

Statement of Policy: It is the policy of the Chicago Metropolitan Agency for Planning (CMAP) to establish accounting practices which are best practices for governmental agencies.

Statement of Purpose: It is the policy to assure that financial procedures are clear and fair in meeting the needs of CMAP. The procedures provide checks and balances for the expenditures of governmental and grant funds, expenditures are completed in a timely manner and procedural requirements are met before payments are made.

Statement of Procedure:

ARTICLE I: GENERAL

A. Overview

The payroll and accounting functions for CMAP are prepared in-house using appropriate software or in some cases, are prepared manually.

Budgets for the agency are prepared by the deputy executive director for finance and administration, subject to approval and modification of the staff management team and approved by the Board of Directors.

B. Special reports and requirements

1. Line item budget report to Executive Director

A monthly report is prepared by the finance officer for the executive director and deputy executive director for finance and administration review comparing revenues and expenditures to the current adopted line item budget. Information for the line item report is taken from the trial balance, revenue and expense reports, and transaction reports. In addition, a manual record of activity related to each grant is kept by the finance officer.

2. Weekly Finance Report

Every week a report is prepared by the finance officer of the previous week's cash transactions by bank account and balance available in each account at week's end. The second page shows all outstanding receivables from grant sources and an estimated publications receivable figure. Total outstanding payables and any outstanding loans are included in the Liabilities section. Finally, a listing of escrows (the balance remaining of advanced funds) is included. The report is submitted to the deputy executive director for finance and administration

3. UWP (Unified Work Program)

This annual document is prepared by the deputy executive director of finance and administration of the use of federal transportation funds for CMAP. It lists all project tasks, budget needs, staffing needs and funding sources.

4. Annual Statement of Receipts and Expenditures

State of Illinois Statutes require that an annual statement of all receipts and expenditures, including receivables and payables, be prepared and distributed to various officials as set forth in the enabling legislation. This is prepared as soon as practicable after fiscal year end and according to contract requirements.

5. Annual Audit

An annual audit is performed by an outside, independent CPA firm, chosen through a competitive bidding process, according to provisions of federal circular A-133. In addition, a funding agency may perform its own audits of CMAP financial records at its discretion. Copies of final audits are sent to all Board of Director members and the Bureau of the Census, per A-133 requirements.

C. Fixed Assets

Fixed assets consist primarily of office equipment and furniture. Individual items costing over \$3,000 are capitalized. Office equipment is either leased or purchased depending on a cost analysis. If the necessary criteria are met, such leased equipment is depreciated. All depreciation charges are determined on the straight line method.

D. Adjusting Journal Entries

Corrections and other adjustments are made to the General Ledger through journal entries. Entries must be made in two ledgers if they affect a project or fringe benefit or overhead cost. In addition, journal entries are made to accounts receivable for cash received that is not applied to revenue funds or the General Ledger, e.g., reimbursements against expenses. These journal entry sheets are kept in the journal entry book.

E. Bank Accounts

CMAP's two main bank accounts are located at Bank of America for checking and payroll.

A money market account is maintained in a separate bank. Additional detail on the bank accounts is available in Article V, Section A.1.

F. Wire Transfers

Wire transfers are used to move funds from one bank account to another, both intra-bank and inter-bank. Those authorized to make and verify such transfers

include the deputy executive director of finance and administration, finance officer, finance associate, and executive director. A confirmation sheet is printed from Bank of America on-line and filed in the log book.

G. Bank Reconciliations

Reconciliations are performed monthly by the finance associate approved by both the finance officer and the deputy executive director for finance and administration.

ARTICLE II: DISBURSEMENTS

A. Purchasing

Costs are obligated either through a purchase requisition or order for goods or services or a contract for services. In cases when a purchase order or a contract are not available or appropriate, a requisition/check request form must be completed and approved by a deputy executive director.

1. Contracts

Contracts are initiated by the project manager after completing the appropriate procurement process (see the procurement policy document). The grant/contract officer will provide the project manager with the appropriate format. If the services are funded through the UWP/IDOT grant, approval from IDOT must be received before CMAP can award the contract. The grant/contract officer will prepare the IDOT request for approval. A W-9 must be completed by the contractor prior to any invoices being processed.

2. Purchase Requisition/Check Request

A purchase requisition is generated by any staff member and must be approved by a deputy executive director. For an order over \$2,500, a bidding procedure is required unless adequate documentation for sole source contract is submitted.

A requisition/check request form is available in the forms public drive. This form is to be completed by the staff member with the following items: vendor name and address, description of the item(s) or services(s), cost, and project code(s). The deputy executive director will review the form, determine the need and budget and approve the expenditure. All requisitions/check requests also must be approved by the deputy executive director for finance and administration.

If necessary a purchase order will be issued by the accounting staff. The purchase orders are signed by the deputy executive director for finance and administration and the chief of staff. Copies are distributed as follows: white copy to vendor, green copy to accounting for numerical record and the blue copy attached to the invoice.

3. All expenditures over \$25,000 must be approved by the Board of Directors. The grant/contract officer prepares a monthly report of procurements over \$25,000 for Board action.

B. Allocation of Costs

1. Disbursement Vouchers (Requisition/Check Request form)

When invoices are received from a vendor or contractor, the invoices are matched to the blue copy of the P.O. or checked against the contract. Logs are kept of all contracts to assure that the total amount is not exceeded.

The original invoice and requisition/check request form are sent for approval to the staff member initiating the expenditure. This sign-off is an acknowledgment that goods or services have been received and are satisfactory and that approval has been given to pay the invoice. If the invoice is for goods, the packing slip is to be sent to accounting and then attached to the requisition/check request form. The approved voucher is entered into the accounting system.

2. Payment

(See detailed procedures for processing checks and creating a check register).

Checks are processed weekly (normally on Friday), and a check register prepared for approval by the finance officer and deputy executive director for finance and administration. A monthly list of expenditures will be on the agenda of the Board Executive Committee for review. Invoices, expense claims and request for checks must be received by Wednesday at 5:00 p.m. for a check to be issued that Friday. It is the policy of CMAP to issue payment of invoices in a timely manner.

Checks consist of three parts: The original for the vendor, a second copy for the numerical file, and a third copy attached to the original requisition/check request, invoice and all related supporting documents.

A check made out to the executive director or a Board of Director member cannot be released unless the voucher requesting payment has been approved by a designated signator, or the check register has been approved by a designated signator.

Checks are signed using a mechanical check imprinter. CMAP policy requires two signatures on all checks. Authorized signatures are on file with Bank of America. It is preferable that one signature is a Board officer and the other is a senior staff person.

Blank checks are kept in a locked cabinet in a locked closet, and are signed out in batches to the accounting department by the deputy executive director for finance and administration.

3. Direct Project Charges

The expenditures are either charged to projects or to overhead. Those charged to projects are billed to the funding sources. The project number

determines which project is charged. There are separate account numbers for overhead and projects in the general ledger.

Labor charges are charged to the projects through the payroll system.

4. Overhead and Fringe Benefit Charges

Those costs not directly attributable to specific grant projects and are for general administration support are charged to an overhead account, and distributed to the projects as an indirect cost rate. Fringe benefit and leave costs are allocated in a similar manner.

ARTICLE III: REVENUE

There are three main sources of revenue: (1) grant funds, (2) contributions, and (3) sale of products and services.

A. Invoicing Funding Sources

Grant funds are received either through an advance or a cost reimbursement.

1. Advances

Where funds are advanced, either in total or in part, they are designated as revenue for that particular project.

2. Reimbursement

Most grants require that work be performed and costs paid prior to the request of funds. Reports are generated at the end of each month which show the costs allocated to particular grants. These project or grant status reports are the basis for periodic billings to the grant agencies. Some agencies have specific forms which must be used in the request for funds, while others are sent the standard invoice. Some form of backup for the charges is usually enclosed.

Some federal agencies reimburse the expenses through ACH payments directly to the checking account at Bank of America. Agreements have been signed with those agencies and Bank of America. The hard copy can be obtained through the on-line banking system.

B. Contributions

Contributions are received on a voluntary basis from other local governmental entities in the region, from corporations and foundations, and from subscribers. These are recorded according to category and become the funds used for match and other costs not covered by grants.

C. Services and Products

Services and products are available for sell to interested parties. The fee and charges are determined by the cost incurred by CMAP. Details of invoicing and handling receipts can be found in the cash receipts section of these procedures.

ARTICLE IV: CASH RECEIPTS

A monthly transaction report is generated for all revenue transactions.

A. Receipt of Checks, Cash and Charges

1. All mail is opened by the central files clerk, who date-stamps and endorses all checks received, creates a tape of the total checks, and submits the checks to Accounting.
2. The finance officer or deputy executive director for finance and administration creates a tape of all checks, cash, and charge card records for the day's deposit and initials the tape. The tape should agree with that provided by the central files clerk, plus any extra payments not received through the mail. The tape and checks, cash and charge receipts will then be handed to the finance associate, who will make additional copies of checks and documentation as needed, record the receipts in the accounting system and prepare the bank deposit.
3. There are two departments which make cash sales: Office Services and Arcview/Research Services. Each has its own invoice form. Sales of all publications are prepaid, except for contributors and subscribers who are invoiced.
 - a. Research Services creates a four-part invoice for each order from its department. The original (white) copy and goldenrod copy are forwarded to Accounting daily. The white copy is entered in the accounts receivable system and then filed alphabetically - to be matched to a check received in the mail - and the goldenrod is filed numerically in a binder. The yellow copy is sent to the customer, and the pink copy is retained by the Research Services Department.

If a check or cash is received by Research Services at the time of sale, the money and the white and goldenrod copies of the invoice are brought immediately to Accounting and placed in a locked, fireproof file cabinet for the next deposit.

- b. The Office Services Department fills out a four-part, prenumbered order form for maps and publications it sells. The original (white) and goldenrod copies are mailed to the customer, and the yellow and pink copies are sent to Accounting. The yellow copy is entered in the accounts receivable system and is then filed numerically. It is later matched to payment received by mail. The pink copy is kept in a numerical binder. All invoices are accounted for, including voided ones.

For those customers who pay by cash or check at time of ordering and receiving materials, a cash receipt or publications order form is made out in the customer's name. The original (white) copy is given to the customer, and the pink and yellow copies are kept with the cash or check by the Publications Clerk in a locked drawer. These cash receipts are periodically turned over to Accounting for recording and deposit at least weekly. A \$25.00 petty cash fund for changing larger bills is maintained in publications.

For those customers who pay by credit card (American Express, Mastercard or Visa) at the time of ordering and receiving materials, a two-part charge slip is generated by a terminal in the publications department. The customer receives the bottom (yellow) copy along with the item(s) ordered and the top (white) copy is maintained in accounting's numerical file. No cash receipt is needed when a credit charge card is used. Each charge sale is given a reference number and at the end of each day a tape is made of all charges submitted and a batch is automatically transmitted to the bank by a member of the accounting department.

- c. Cash receipt forms are printed in three parts and prenumbered sequentially. The white copy goes to the customer, the yellow copy is for backup of the receipt, and the pink copy is filed numerically in a binder. Cash receipts are stored in a locked closet. The deputy executive director of finance and administration, or other authorized person, issues cash receipt forms in batches to the Accounting Department. A log is kept of these transactions. The accounting staff then issues receipts as needed to the publications clerk or other staff. A log is kept of these transactions. All cash receipt forms are accounted for, including voids.
4. Staff records numerically all invoices in the database. The invoices from the Research Services Department are kept separate from those of Office Services. The date of payment is entered next to each invoice. After thirty (30) days the finance assistant mails "reminder of past-due invoice" copies or calls the delinquent customer.

B. Recording of Cash and Checks

1. Receipts are recorded daily on the Daily Revenue Summary forms mentioned in A., above. The receipts are coded consistent with the requirements of the financial software.
2. There must either be an invoice, order form, or cash receipt number with every transaction, except for reimbursements from the funding agencies and contributors.
 - a. Previously filed invoices are pulled and matched to the checks received. Where an invoice is lacking, the finance assistant makes out a Cash Receipt form. The yellow copy of the cash receipt form and the pulled invoice provide backup documentation for each receivable. There must be some form of backup for every transaction. If, as in the case of

funding agency reimbursement, there is not an invoice, a check stub or copy of the check will be included as backup.

- b. A calculator tape is taken of all backup information and is then attached to the form, the deposit slip and tape, and the tape received from the finance officer.
- c. The date of receipt and deposit is stamped on each piece of backup material.

C. Deposit

- 1. Checks are listed on a deposit slip (a carbon copy of the slip is retained for accounting files). A calculator tape is taken of the amounts; it is checked against the Daily Revenue Summary and the backup material and stapled to the carbon copy of the deposit slip.
- 2. Deposits are hand-carried to one of the various Bank of America banking centers in Chicago, IL (231 South LaSalle Street or Wells/Monroe), and deposited in the general checking account.
- 3. Project Receipts, Contributions, and Publication/Research Payments:
 - a. When a reimbursement (or advance) is received from a funding source, a copy of the check and any attached information is made for the finance officer's grant files.
 - b. When a contribution or subscription is received, a copy of the check is forwarded to the administrative assistant for recording in her records.
 - c. Aerial photos and other maps are frequently requested by mail and are prepaid. The original order plus the envelope, copy of the check and any other information is forwarded to the publications clerk for filling the order.
- 4. The receipt from the bank is stapled to the carbon copy of the deposit slip, which is kept in the numbered and dated deposit-slip book.

D. Internal Audit of Cash Receipts

A frequent review is made of the numerical and outstanding cash receipts to assure that all cash are accounted for.

ARTICLE V: GENERAL LEDGER

The accounting system generates a report called "General Ledger Transaction Report" which consists of the transaction detail for each month.

A. Asset Accounts

- 1. Cash Accounts - 1101 through 1199

- a. Account 1101 - General Checking - Bank of America Illinois.

All cash transactions, except payroll, flow through this account. This includes all checks issued, journal entries affecting cash and cash receipts, and interest and service charges are made each month. An analysis of the account is received from the bank for review.

- b. Account 1102 - Payroll Checking - Bank of America Illinois.

All payroll transactions generated by the computer pass through this account. Most are direct deposits, and a few checks are issued each pay period. Journal entries are made to record wire transferred funds. The NOW account earns interest and charge fees for service, although the fees are charged to our main checking account. A separate analysis is received for the account. Section 1 a and b are covered under FDIC

- c. Account 1105 - Illinois Funds - through State Treasurer's Pool – U.S. Bank – (money market account).

This pool allows agencies with small amounts of investment funds to pool their funds with other governmental entities' funds in order to improve their returns. It is administered by the State of Illinois Treasurer. Funds are wired from Bank of America to First National. When funds are needed, instructions are given to Illinois Funds to wire funds to the main checking account at Bank of America. A monthly statement is sent.

- d. Account 1106 – Phillip D. Peters Fellowship Fund - Illinois Funds - through State Treasurer's Pool – U.S. Bank.

- e. Account 1108 - Illinois Funds - Phillip D. Peters Fellowship Fund - through State Treasurer's Pool – U.S. Bank – Springfield.

- f. Account 1110 - Seaway Bank - Money Market. An account used for investment of funds. Deposits and withdrawals are by wire transfer. Interest rates fluctuate.

- g. Account 1111 - Petty Cash. This account is maintained at \$300 and is handled by the Central Files Assistant. A \$25 petty cash fund is maintained in the publications department.

- 2. Other Asset Accounts (1200 through 1399). These include advance and receivable accounts as well as the fixed asset accounts and offsetting accumulated depreciation accounts.

B. Liability Accounts - 2010 through 2600

- 1. Vouchers Payable (Accounts Payable) Account 2010. Every voucher entered in the computer is shown on an Accounts Payable expense report. The monthly expense report is transferred to the Vouchers Payable account

when the Accounts Payable module is closed. These are referenced in Account 2010 as "AP SYS." Any adjustments that cannot be made through Accounts Payable are made by journal entries directly to this account. The account is reconciled monthly prior to closing.

2. Other Liability Accounts

Other accounts include payroll withholding, accrual, deferred revenue and advances and other payable and miscellaneous accounts. Account 3100 is the Fund Balance and reflects the audited fund amount.

C. Journal Entries

Journal entries are generally prepared by the finance officer. When entered, general ledger journal entries are numbered by the computer. Job cost journal entries are number generated. Journal entries are made for the following purposes:

1. Record wire transfers
2. Project chargeable postage expenses each month
3. Adjustments and reversing entries
4. Depreciation and related entries

Journal entries are generally made either to the General Ledger. Entries made in the General Ledger have project designation are charged to a general ledger account. These should be balanced entries.

Entries to Job Cost are frequently one-sided, recording only the debit (expense) to the project and cost code. A journal entry in job cost must have a counterpart in General Ledger, but entries in the General Ledger side, if affecting only asset and liability accounts, would not need a job cost entry.

- a. All regular checks are credited to the Bank of America checking account 1101. If a check has not cleared after one year's time, it may be written off as miscellaneous revenue in the current fiscal year.

Depreciation and imputed interest and reduction in principal on capitalized leases is recorded at least quarterly through journal entries.