



Capital Region Planning Commission

Financial Management Policies

Accepted by the full Commission at their 10/13/2021 Meeting

Financial Management Policy

Financial reporting is the primary tool used by management to monitor income and expenditures and to make decisions. The CRPC, as a quasi-government agency (agency), is accountable for the manner in which funds are spent. It is essential to monitor actual progress against the budget (financial plan for the year) to ensure that the desired fiscal results will be achieved.

An accounting system should be maintained that provides timely information and an accurate picture of CRPCs financial condition. Accounting practices should be in accordance with generally accepted accounting principles (GAAP) and generally accepted government auditing standards (GAGAS). Furthermore, management should ensure there is an adequate separation of functions to ensure assets are safeguarded and the potential for errors in the records are minimized.

Monthly Reporting

CRPC engages the services of an external accounting firm who handles the preparation of timely and accurate financial statements, including budget-to-actual comparisons, on all agency funds administered.

The accounting firm formally presents the monthly financial statements, annual and amended budget comparisons to the CRPC Executive Committee and Commissioners at each quarterly meeting, including any corrective/remedial action needed. Discussion of the monthly financial statements and budget comparisons should be on the meeting agenda and the written-minutes should reflect such discussion.

Annual Reporting

Annual financial reporting provides accountability and is required by state law - Louisiana Revised Statute (RS.) 24:513]. Annually, CRPC is to approve the engagement of an independent certified public accountant to perform the audit which is also subject to the approval of the Louisiana Legislative Auditor.

State law requires that the auditor be provided with all the books and records needed to perform the audit and R.S. 24:518 provides penalties for failure to do so. The audit must be completed and submitted to the Legislative Auditor no later than six months after the close of the fiscal year [R.S.24:513(A)(5)(a)(i)J. However, CRPC may have an extension at any time after a disaster or emergency is declared under the provisions of R.S. 29:724(B)(I) which prevents CRPC from completing its report within six months of the close of the fiscal year.

Purchasing and Disbursements Policy

Good controls over purchasing and disbursements require appropriate checks and balances; therefore, more than one individual should be involved in the purchasing and disbursement functions. Any personal use or misappropriation of assets of the CRPC may result in termination of employment and possible legal action.

Purchasing

- Management is to centralize the purchasing function and implement controls to ensure that purchases are (1) reasonable and necessary; (2) budgeted; (3) documented and approved; (4) received and safeguarded; and (5) used solely for the public purposes/functions of the agency.
 - o Management is to implement a purchase order system for items that fall within the Public Bid Law [Louisiana Revised Statute (R.S.) 38:2211 et. seq.] that requires certain documentation to be generated before a purchase can be made and before a disbursement is made.
- Related party transactions are strictly prohibited (i.e., transactions with any individual(s) or business that is "related" to a CRPC employee).
- Management must always provide an open and competitive atmosphere and ensure that written bids/quotes are solicited for purchases (including recurring purchases) that exceed applicable dollar thresholds provided in the *Louisiana Public Bid Law*.
 - o Bid documentation (e.g., solicitation letters, advertisements, bids/quotes, tabulation sheets, minutes, etc.) demonstrating such compliance is to be maintained and filed in an organized manner.
- For purchases/contracts made under the *request for proposals* (RFP) method, management must establish appropriate scoring criteria and maintain documentation evaluations.
- Purchases/procurements related to homeland security must be from the federal General Services Administration (GSA) supply schedules. Management is required to ensure strict compliance with all applicable GSA requirements.
- Selected vendors paid from federal funds shall be reviewed for suspension and debarment protocol as required by federal guidelines.

Disbursements

- All disbursements are to be made by check or direct deposit. Cash payments are prohibited.
- The accounts payable/disbursement function is to be centralized at the CRPC office and be under the supervision of the Executive Director.
- The supply of blank/unused checks is to be maintained under lock and access restricted to only authorized personnel.
- Any manual checks of the CRPC shall require two (2) signatures, the Executive Director and another designated staff Director.
- Disbursements can only be made from an original invoice. The Executive Director and designated staff Director are to document their review and approval to pay all invoices.

All documentation (e.g., purchase order, receiving report, invoice) supporting a disbursement should be attached together and be maintained in the CRPC office.

Bank Reconciliation Policy

Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance.

The Executive Director (or designee who is independent of the receipt and disbursement process) is to receive the monthly bank statements unopened directly from the bank and review them for any unusual deposits and disbursements activity. Alternatively, the Executive Director can get electronic access to bank accounts to review cleared disbursements. [Note: Any unusual activity must be promptly and thoroughly investigated and reported.]

After the Executive Director's (or designee) review, the bank statements are to be given to the staff member who is responsible for retaining a copy for the agency's files and forwarding a copy to the external accounting firm to ensure that all bank statements are for all bank accounts are reconciled within a designated amount of time as established by CRPC.

The monthly bank reconciliations are to be maintained on file for subsequent review and audit.

1. Bank account balances are to be reviewed monthly to ensure that they are fully secured and that the types of securities pledged by the financial institution are in accordance with state law. (See R.S. 39:1221 for kinds of security and R.S. 39:1225 for amount of security.)

Assets Policy and Procedures

A capital asset is a tangible asset of the CRPC that costs \$1,000 or more and has an estimated useful life extending beyond one year. Examples include land, buildings and improvements and equipment used in the operations of the agency.

Louisiana Revised Statutes requires CRPC to maintain records of its capital assets. A designated CRPC employee is responsible for recording, tagging for identification purposes and coordinating the annual inventory of all capital assets. The official list of assets is to be updated each year for assets acquired and disposed. Failure to identify and periodically account for the agency's assets/property exposes the agency to possible loss, theft and misuse of its assets. Any missing assets should be addressed and appropriately resolved.

Capital assets are reported in CRPCs financial statements at cost (including interest and freight, if any). However, capital assets received as donations are reported at their estimated fair market value at the time of donation.

Except for land, which is not depreciated, capital assets are depreciated over their estimated useful lives using the straight-line method of depreciation. The various asset classes are assigned the following estimated useful lives:

Allset Class	Estimated Useful Life
Land	Not depreciated
Buildings	40 years
Building Improvements	20 years
Machinery and Equipment	5 years
Vehicles	7 years
Computers	3 years
Office Equipment	7 years
Furniture	7 years

PROCEDURES

Capital Asset Additions

1. During the year, the external accounting firm should be notified when a capital asset is purchased.
2. The external accounting firm should receive supporting documentation (e.g., purchase order, invoice, etc.) to record the asset information on the capital asset listing. Information recorded should include the asset description, date of acquisition, location, cost (or fairvalue if donated), salvage value, and estimated useful life.
3. An identification number should be assigned to each asset and that number should be recorded on the listing. A tag/sticker should be affixed to the asset that displays the identification number.

Capital Asset Deletions/Disposals

1. During the year, the external accounting firm should be notified when a capital asset is no longer useful and thus available for disposal.
2. If there are questions regarding the legitimacy of the disposal, legal counsel should be consulted to ensure compliance with state laws that pertain to the disposal (e.g., sell, exchange, etc.).
3. All disposal related documentation (e.g., board resolutions, appraisals, advertisements, bids received, etc.) is to be maintained by the agency.
4. The asset should be noted on the listing and document its disposal (e.g., date, proceeds, etc.).

Annual Physical Inventory of Capital Assets

The agency is responsible for ensuring that a physical inventory of capital assets is conducted at or near the end of each fiscal year.

1. Approximately 15 days before the end of each fiscal year, department heads are to be provided with a complete listing of the capital assets for which they are held accountable. These inventory lists are to be used to document their physical inventory.

2. An agency designee shall conduct the inventory by touring the department/ premises and locating each asset listed. Every effort is to be made to locate all assets of the agency.
3. Annually, the listing of capital assets is to be reconciled/agreed with the assets account balance(s) recorded in the accounting system (general ledger).
4. The inventory and the final capital assets listing are to be made available to the auditor upon request.

Employee Personnel Records

A personnel file should be maintained for each employee that contains, at a minimum

1. The employment application form that includes background information (employee's name, address, date of birth, emergency contact and work experience of the employee);
2. The approved starting salary or rate of pay amount;
3. The Federal Employee's Withholding Allowance Certificate Form W-4 and Louisiana Employee Withholding Exemption Certificate Form L-4;
4. Approved salary or hourly pay rate increases/decreases;
5. Employee authorized deductions (e.g., insurance, deferred compensation plan);
6. Performance appraisals;
7. Promotions; and
8. Disciplinary actions.

The completed Form I-9 *United States Department of Justice, Immigration and Naturalization Service, Employment Eligibility Verification Form* should be completed for all employees hired after November 6, 1986.

Segregation of Duties

Accounting responsibilities over the payroll process are segregated so that no single individual controls all facets of the payroll function. The same employee should not perform all of the following functions:

1. Prepares the payroll checks;
2. Reconciles the bank account;
3. Records the payroll data in the accounting system;

4. Adds and deletes employees in the payroll system would not be a proper segregation of duties.

Budget Policy and Procedures

The assigned agency Director has the overall responsibility for preparing, presenting, and administering the annual budget for the general fund and all special revenue funds in accordance with the Local Government Budget Act found in Louisiana Revised Statute (R.S.) 39:1301-1315 with the guidance of the external accounting firm.

The Commission is responsible for adopting budgets and amending budgets on a timely basis. Certified copies of the adopted budget, budget adoption instrument, budget amendments, supporting schedules, and correspondence related to the budgets are to be retained at the agency's office.

1. CRPC is to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund using the following guidelines:
 - a) Revenue projections - Budgeted by fund and based on historical data and known trends.
 - b) Expenditure projections - Budgeted by fund and based on actual costs and reasonable estimates.
 - c) Fund Balance - Maintain a minimum general fund balance of between 5% and 15% of operating revenues or no less than 1 to 2 months of operating expenditures.
2. Total budget must include a clearly presented side-by-side detailed comparison of information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information as required by state law.
3. CRPC is to present the proposed annual budget with a proposed adoption instrument to the full Commission no later than 15 days prior to the beginning of the fiscal year. Also, the proposed budget must be made available for public inspection no later than 15 days prior to the beginning of the fiscal year in accordance with state law.

4. The assigned agency Director along with the external accounting firm is to administer and monitor the budgets and provide the agency with monthly financial statements and budget-to-actual comparisons, including any warnings of any corrective action needed. CRPC is responsible for adopting amended budgets on a timely basis.
5. The assigned agency Director along with the external accounting firm must advise the Commission when:
 - a) Revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by 5% or more.
 - b) Actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more.
 - c) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by 5% or more and fund balance is being used to fund current year expenditures.

Budget Preparation, Presentation and Adoption

[Note: Start the budgeting process approximately 90 to 120 days before the beginning of the fiscal being budgeted.]

1. Meet with agency Directors to receive/discuss budget requests for the year.
2. Analyze trends of all sources of revenues and consider whether any increases/decreases are warranted.
3. Using side by side comparison, analyze current year line-item expenditures to identify costs that can be reduced or eliminated and those that may increase.
4. Prepare a proposed budget for the general fund and each special revenue fund that includes the following as required by state law:
 - a) Estimated fund balance at beginning of year;
 - b) Estimated revenues/receipts itemized by source;
 - c) Recommended expenditures itemized by department, function, and character;
 - d) Other financing sources and uses by source and use; and
 - e) Estimated fund balance at end of fiscal year.

Budget Monitoring

1. Prepare monthly budget-to-actual comparison statements and formally present to the Executive Committee for review/monitoring purposes.
2. Ensure that the agency is advised when there is a 5% variance in revenues or expenditures or beginning fund balance.

Budget Amendment

Ensure that the Commission adopts a budget amendment (using the appropriate adoption procedure) in a meeting upon receiving notification of a 5% variance or a change in operations upon which the original budget was developed.

Expense Reimbursement Policy

In general, travel should be conducted in the most economical means to accomplish the business of the agency. Travel should be reasonable and done only when necessary and when such travel benefits the agency. Employees/officials who do not comply with this policy may be subject to delay or withholding of reimbursement and/or disciplinary action.

Authorization

Business travel, including travel for training purposes, must be approved in advance by the appropriate Director and the Executive Director and be in writing. The administrator must approve in writing, any travel and related costs (e.g., airfare, lodging, and registration) paid directly by the agency.

A *Travel Request Form* should be completed with all of the pertinent travel information prior to presenting for authorization. All travel expenditures should be in accordance with the approved budget.

A *Travel Expense Reimbursement Form* should be completed and signed by the employee, employee's Director and the Executive Director. This should be submitted to the Office Manager/Bookkeeper within one week of return from authorized travel accompanied by all associated receipts and a meeting agenda.

Abuse of the business travel expense policy, including falsifying expense reports to reflect costs not directly incurred by the employee can be grounds for disciplinary action up to and including termination of employment.

Advances

It is the policy of CTPC to reimburse travel expenses on the basis of actual expenses incurred. Employees traveling on CRPC business are entitled to transportation, hotel accommodations, meals and limited incidentals that meet reasonable and adequate standards for convenience, safety and comfort. Advances for travel are not allowed.

Claims for Expense Reimbursement

A *Travel Expense Reimbursement Form* should be completed, signed by the employee, their immediate Director and the Executive Director. The *Travel Expense Reimbursement Form* should then be submitted to the Office Manager/Bookkeeper within one week of return from authorized travel accompanied by all itemized receipts supporting all expenditures.

Abuse of the business travel expense policy, including falsifying expense reports to reflect costs not directly incurred by the employee can be grounds for disciplinary action up to and including termination of employment.

Transportation Guidelines

CRPC follows the transportation guidelines as published by the Louisiana Division of Administration Travel Guide for the appropriate period.

Travel in personal vehicles will be allowed when the employee chooses this mode. However, the employee is responsible for adequate personal vehicle insurance when using his or her vehicle. In no case should the cost exceed the lowest rate for transportation. Mileage will be reimbursed at the acceptable IRS rate.

Employees who are involved in an accident while traveling on business must promptly report the incident to the Executive Director or Office Director. Vehicles owned, leased or rented by CRPC may not be used for personal use without prior approval.

Receipts are required for the reimbursement of the actual cost of public ground transportation used in connection with approved business travel.

Meals and Lodging Allowances

CRPC follows the meals and lodging allowances as published by the Louisiana Division of Administration Travel Guide for the appropriate period.

Registration Costs

Costs are reimbursed in full with a copy registration form/receipt and with evidence that payment was made.

The appropriate Director and Executive Director's approval must be provided to allow the cost of registration to be direct billed to CRPC. A copy of the registration form/receipt is required.