certification is submitted if at any time the potential contractor/grantee learns that the certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
3. The words "covered transaction," "debarred," "suspended," "ineligible," "participant," "person," "principal," and "voluntarily excluded," as used in this certification have meanings based upon materials in the Definitions and Coverage sections of federal rules implementing Executive Order 12549. Usage is as defined in 02 CFR Part 180.
4. The potential contractor/grantee agrees by submitting this certification that, should the proposed covered contract/grant be entered into, it shall not knowingly enter into any subcontract with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Department of Health and Human Services, United States Department of Agriculture or other federal department or agency, or the Texas Department of Aging and Disability Services, as applicable.  
Do you have or do you anticipate having subcontractors/subgrantees under this proposed contract?  YES  NO
5. The potential contractor/grantee further agrees by submitting this certification that it will include this certification titled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion for Covered Contracts and Grants" without modification, in all covered subcontracts and in solicitations for all covered subcontracts.
6. A contractor/grantee may rely upon a certification of a potential subcontractor/subgrantee that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered contract/grant, unless it knows that the certification is erroneous. A contractor/grantee must, at a minimum, obtain certifications from its covered subcontractors/subgrantees upon each subcontract's/subgrant's initiation and upon each renewal.
7. Nothing contained in all the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this certification document. The knowledge and information of a contractor/grantee is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
8. Except for contracts/grants authorized under paragraph 4 of these terms, if a contractor/grantee in a covered contract/grant knowingly enters into a covered subcontract/subgrant with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in the transaction, in addition to other remedies available to the federal government, Department of Health and Human Services, United State Department of Agriculture, or other federal department or agency, as applicable, and the Texas Department of Aging and Disability Services may pursue available remedies, including suspension or debarment.

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**CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION FOR COVERED CONTRACTS AND GRANTS**

Indicate which statement applies to the covered potential contractor/grantee:

- The potential contractor/grantee certifies, by submission of this certification, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract/grant by any federal department or agency or by the State of Texas.
- The potential contractor/grantee is unable to certify to one or more of the terms in this certification. In this instance, the potential contractor/grantee must attach an explanation for each of the above terms to which he is unable to make certification. Attach the explanation(s) to this certification.

NAME OF POTENTIAL CONTRACTOR/GRANTEE: \_\_\_\_\_

VENDOR ID NO./FEDERAL EMPLOYER'S ID NO.: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
*Signature of Authorized Representative*  
*ized Representative*

\_\_\_\_\_  
*Printed/Typed Name of Author-*

\_\_\_\_\_  
*Representative*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Title of Authorized*

**THIS CERTIFICATION IS FOR FY 2015, PERIOD BEGINNING October 1, 2014 and ENDING September 30, 2015.**

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1. By signing and submitting this proposal, the prospective contractor/grantee is providing the certification set out below.
2. The inability of a contractor/grantee to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective contractor/grantee shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective contractor/grantee to furnish a certification or an explanation shall disqualify such contractor/grantee from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If is later determined that the prospective contractor/grantee knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective contractor/grantee shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective contractor/grantee learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is submitted for assistance in obtaining a copy of those regulations (13 CFR Part 145).
6. The prospective contractor/grantee agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective contractor/grantee further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions," provided by the department or agency entering into this covered transaction, without modification, in all lower

tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the ineligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

The Council reviews exclusions listings from the Office of Inspector General and the System for Award Management to determine suspensions against contractors.