



## ***Executive Committee Meeting***

**February 2nd, 2021**

**2pm**

**Zoom**

### **Agenda**

**1) Call to Order**

**2) Public Comment**

Members of the public in attendance of today's meeting have an opportunity to provide public comment on today's agenda items.

**3) BACTS Policy Committee Priority Setting - Update**

**Staff Report**

At the August Executive Committee meeting, staff outlined areas of focus for the next several months. Today staff will provide an update on the status of the prioritized work. The Committee will discuss and make any necessary amendments and/or additions to the prioritized work.

- BACTS Bylaws
- Transportation Improvement Program Scoring Criteria
- Transit Restructuring Analysis
- Priority Setting for the Long Range Plan Update (2023)

**4) Unified Planning Work Program Budget (Attachment A)**

**Staff Report**

Staff has completed a full financial review of the current UPWP budget. Staff will review the current budget, trends, and forecast with the Executive Committee and discuss options for budget adjustments.

**5) Scoping 2022-2023 Unified Planning Work Plan**

**Staff Report**

Staff needs to begin drafting the 2022-2023 Unified Planning Work Plan. As part of that effort, planning studies and transit planning activities need to be identified,

scoped, and budgeted. Today, the Executive Committee will discuss the solicitation for potential studies and transit planning activities.

**5) BACTS Financial Policies and Procedures (Attachment B)**

**Staff Report**

Staff has completed a full review and update of the current Accounting (suggested new title of Financial) Policies and Procedures Manual. Staff will review a few of the areas where a number of internal controls in place have been updated / improved upon.

**6) Upcoming Meetings**

Transit Committee - February 3rd, 2021

TIP Subcommittee - February 11th, 2021

Policy Committee - February 16th, 2021

## Attachment A

BACTS UPWP DOT Contract - Figures updated through 12/31/2020

Update Monthly					Contract to Date Trend			Forecasted Trend				Comments
TASK	PROJECT	Total Allotted	Total Spent	Total	Actual %	Amount	Variance	Remaining	Avg	Projected	Variance (-)	
1	Administration/Coordination	\$290,414.00	\$155,229.09	\$135,184.91	53%	\$145,207.00	\$ (10,022.09)	\$145,207.00	\$12,935.76	\$310,458.18	\$ (20,044.18)	BACTS has a contract for approx \$27k for Odlin Road Study not included in spent figure. In addition the Orono RFP is going out to bid with an expected figure of \$65k
2	Professional Development	\$40,000.00	\$14,907.00	\$25,093.00	37%	\$20,000.00	\$ 5,093.00	\$20,000.00	\$1,242.25	\$29,814.00	\$ 10,186.00	
3	Data Collection & Database Management	\$115,000.00	\$49,448.72	\$65,551.28	43%	\$57,500.00	\$ 8,051.28	\$57,500.00	\$4,120.73	\$98,897.44	\$ 16,102.56	
4	GIS and Demographic	\$55,000.00	\$21,924.36	\$33,075.64	40%	\$27,500.00	\$ 5,575.64	\$27,500.00	\$1,827.03	\$43,848.72	\$ 11,151.28	
5	Public Outreach	\$9,000.00	\$16,249.01	-\$7,249.01	181%	\$4,500.00	\$ (11,749.01)	\$4,500.00	\$1,354.08	\$32,498.02	\$ (23,498.02)	
6	Bicycle and Pedestrian Planning	\$30,000.00	\$1,829.46	\$28,170.54	6%	\$15,000.00	\$ 13,170.54	\$15,000.00	\$152.46	\$3,658.92	\$ 26,341.08	
7	Transportation Safety	\$5,000.00	\$954.00	\$4,046.00	19%	\$2,500.00	\$ 1,546.00	\$2,500.00	\$79.50	\$1,908.00	\$ 3,092.00	
8	Traffic Incident Management	\$28,000.00	\$6,611.80	\$21,388.20	24%	\$14,000.00	\$ 7,388.20	\$14,000.00	\$550.98	\$13,223.60	\$ 14,776.40	
9	TIP Development	\$35,000.00	\$27,996.51	\$7,003.49	80%	\$17,500.00	\$ (10,496.51)	\$17,500.00	\$2,333.04	\$55,993.02	\$ (20,993.02)	
10	Metropolitan Transportation Plan Update	\$5,000.00	\$80.37	\$4,919.63	2%	\$2,500.00	\$ 2,419.63	\$2,500.00	\$6.70	\$160.74	\$ 4,839.26	
11	Performance Measures	\$12,000.00	\$1,394.96	\$10,605.04	12%	\$6,000.00	\$ 4,605.04	\$6,000.00	\$116.25	\$2,789.92	\$ 9,210.08	
12	Studies	\$156,000.00	\$54,454.79	\$101,545.21	35%	\$78,000.00	\$ 23,545.21	\$78,000.00	\$4,537.90	\$108,909.58	\$ 47,090.42	Total \$201,278 includes \$40,255.60 of In-Kind
FHWA PL SUBTOTAL		\$780,414.00	\$351,080.07	\$429,333.93	45%	\$390,207.00	\$ 39,126.93	\$390,207.00	\$29,256.67	\$702,160.14	\$ 78,253.86	
13	Transit Planning	\$201,278.00	\$104,686.12	\$96,591.88	52%	\$100,639.00	\$ (4,047.12)	\$100,639.00	\$8,723.84	\$209,372.24	\$ (8,094.24)	
FTA 5303 SUBTOTAL		\$201,278.00	\$104,686.12	\$96,591.88	52%	\$100,639.00	\$ (4,047.12)	\$100,639.00	\$8,723.84	\$209,372.24	\$ (8,094.24)	
TOTALS		\$981,692.00	\$455,766.19	\$525,925.81	46%	\$490,846.00	\$ 35,079.81	\$490,846.00	\$37,980.52	\$911,532.38	\$ 70,159.62	

24 Total Contract Months  
12 Number of Months into Contract  
12 Remainder of Contract

Blue  
highlights are  
key controls  
that have  
been  
updated /  
added to  
new policy  
and  
procedures  
manual



## **Bangor Area Comprehensive Transportation System**

### **Financial Policies and Procedures Manual**

**Approved:  
September 17, 2013  
Suggested Revisions - February 2021**

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## INTRODUCTION

This manual outlines basic accounting, and financial control policies and procedures designed to protect and secure Bangor Area Comprehensive Transportation System (BACTS), ensure the maintenance of accurate records of financial activities, and ensure compliance with governmental and private funding source reporting requirements.

~~Where this manual conflicts with specific federal or State regulation or with BACTS's Board policy (such as the Personnel plan), the regulations or board policy shall prevail.~~

## RESPONSIBILITIES

- The ~~BACTS Board~~ ~~Board of Directors~~ sets the overall strategic direction and approves BACTS policies and procedures. ~~formulates financial policies, delegates' administration of the financial policies to the Executive Director, and reviews operations and activities.~~
- The Executive Director has responsibility for all operations and activities, including financial management.
- Exceptions to these policies may be made on an individual basis, as necessary, with the approval of the Executive Director.
- The Executive Director is responsible to the BACTS Board for all financial operations.
- The Office Coordinator is responsible to the Executive Director for duties as assigned.

## GENERAL POLICIES

- Current job descriptions are maintained for all staff members indicating their duties and responsibilities.
- There are internal controls in place to ensure proper separation of financial duties and responsibilities so that no staff member has sole control over cash receipts, payroll, bank reconciliations, accounts payable or other accounting functions.
- Financial Procedures are reviewed annually by the Executive Director.
- Separate general ledger accounts are maintained as required by funding source regulations.
- Accounting forms and timesheets are typewritten or completed in ink. Whiteout or correction tape is not to be used.
- Passwords must comply with organizational standards. They are to be treated confidentially and are not shared with other staff. Policies may be established requiring the expiration of passwords where appropriate.

### A. Compliance with External Policies

BACTS's financial policies and procedures are consistent with:

- Generally Accepted Accounting Principles (GAAP)
- Maine Uniform Accounting and Auditing Practices for Community Agencies
- OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and other Non-Profit Organizations".
- OMB Circular A-122 "Cost Principles for Non-Profit Organizations"

- Single Audit (Previously known as OMB Circular A-133 “Audits of States, Local Governments, and Non-Profit Organizations”).

## **B. Security and Access**

To ensure that only authorized staff can access the financial, personnel, payroll, computer, and on-line or paper records of the organization:

- Security and access is determined by the Office Coordinator.
- Access to computer or on-line systems for accounting, personnel, payroll, and onlinebanking is controlled by a password protected Quickbooks file. All paper files are locked in a filing cabinet behind the Office Coordinators desk. Within each system, access permission is set to allow the appropriate level of access depending on staff positions and job duties while ensuring proper segregation of duties.
- Upon separation of a staff member, the password is immediately updated to prohibit any unauthorized activities or entries and keys to BACTS’s office(s) are returned.

## **OVERVIEW OF BACTS ACCOUNTING SYSTEM**

The financial records of BACTS are maintained on QuickBooks using the accrual basis of accounting. Access to the accounting system is controlled to maintain the reliability and integrity of the data. ~~Security is set by the Office Manager to allow different levels of access.~~ The Executive Director has full access to the entire system including setup and administration.

### **A. Data Backup**

Backup is done weekly to assure that the data is secure and will not be lost in the event of a computer failure. ~~Accounting and auditing records are retained for a minimum of three years, in compliance with State record retention policies. Year-end back up onto an external hard drive is kept for 2 years. The external hard drive is stored in a locked fire resistant cabinet.~~

### **B. Cash Received**

The funds received policies and procedures ensure that all in-coming funds are properly recorded and safeguarded through separation of duties and proper documentation. The Executive Director designates which staff is authorized to collect in-coming funds.

### **C. Cash Disbursed**

Specialized procedures govern check writing procedures. Only the Executive Director, Policy Committee Treasurer, or Policy Committee Chair may authorize the issuance of checks. Access to blank checks is limited to the Office Coordinator and the Executive Director. ~~The Office Coordinator is responsible for printing checks and check signing authority is limited to the and is controlled by the Office Manager writing checks and the Executive Director, Policy Committee Chair, or Policy Committee Treasurer signing the checks.~~



#### D. Payroll System

Payroll data is maintained on-line and transmitted to the payroll service for processing. The payroll service is responsible for tax payments and reports. The Office Coordinator verifies the payments at the end of each month by analyzing the payroll service reports and the bank statement.

### DETAILED ACCOUNTING PROCEDURES

#### A. Cash Received

- Mail is to be opened promptly and distributed by the Office Coordinator.
- When checks are received (i.e. when local portions are received from member municipalities annually for the UPWP, or other physical checks for contract reimbursements), this mail is handed, unopened to the Executive Director by the Office Coordinator. The Executive Director marks either the stub or envelope with the date received and signs. The Executive Director then hands the opened envelope and check to the Office Coordinator. The Office Coordinator enters the check into the Cash Receipts Log (retained in the finance filing cabinet), enters the check into QuickBooks and then either mobile deposits the check OR retains the check in a locked cabinet with access restricted to the Executive Director and Office Coordinator until the checks can be deposited at the bank. Mobile deposit checks are retained in accordance with record retention policies as outlined by the State.
- ~~All checks and money orders are promptly logged into a Cash Receipts Log and then given to the Office Coordinator for processing these receipts. The Executive Director will restrictively endorse the back of any checks received; and the Office Coordinator Manager will enter into the Cash Receipts Log prior to depositing.~~
- ~~The Office Coordinator will log in coming cash into a pre-numbered duplicate Cash Receipts book. A pre-numbered receipt will be issued or mailed to issuer of cash by the Office Coordinator, preferably at time of receipt.~~
- ~~Documentation for receipts (letter, stubs, etc.) is provided with the checks/cash when forwarded to designated staff for processing and deposit.~~
- ~~Funds awaiting bank deposit are kept in a locked file/safe with access limited to staff designated by the Executive Director.~~
- The Office Coordinator verifies the checks and cash to documentation received, makes copy of checks and prepares deposit for delivery to bank, when not utilizing mobile deposit
- The Executive Director takes the deposits to the bank, when applicable.
- Bank confirmations are delivered to the Office Coordinator to attach to supporting documentation. The deposit is entered into the accounting system by the Office Coordinator, and then filed in chronological order into a Cash Receipts file/folder for the month.
- At the end of the month, the Office Coordinator totals each column of the Cash Receipts log verifying that all bank account totals add up to total funds received for the month and then includes a copy of these logs in the monthly bank reconciliation packet, to be reviewed and approved by the Executive Director. ~~prints out the log, retaining one copy for the auditors and forwarding a second~~

copy to the Executive Director or other designee to verify against the deposits listed on the bank statement(s).

## **B. Receipts**

- Receipts for local portions, or other contracts reimbursements paid with physical checks, are emailed from the Executive Director to the applicable recipient. The Office Coordinator is CC'd on this email. The email is printed and filed with other supporting documentation.
- Receipt books are assigned by the Executive Director to the Office Coordinator/Manager.
- The Office Coordinator is responsible for safeguarding the receipt book.
- Receipt Books must be kept in a secure place at all times.
- Receipt Books consist of three part, pre-numbered forms. They should be used in numerical order and filled out completely. The original is to be given to the person (participant) from whom funds have been received. The third copy (pink) is to remain in the receipt book.
- Receipts may be voided, but the pink copy of any voided receipt must remain in the book.
- The receipt book should be reviewed against either the monthly bank statement or Cash Receipts log to assure all cash received was recorded and deposited.
- When all the receipts are used, the book must be returned to the Office Coordinator or other designee who will issue a new book.

## **C. Cash Disbursements**

The cash disbursement policies and procedures are designed to ensure that disbursements are properly made based on adequate documentation and proper authorization.

### **1. Approvals and Authorization**

- The Executive Director will authorize all expenditures, including but not limited to; contracts for services, leases for space or equipment, general purchases, items for reimbursement and: General Funds, Indirect Funds, Leases for Space or Equipment, Purchases of Equipment, Contracts for Services, all credit card expenses.
- Authorization for expenditures may be delegated. Delegation of expenditure authority will be in writing and approved by the Executive Director.
  - o The Office Coordinator may make necessary and regular (i.e. monthly bills or other expenses that occur on a regular basis) cash disbursements for amounts less than \$250 without prior approval. These items are to have proper supporting documentation included in the monthly bank reconciliation for the Executive Directors review.

### **a. Invoices / Statements**

- Payment for supplies or services will be made based on invoices, if invoices are not available statements will be used as deemed necessary.

- Invoices received directly by Project Managers are to be signed and coded. ~~Requests for Payment (RFP) are submitted with the original invoice to the proper project. The Project Manager then gives the signed and coded invoice to the Executive Director for review. The Executive Director signs the invoice and checks the coding. The signed and coded invoice is then given to the Office Coordinator for processing.~~
- ~~attached. The RFP is coded by the staff requesting the payment as to the fund and expense code to be charged. The RFP is signed by an authorized staff member indicating approval of the expenditure.~~
- ~~RFP/Invoices are processed by the Office Coordinator. Each invoice is stamped "ENTERED" or "POSTED" when entered as a payable in the accounting system and the check and all corresponding documentation is stamped "PAID" when the payable is processed for payment.~~
- The Executive Director will review all other invoices for accuracy and will code the invoice with the appropriate cost class(es) account number and forward it to the Office Coordinator/Manager for payment.
- By approving an invoice, the Executive Director indicates that they have reviewed the invoice and authorize a check.

## 2. Missing Invoices

In the event that an invoice for services or supplies is lost, a memo explaining the expense and detailing the cost is submitted ~~with the Request for Payment for approval by the Executive Director. This memo is to be included in the monthly bank reconciliation packet.~~

## 3. Vendor Documentation

All vendors must submit an IRS Form W-9 Request for Tax Payer Identification and Certification or equivalent to the Office Coordinator, prior to payment. A determination is made by the Office Coordinator on the need to file an annual IRS Form 1099-Misc. on payments made to vendors. Form W-9's should be mailed to all current vendors each year prior to Form 1099 preparation to assure information is current.

## 4. Check Writing and Signing Procedures

- Checks are processed weekly or as needed.
- Checks are printed by the Office Coordinator and signed by the Executive Director, Policy Committee Chair or Policy Committee Treasurer. ~~The Office Coordinator/Manager then enters the information in QuickBooks.~~
- Checks are not to be post dated, signed blank, or made out to cash.
- Checks are printed on pre numbered blank checks with three parts, the actual check, and two 'stubs'. The check and one of the 'stubs' are sent to the applicable vendor. The second 'stub' is retained and attached to supporting documentation. ~~, a remit, and A copy of each check is attached to the RFP/Invoice plus any other documentation, such as purchase orders or shipping documents, and filed in alphabetical order in the respective paid invoice files.~~

- Checks greater than \$5,000, for non directly reimbursable expenses (i.e. items included on monthly DOT invoices) require two signatures.
- Checks made out to the Executive Director must be signed by another authorized signer (The Policy Committee Chair or Policy Committee Treasurer).
- The Office Coordinator does not have check signing authority.

~~Checks are recorded in the Disbursement log and given to the Executive Director for review and approval.~~

### ~~Check Approval Process¶~~

~~¶~~

~~All invoices will be forwarded to the Executive Director for review and authorization to pay.¶~~

~~¶~~

- ~~The Executive Director will review all invoices for accuracy and will code the invoice with the appropriate cost class(es) and forward it to the Office Coordinator for payment.¶~~
- ~~By approving an invoice, the Executive Director indicates that they have reviewed the invoice and authorize a check.~~

## **5. Electronic Payment and Transfers**

These procedures ensure that unauthorized transfers will not be made.

Procedures may vary based on the system of the banking institution.

- Required documentation for all transfers is the same as for invoices.
- Electronic banking allows wire transfers, electronic transfers, stop payments on checks, and account balance inquiries be initiated and completed via computer or telephone.
- Wire transfers, electronic transfers, and stop payments cannot be set up and approved by the same person. *Note - approval for monthly bills paid with electronic transfers occurs during the Executive Director's review of the bank reconciliation packet prepared by the Office Coordinator. Proper documentation and support are to be included in this packet.*
- Password security is set to allow wire transfers, electronic transfers, and stop payments to be set up by staff designated by the Executive Director.
- Transfers can only be approved and sent by the Executive Director and can only be transferred between BACTS accounts.
- Electronic transfers to and from the Investment Account and/or the Business Loan account are to be approved by the Executive Director and completed by the Office Coordinator. *Records of these transfers are to include authorization signatures from the Executive Director and any other supporting documentation deemed necessary. The Investment Account has been established so that only transfers into valid BACTS accounts may occur.*
- ~~An Authorization for Interfund Transaction is completed and signed by the Executive Director prior to any transfer from or to the Investment Accounts.~~

~~The Authorization details the accounts and the explanation of the transfer which is set up to transfer only to designated BACTS accounts.~~

## **D. Purchasing**

### **1. Leases**

- Only the Executive Director can sign lease agreements.
- Copies of all leases will be maintained by the Office CoordinatorManager. An RFP authorizing payment of the lease for the fiscal year is maintained by the Office CoordinatorManager. The RFP will be reviewed by the Office CoordinatorManager and Executive Director annually.

### **2. Consultant/Contract Services**

- The Executive Director will review and approve proposed contracts for administrative purposes.
- Consideration is made regarding in-house capabilities to accomplish services before contracting for them.
- Written contracts clearly defining work to be performed is maintained for each consultant and contract services by the Office CoordinatorManager.
- The qualifications and reasonable charges for fees are considered in hiring consultants and proof of insurance and Form W-9, at minimum, will be required.
- Requests for Proposals will be issued in accordance with the Maine Department of Transportation selection process as outlined in the latest Maine DOT Municipal Planning Organization Guide for any contract that will be directly invoiced and has federal dollars involved.

### **3. Furniture and Equipment**

All furniture and equipment purchases must be pre-approved by the Executive Director. Equipment exceeding \$2,500 must have board approval.

## **E. Payroll**

These procedures are designed to assure that payroll is based on proper authorization and required documentation, is paid at the approved rate, is only paid to actual employees, and to assure proper and timely reporting is made to federal, state, and local taxing authorities.

BACTS uses Bangor Payroll for payroll processing.

### **1. Payroll Processing and Timesheets**

- BACTS payroll is processed on a bi-weekly basis. Pay periods are Sunday through Saturday. Pay dates are every other Thursday (unless they fall on a day when the Federal Reserve is closed, then they are the day before or after).
- Payroll is based on time sheets completed by employees and approved by supervisors. Each time sheet reflects the cost classes to which the employees' time is charged.

- Time sheets will reflect the use of sick, vacation, or other leave time, if applicable.
- Overtime for non exempt employees requires prior approval of the employee's supervisor.
- Time sheets must include the employees signature and date of authorization. Timesheets are then sent to the Executive Director for review and approval. The Executive Director then signs the time sheet. The Executive Director submits their time sheet to the Policy Committee Chair for approval. The Policy Committee Chair reviews the time sheet, signs and dates it, and returns to the Executive Director. Timesheets are filed in the appropriate folder.
- ~~be completed in ink with no whiteout or correction tape. Changes are initialed by the employee. The time sheet will be signed by both the employee and the assigned supervisor.~~
- New hires and salary and/or benefit changes must be approved by the Executive Director. A Personnel Change Form authorizing the salary, wages, and employee position is completed by the Office Coordinator, signed by the Executive Director, and forwarded to the Office Coordinator for processing.
- Payroll records are maintained by the Office Coordinator in a confidential manner. ~~Information regarding payroll will not be discussed with other staff.~~ Files must be in locked cabinets with access limited to designated personnel.
- Documents that verify tax withholding and authorize other deductions such as health insurance premiums or voluntary contributions are filed in the payroll files by the Office Coordinator. A separate file contains the I-9 forms for each current employee and is maintained by the Office Coordinator.

## 2. Payroll Payment

- ~~Payroll is prepared from employee time sheets which have been completed and signed by the employee and reviewed, approved, and signed by the supervisor.~~
- The Office Coordinator will check each time sheet for computational errors.
- For salaried staff, computation of partial pay periods will be based on the percentage of the pay period worked ~~based off of a 40 hour work week.~~
- Payroll is submitted electronically to the payroll service by the Office Coordinator.
- The Office Coordinator receives the payroll reports and check stubs directly from the payroll service, via a secure email, and assures that all of the checks are for actual employees or other required payments (i.e. garnishments) are correct.
- ~~Once approved by the Executive Director, the Office Coordinator Manager verifies the payroll is accurate and complete by verification against submission data.~~
- Paychecks are directly deposited to the employees' bank accounts. ~~Employees receive duplicate vouchers which detail all deductions.~~
- An electronic transfer of funds to cover payroll is made to the payroll service by BACTS's bank at the request of the payroll service.



- BACTS Office Coordinator verifies the fund transfer against the submitted payroll information.
- Payroll tax deposits are made by the payroll service. Reports are reviewed by the Office Coordinator to verify the accuracy of the deposits.
- Monthly payroll expenditures by cost class are entered into the General Ledger by Office Coordinator

## **Purchasing**

### **4. Leases**

- Only the Executive Director can sign lease agreements.
- Copies of all leases will be maintained by the Office Coordinator. An RFP authorizing payment of the lease for the fiscal year is maintained by the Office Coordinator/Manager. The RFP will be reviewed by the Office Coordinator and Executive Director annually.

### **5. Consultant/Contract Services**

- The Executive Director will review and approve proposed contracts for administrative purposes.
- Consideration is made regarding in-house capabilities to accomplish services before contracting for them.
- Written contracts clearly defining work to be performed is maintained for each consultant and contract services by the Office Coordinator.
- The qualifications and reasonable charges for fees are considered in hiring consultants and proof of insurance and Form W-9, at minimum, will be required.
- Requests for Proposals will be issued in accordance with the Maine Department of Transportation selection process as outlined in the latest Maine DOT Municipal Planning Organization Guide for any contract that will be directly invoiced and have federal dollars involved.

### **6. Furniture and Equipment**

All furniture and equipment purchases must be pre-approved by the Executive Director. Equipment exceeding \$1,000 must have board approval.

## **F. Bank Accounts**

The BACTS Board may delegate by resolution the authority for the board Chair and Treasurer to establish bank accounts and set signatory authority.

Bank accounts are established to meet the needs of the organization for separation of funds and the specific requirements of funding sources. All accounts are established to maximize the use and earnings of cash.

- A complete listing of all accounts and the account numbers shall be maintained by the Office Coordinator.
- The Office Coordinator and Executive Director have access to online banking.
- Bank Reconciliations for each account are completed monthly by the Office Coordinator. Reconciliation packets are to include all applicable supporting

documentation deemed necessary for all expenses noted on the bank statement.

~~The bank statements are received by the Executive Director unopened to assure that they remain intact.~~

- Reconciled bank statements and packets are reviewed by the Executive Director or designee monthly.
- Outstanding checks more than 90 days old are investigated and stop payments issued as required. Replacement checks are reissued after appropriate documentation has been collected.

### **G. Accounts Receivable**

For each grant, contract, loan or other agreement, the Executive Director will designate the staff responsible for preparation of invoices, payment requests, or reports necessary to secure payment to BACTS. The following procedures ensure that all requests for funds are properly recorded and tracked.

- Generally, the Office Coordinator processes invoices to partner agencies, with copies retained on file.
- Billings to funding agencies are entered as revenue/receivable when sent out to the agencies.
- Aged receivables are reviewed by the Executive Director.
- Write-offs of uncollectible receivables must be approved by the Executive Director and documented through the general journal entry for each write-off.
- Accounts receivable are reviewed by the Executive Director and Office Coordinator annually to ensure that receivables have a reasonable expectation of being collected and any necessary steps are taken to ensure collection. If there is no reasonable expectation of collection, a decision is made on what action to take.

## **OTHER FINANCIAL SAFEGUARDS**

### **A. Personnel Records System**

Access to the personnel records system is controlled to assure the confidentiality, privacy, and appropriate access to records and reliability of data. Access is limited to the Office Coordinator.

Paper personnel files are maintained in locked file cabinets. The files contain all personnel related information in sections, including *employee selection documents* (resume, application, transcripts, test results, offer letter, etc.), *employee performance documents* (evaluations, letters of recognition, and disciplinary actions), *employee development* (completion of training certificates, education records, specialized licenses), and *miscellaneous data* (employee handbook receipt, requests to inspect personnel file, leave of absence requests, attendance records, letter of resignation, termination records and other employment related documents). Additionally, one file containing all Form I-9's for current employees eligible to work in the United States is maintained. Access is controlled by the Office Coordinator.



## B. Credit Card

BACTS authorizes credit cards for the Executive Director for the purpose of facilitating business purchases including business travel that is not easily handled through normal disbursement processing. Due to the potential for theft, misuse, and auditing problems, use of BACTS's credit card is monitored carefully. The Office Coordinator makes purchases after receiving authorization from the Executive Director. All receipts / invoices are retained and the credit card is reconciled on a monthly basis. The reconciliation is performed by the Office Coordinator and a packet is provided with the reconciliation and all supporting documentation including the credit card statement. The Executive Director reviews this packet. The Office Coordinator files this and retains in accordance with record retention policies. ~~The Board Chair or Board Treasurer reviews all credit card purchases, and must approve all payments. Misuse of credit cards or failure to follow these procedures will lead to restrictions or loss of credit card privileges.~~

- The Executive Director is given instruction when they receive the card designed to ensure that the cards are used for BACTS business only and to protect against misuse and theft and must sign a declaration of their understanding.
- The Office Coordinator must be notified immediately if a card is lost or stolen. If the Office Coordinator is unavailable, the Policy Committee Chair, or other designee will be contacted.
- Credit cards for the Executive Director who resigns or is terminated are canceled immediately by the Policy Committee Chair.

## C. Employee Benefits

These procedures are designed to ensure that employees receive the appropriate benefits as specified in the Personnel Plan.

### 1. Employee Leave - Vacation and Sick Leave

- Employee balances are maintained by the Office Coordinator based on data submitted.
- ~~BACTS funds the vacation accrual on a monthly basis to ensure that all programs pay their fair share of the vacation liability and to ensure that BACTS's liability for accrued leave is fully funded. Upon separation an employee will be paid out for all accrued vacation time as of the date of termination. Based on a rate determined by the costs of salary, fringe benefits, and the accrued time, charges are made monthly to funding sources based on the time spent on specific programs and aggregated in a vacation pool fund. When vacation leave is used by an employee, the salary and fringe costs for that time are charged to the vacation pool.~~
- Sick leave is not funded. There is no liability for payment to an employee for accrued sick leave when an employee leaves BACTS employment.
- ~~Sick Leave pay is charged to each funding source as it is used, based on time worked during a pay period. If an employee is sick the whole pay period, the~~

~~leave is charged to the cost centers that would normally be charged by the employee.~~

## **2. Retirement**

BACTS has a SIMPLE IRA plan for employees. The BACTS Board determines on an annual basis the percentage ~~of matching contributions and type of contribution to be made on behalf of staff.~~ ¶

- Employer contributions are transmitted to the Designated Financial Institution (DFI) by the due date of the Employer's tax return.
- Salary deferrals to the plan will be transmitted with each payroll. Written employee authorization is required before salary deferrals are deducted and sent to the DFI. Employees must re-elect these directives on an annual basis during the "Open Enrollment" period, if any changes are noted.

## **D. Travel**

Travel policies and procedures assure that all travel costs are pre-authorized, documented, and are consistent with applicable regulations.

### **1. Mileage Reimbursement**

- The reimbursement rate for privately owned vehicles is the rate paid by State agencies for the use of private vehicles.
- Expense forms must be completed and signed by the employee, approved by the supervisor, and submitted to the Office Coordinator. ~~If mileage is related to a specific cost class, this is to be noted on the reimbursement form with detail provided as requested for reimbursement related purposes.~~  
Reimbursement for mileage expenses are made along with other vendor payments.
- Mileage Reimbursement records are maintained by the Office Coordinator.
- Employees are required to have proof of auto insurance on file with the Office Coordinator. Employees will not be reimbursed for mileage unless proof of insurance is on file for the period in which mileage is incurred.

### **2. Travel Out of Service Area**

- Travel out of the state must be pre-approved by the Executive Director or other designee.
- The following expenses are to be paid with the BACTS credit card (whenever possible); hotels, flights, other modes of transportation.
  - Staff are to communicate travel plans with the Office Coordinator. The Office Coordinator will book applicable modes of transportation (when applicable) as well as hotels whenever possible.
- BACTS will seek a Per Diem reimbursement from MaineDOT for travel related expenses. Maine DOT defines Per Diem as the amount an organization allows an individual to spend while performing their duties in travel status. Rates are set by the Federal Government.

- Per Diem rates can be found at <http://www.gsa.gov/portal/category/21287>
- All staff who are traveling are expected to remain under the Per Diem allotment, any amount exceeding this figure will not be reimbursed unless deemed an extraordinary circumstance.
  - a. In the case of an extraordinary circumstance, the Executive Director may allow for direct reimbursement for approved expenses, this will be considered on a case by case basis.

## **E. Allocation of Costs**

The purpose of the cost allocation policy is to ensure that all programs are charged their fair share of the costs whose benefits are not readily identifiable with a specific program or funding source but are necessary to the general operation of the organization.

### **1. Indirect Costs**

Indirect costs are those costs that are not attributable to a specific cost class and which generally benefit the organization as a whole, such as employee benefits, rent, and other costs relating to the daily operation of running the organization.

- OMB Circular A122 established the federal requirements for determination of allowable and unallowable direct and indirect costs and the preparation of cost allocation proposals.
- Annually, BACTS has a financial statement review as well as an overhead audit completed to receive the updated indirect cost rate. Once received BACTS submits this information to the State for review and approval on various contracts.

## **F. Tangible Assets Control**

BACTS tangible assets procedures provide for management control of BACTS owned property and documentation of property for potential insurance losses and tax reporting. All property in excess of the established capitalization threshold at the time of original purchase is included in inventory.

- BACTS will maintain property records to reflect tangible assets purchased and includes location, changes, deletions, etc.
- Every year a physical inventory of all tangible assets plus estimates of supplies on hand is completed prior to year end. Any discrepancies are brought to the attention of the Executive Director for appropriate action.
- Equipment to be retired is documented with an explanation for release. The listing of equipment to be retired is authorized by the Executive Director. Any salvage value received is so noted on the records.

### **1. Fixed Assets**

BACTS has established a capitalization threshold of \$2,500 for property expected to benefit the operations of the organization for multiple years to be considered a fixed asset.

- The cost of all property acquired through federal or state funds will be clearly designated on the Statement of Net Position, including depreciation of such assets.
- Property purchased meeting the fixed asset definition is added to the list of assets maintained by Office Coordinator. This list is categorized by type of fixed asset, i.e. buildings, furniture and equipment, etc. and includes the asset number, date of installation, cost including taxes, shipping and installation fees, and life expectancy for depreciation purposes. *The useful life of these assets will be determined in accordance with the State Administrative and Accounting Manual - Chapter 30 Section 30.20.* A copy of the invoice(s) should be maintained with these asset records until the asset is sold or deleted.

## **2. Equipment Depreciation**

The purpose of depreciation is to recognize the decreased value of the property over time (useful life) and to quantify this 'usage' as an expense to each cost center deriving benefit from its use.

- A fixed asset, as previously defined, is depreciated according to the BACTS Depreciation Policy.
- The Depreciation Policy sets the useful life of property types (Buildings, Capital Assets, Furniture & Equipment, Vehicles, etc.) which may differ from depreciation methods used for income tax purposes.
- Depreciation Schedules are prepared for the full fiscal year utilizing the guidelines of the Depreciation Policy.
- A separate schedule is made for each property/asset type. The schedule is maintained by the Office Coordinator. As depreciable property is purchased, it is added to the depreciation schedule in the month following purchase/installation.
- A recurring journal entry is set up for posting each month, charging the depreciation expense to the appropriate program(s).

## **G. Financial Reporting**

BACTS is required to have at least a reviewed Financial Statement on an annual basis. If BACTS expends \$750,000 or more of Federal Funds in a fiscal year, BACTS is required to have an organization-wide audit on an annual basis in addition to a Single Audit. Periodically, as determined by the Board, a Request for Proposal is sent to audit firms qualified to provide the type of audit that meets BACTS and/or funder requirements. The Audit Committee is responsible for soliciting bids, interviewing firms and making the recommendation to the BACTS Board when selecting the firm to be awarded the engagement contract. Acceptance of the engagement will be evidenced by a signed engagement letter that contains the type of service to be provided, the timeframe for providing the service, the cost for the service including incidental expenses, the term of the engagement and a clause stating "if unanticipated issues arise during the course of the audit that will result in additional fees, the audit firm will notify the Audit Committee for approval prior to incurring additional costs".

The financial statement is reviewed in detail by the Office Coordinator and Executive Director prior to signing. The reviewed financial statements and audited overhead figures are presented to the Policy Committee at the next available monthly meeting. ~~Audit Committee, but presented to the board by the independent accountant and accepted by the Board of Directors based upon recommendation by the Audit Committee.~~

### **1. Taxes and Reporting Requirements**

- The independent accountant prepares Form 990 “IRS Return of Organization Exempt from Income Tax.”

### **2. Grants and Contracts**

Contract and grant documents are reviewed and approved by appropriate program staff, as well as the Office Coordinator, prior to being signed by the Executive Director.

- Per BACTS Bylaws, all grants and contracts entered into for BACTS will be reviewed and approved by the Policy Committee prior to engaging in a new grant / contract.
- The Executive Director will carefully review each award to ensure that BACTS will be in compliance with all financial provisions.
- The Program Coordinator will carefully review each award to ensure that all programmatic provisions will be met.
- Original copies of signed grants and contracts are filed in the contract file with copies to the Office Coordinator, program staff, and Executive Director.
- The Office Manager will assign appropriate general ledger account numbers and customer numbers for each new grant or contract.
- The Office Coordinator will designate the appropriate staff responsible for preparation of reports, payment requests and/or invoices.
- The Office Coordinator will maintain individual contract files containing copies of the grant/contract, any amendments, relevant correspondence regarding the grant/contract, and reports of expenditures or billings.
- A log of all grants/contracts is maintained by the Office Coordinator detailing grant/contract numbers, effective dates, and reporting requirements.

### **3. Budgets**

Budgets provide a standard by which to measure performance, encourage planning, and allocate resources in accordance with funding source requirements. Budgets should use reasonable assumptions of income and expenses. All budget assumptions should be documented to facilitate a thorough analysis and evaluation, not only of the budget, but of the actual revenue and expenditures as they relate to the budget.

- The organization budget is prepared by the Office Coordinator in coordination with the Executive Director.

- A monthly update of the budget is provided to the Policy Committee and is discussed at the monthly meeting.
- ~~The Executive Director will submit an annual organization budget to the Board of Directors for their approval.¶~~
- ~~The General Fund budget is established and approved by the Board of Directors.~~

#### 4. Internal Reporting

Reports assist the BACTS Board, Executive Director, and funders with managing and controlling of program activities and financial resources.

- Monthly financial reports, including a revenue and expense report, and balance sheet where appropriate, will be provided to the Executive Director.
- The Office Coordinator will prepare monthly and quarterly reports as required by funding sources.
- The Executive Director will review the reports to the funding sources.
- The Executive Director will sign all reports to funding sources.
- The Office Coordinator will prepare and maintain, on a current basis, a listing of reports and due dates for funding sources.
- It is the responsibility of the Office Coordinator to ensure that all financial reports are submitted on a timely basis.

#### H. Record Retention

BACTS sets guidelines on the retention of records which will meet the requirements of all federal and state agencies, as well as those of other funding sources.

BACTS will comply with OMB Circular A-110, Attachment C, Retention and Custodial Requirements for Records ~~for all awards received from federal funding. As a general policy BACTS will comply with the State of Maine record retention policy as outlined by the Maine Department of the Secretary of State, Maine State Archives, Local Government Record Retention Schedules (can be found electronically at <https://www.maine.gov/sos/arc/records/local/localschedules.html>).~~ ¶

- Financial records, supporting documents, statistical records, and all other records pertinent to an agreement shall be retained for a period of three years with the following qualifications:
  - a. If any litigation, claim or audit is started before the expiration of the three-year period, the records shall be retained until all litigations, claims or audit findings involving the records have been resolved.
  - b. Records for nonexpendable property acquired with Federal funds shall be retained for three years after its final disposition.
  - c. When records are transferred to or maintained by the Federal sponsoring agency, the three-year retention requirement is not applicable to the recipient.

- The retention period starts from the date of the submission of the final expenditure report or, for grants and other agreements that are renewed annually, from the date of the submission of the annual financial status report.
- Recipient organizations should be authorized by the Federal sponsoring agency, if they so desire, to substitute microfilm copies in lieu of the original records.

#### **Record Retention for Accounting Records**

<b>Type of Record</b>	<b>Years</b>
Detail Ledger	6
Time Sheets/Travel Vouchers	3
Accounts Payable	6
W-2, Quarterly Reports, etc.	6
Payroll Records	6
Bank Statements, Cancelled Checks	6
Check registers	6
Deposit Data Entries, Journal Entries	6
Corporate Records - Including Audit reports	Indefinitely
Contracts	6 years after completion
Tax Returns	Indefinitely

BACTS will reference the Local Government Record Retention Schedules for any items not included in the chart above and will follow the guidelines as presented.

#### **I. Risk Management and Insurance**

In the implementation of the Risk Management Policy, BACTS will insure those risks which BACTS deems appropriate using an insurance professional who is knowledgeable about the market, who understands or is willing to learn about BACTS operations, is an assertive advocate for BACTS's interests, and is organized and responsive to BACTS's needs.