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MEMORANDUM

Date: November 24, 2010
To: Metropolitan Planning Commission Executive Committee
From: Mark Donaldson, Executive Director
Dee Anne Reynolds, Finance Manager *DAR*
Subject: **Three items /Other Business: Fiscal Year 2010-2011 Revenue and Expenditure Budget – 2nd Amended; Purchase over \$10,000; and Update to MPC Financial Policies**

The FY10/11 budget was approved by the MPC board on June 10, 2010 and 1st amendment approved September 9, 2010. This 2nd amendment adds contract funding unspent from last fiscal year and new funding. MPC Financial Policies require all purchases over \$10,000 not meeting certain exceptions be approved by the MPC board. MPC Financial Policies need to be updated.

2nd Budget Amendment – added funding

\$ 5,000 Knox Co. Healthy Kids / Healthy Communities grant (carry over) 9500110-481005
\$10,489 City of Knoxville /KAT Google Map (carry over) 9500110-481515
\$ 7,675 City of Knoxville /KAT Update (new funds) 9500110-481515

Purchase Over \$10,000 – Small equipment

MPC will purchase nine personal computers from Technology Express on Knox County bid # 492 with ten percent off catalog prices as part of four year replacement cycle. Three Dell Latitude laptops costing \$4,658 are for FHWA grant and 80 percent reimbursable. One Dell laptop costing \$1,679 is for RTPC grant and 100 percent reimbursable. Five Dell Optiplex computers costing \$5,994 are for regular operations. An Epson projector costing \$1,129 is for TPO grant purpose and will be reimbursable. The total purchase of \$13,460 is included in the budget within large line items.

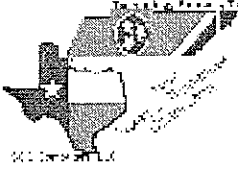
Update to MPC Financial Policies and Procedures

MPC Financial Policies and Procedures were last updated and approved by the board June 14, 2007. This update adds a section on procuring professional services – grant related, revises procedure on surplus of capital equipment, clarifies annual financial reporting and audits, and describes Travel purchasing card authorized use for business travel.

Staff Recommendation: Staff recommends approval of the three items.

MPC Executive Committee Recommendation: The Executive Committee will consider and recommend to the full commission for consideration at the December 9, 2010 meeting.

Attachment: MPC Internal Purchase Orders and updated MPC Financial Policies and Procedures.



SOS Computers, LLC
 dba Technology Express, Tx
 Tullahoma, TN 37388
 phone 800-209-1256 www.techxpress.com fax 800-209-1272

Company **Knox County MPC**
 Contact Tim Kuhn
 Address Geographic Information Systems
 865-207-7267 (cell)

Date 11/16/2010
 QUOTE No. SN55202

e_mail address
 Tim.Kuhn@knoxmpc.org

Phone Number 865-215-3806

Fax Number

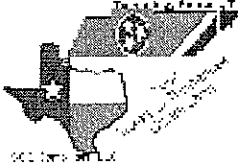
Qty	Part #	Description	Unit Price	Total
3		Dell Latitude E6510 -- Advanced Intel Core i5-540M 2.53GHz 3M w/Turbo 4.0GB DDR3 1333MHz Windows Vista Business SP2 32-bit no media Internal English Keyboard Dell 22" P2210T VIS Pro Widescreen Flat Panel Intel HD Graphics 250GB 7200RPM HD 15.6" HD LED Displat 8X DVD+/-RW w/Roxio Cyberlink Power DVD Noise Cancelling Mic Intel Centrino Ad-N 6200 802.11a/b/g/n Half Mini E-Port Docking Station E-Flat Panel Stand Deluxe Carrying Case	\$1679.00	\$5037.00

Comments
 3 Yr Limited Warranty w/ NBD On-Site Service

Grand Total **\$5037.00**

PAK
11-23-10

Thanks for the Opportunity !!



SOS Computers, LLC
 dba Technology Express, Tx
 Tullahoma, TN 37388
 phone 800-209-1256 www.techxpress.com fax 800-209-1272

Company **Knox County MPC**
 Contact Tim Kuhn
 Address Geographic Information Systems
 865-207-7267 (cell)

Date 11/18/2010

QUOTE No. SN55206

e_mail address
 Tim.Kuhn@knoxmpc.org

Phone Number 865-215-3806

Fax Number

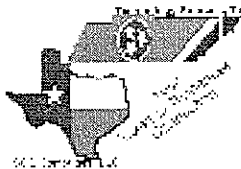
Qty	Part #	Description	Unit Price	Total
1		Dell Latitude E6510 -- Advanced Intel Core i5-540M 2.53GHz 3M w/Turbo 4.0GB DDR3 1333MHz Windows Vista Business SP2 32-bit no media Internal English Keyboard No Monitor Intel HD Graphics 250GB 7200RPM HD 15.6" HD LED Displat 8X DVD+/-RW w/Roxio Cyberlink Power DVD Noise Cancelling Mic Intel Centrino Ad-N 6200 802.11a/b/g/n Half Mini 3 Yr Limited Warranty w/ NBD On-Site Service Deluxe Carrying Case	\$1299.98	\$1299.98

Comments

Grand Total **\$1299.98**

*DAR
11-23-10*

Thanks for the Opportunity !!



SOS Computers, LLC
dba Technology Express, Tx
Tullahoma, TN 37388
phone 800-209-1256 www.techxpress.com fax 800-209-1272

Company **Knox County MPC**

Date 11/16/2010

Contact Tim Kuhn

Address Geographic Information Systems

QUOTE No. SN55201

865-207-7267 (cell)

e_mail address
Tim.Kuhn@knoxmpc.org

Phone Number 865-215-3806

Fax Number

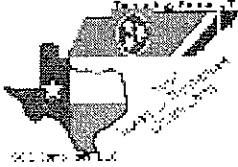
Qty	Part #	Description	Unit Price	Total
5		Optiplex 960 SFF Intel Core 2 Duo E8400 3.0GHz 6M 1333MHz Windows Vista Business SP2 w/media 32-bit 3GB DDR2 SDRAM 800 Dell Quietkey Keyboard 22" Flat Panel AIO Integr Video Intel 4500 160GB 7200 RPM SATA No Floppy Drive MS111 USB Mouse 8X Slimline DVD+/-RW Roxio Cyberlink DVD Internal Audio Speaker Mainstream Pentium Dual Core 3 Yr Limited Warranty w/ NBD On-Site Service	\$1198.76	\$5993.80

Comments

Grand Total **\$5993.80**

*PAR
11-23-10*

Thanks for the Opportunity !!



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dba Technology Express, Tx
Tullahoma, TN 37388
phone 800-209-1256 www.techxpress.com fax 800-209-1272

Company **Knox County MPC**
Contact **Tim Kuhn**
Address **Geographic Information Systems**

865-207-7267 (cell)

Date **11/17/2010**

QUOTE No. **SN55204**

e_mail address
Tim.Kuhn@knoxmpc.org

Phone Number **865-215-3806**

Fax Number

Qty	Part #	Description	Unit Price	Total
1		Epson 1735W LCD Projector -- 3000 Lumens WXGA - Widescreen 802.11 a/g Wireless	\$1129.00	\$1129.00
1		Free Shipping		\$0.00

Comments

Grand Total **\$1129.00**

Thanks for the Opportunity !!

**KNOXVILLE / KNOX COUNTY
METROPOLITAN PLANNING COMMISSION**

FINANCIAL POLICIES AND PROCEDURES

Amended January 6, 2000
Amended March 14, 2002
Amended January 9, 2003
Amended June 14, 2007
Amended December 9, 2010 (PENDING APPROVAL)

*
*see
changes*

Knoxville / Knox County Metropolitan Planning Commission
Suite 403 City County Building
400 Main Street
Knoxville, Tennessee 37902
(865) 215-2500

Knoxville / Knox County Metropolitan Planning Commission

Financial Policies and Procedures

No Changes

1. CASH DISBURSEMENTS

A. Check Requests / Purchasing Card

Check Requests

MPC Finance initiates payments for goods or services by submitting Check Request forms with authorized signatures and supporting documentation (i.e. original invoices, purchase orders, packing slips) to Knox County.

Knox County Purchasing Card

Knox County may issue a purchasing card (VISA) to MPC staff for low dollar purchases. MPC follows Knox County purchasing guidelines.

Inter-Office Transfers

Purchases of goods or services from Knox County departments are paid by an inter-office transfer of funds which is initiated by Knox County.

B. Authorized Signatures

All purchases less than \$500 require the signature of the Executive Director or MPC Finance Manager.

All purchases greater than or equal to \$500 but less than \$5,000 require the signature of the Executive Director and Finance Manager.

All purchases greater than or equal to \$5,000 require the signature of the Finance Manager, Executive Director, and Chair or Vice-Chair of MPC. Exceptions to this procedure include: payments made for items which have been encumbered if the signatures are on an approved contract on file in Knox County Finance; payments made for specific items included in a budget approved line-item expense; and payments for grant expenses which are budgeted and valid for grant reimbursement.

All purchases over \$10,000 and not meeting the above exceptions must be accompanied by the minutes of the MPC meeting indicating approval of the purchase by the full Planning Commission.

C. Internal Purchase Orders

All purchases \$500 or greater require an Internal Purchase Order Approval Form be completed and approved by the requestor, their supervisor, and Finance Manager prior to purchase. This form should show non-routine, unbudgeted, and purchase decision justifications as necessary. One exception to this policy is for service contracts previously approved by the Finance Manager and Executive Director. The requestor is responsible for inspecting items when received and providing proof of delivery to MPC Finance.

D. Capitalization Policy

MPC follows Knox County policies and procedures regarding the capitalization of assets and services. (See current policy Attachment 1)

Deleted: June 14, 2007

Knoxville / Knox County Metropolitan Planning Commission

Financial Policies and Procedures

E. Bid Policy / Purchasing

MPC follows Knox County competitive sealed bidding and informal bidding policies and procedures. (See current policy Attachment 2)

Small Purchases

MPC uses the same contracts as Knox County where possible, or by following the "open market" guidelines in the Knox County purchasing guidelines.

Professional Services (grant funded)

MPC procures professional services through a competitive Request for Qualifications or Proposal process in accordance with 49CFR Part 18 Procurement Section 36 and other grant contract requirements.

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F. Inventory and Surplus Equipment

MPC Finance keeps an inventory of all furniture, fixtures and equipment costing \$5,000 or more for depreciation purposes. A record of all equipment purchased with grant funds is kept and updated annually. In addition, all electronic small equipment is inventoried annually.

Property no longer needed is sent to Knox County Surplus department, unless purchased with grant funds, in which case the grant guidelines are followed. MPC may trade, sell, or dispose of capital equipment as needed for replacement. Discarded items are removed from MPC's inventory

*

G. Petty Cash Fund / Change Fund

MPC Finance administers and is custodian of a \$50 petty cash fund which is used primarily to reimburse employees for small purchases from vendors with whom MPC does not have an account.

The MPC receptionist administers and is custodian of a \$50 change fund which is used to make change for customers who pay fees with cash. This fund is balanced at the beginning and the end of each workday by the primary receptionist and at any transfer of responsibility Any variances are fully investigated and resolved prior to the transfer of responsibility of the cash drawer, and the Finance Manager is notified immediately

Employee advances, IOU's and cashing of personal checks are prohibited in both petty cash and change funds

H. Insurance Policies

MPC Finance maintains workers compensation and automobile insurance policies for the agency. Knox County participates their coverage with MPC for the Public Employees Dishonesty Bond. MPC follows Knox County government policy of being self-insured for general liability.

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No changes

2. CASH RECEIPTS

A. Fee Revenues / Other Receipts/ Separation of Duties

The MPC development services database includes a record keeping system for fee receipts. The database administrator limits levels of access for internal control purposes. MPC receptionist receives checks and cash from customers, balances the cash drawer, enters receipts or invoices into the database, and prepares the daily deposit (see details on Attachment 3) MPC Finance proofs the daily deposits for accuracy, compares the deposit to the database reports, assigns accounting codes, takes deposits to the bank within the three day rule, and provides documentation to Knox County. The Trustee's office is the banker for Knox County government and MPC. On a monthly basis, the MPC Finance Manager reconciles the daily deposit summary to the Knox County financial accounting system.

B. Other Funding Sources

City and County Appropriations

MPC Finance requests budgeted appropriations from Knox County and City of Knoxville on a quarterly basis.

Grant Funds

MPC Finance requests cost reimbursements from grantees on a quarterly basis or as required by the grant contracts. Grant related expenditures, direct salaries, and local matching funds are accounted for in separate cost centers. OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments provides guidance for determining cost allowability.

Local government subrecipients of states must administer subgrants in accordance with the requirements imposed by the State and those Federal requirements in 49 CFR Part 18 and program regulations that "flow down" to them from the State. MPC is subject to grant monitoring by the cognizant agent which involves an examination for contract compliance.

3. BUDGETING AND REPORTING

A. Budgets and Amendments

Operating Budget

MPC Finance works with the Executive Director and managers to develop an operating budget for the fiscal year.

The MPC proposed budget, and any amendments during the fiscal year that would increase the budget, are presented to a five member Executive Committee, composed of the Planning Commission Chairman and four other Commissioners. The Executive Committee's recommendation is then forwarded to the full Planning Commission for adoption.

The Planning Commission and the Executive Committee approve a Revenue and Expenditure Budget that is summarized into grouped account codes. A detailed budget

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Knoxville / Knox County Metropolitan Planning Commission

Financial Policies and Procedures

worksheet, with amounts categorized into anticipated line items, is provided to the Planning Commission during the budget approval process for informational purposes.

Budget transfers are authorized and made during the year by the Finance Manager. Transfers are usually made in an effort to match up budget amounts with the account codes to which the expenditures have actually been charged in the general ledger. If a line-item transfer is required in order to fund an unbudgeted purchase in excess of \$10,000, both the purchase and the transfer of funds will be approved by the Executive Committee and Planning Commission.

Grant Budget

MPC Finance works with the Transportation Director to develop and incorporate the grant budget for each fiscal year into the MPC operating budget. Transportation Planning Organization procedures and grant guidelines are followed for any necessary budget changes.

B. Monthly Status Reports

MPC Finance prepares monthly status reports to compare actual revenues and expenditures to budgeted amounts and project fund balance through the end of the fiscal year.

C Annual Financial Report / Audits

MPC, formed as a separate legal entity, operates like a government fund, and follows the modified accrual basis of accounting in accord with GASB Statement No.34 MPC is required by OMB Circular A-133 "Audits of States and Local Governments, and Non-Profit Organizations" to have an independent financial audit each year as well as a "Single Audit" over the grant program when federal funding exceeds \$500,000. These two audits are done simultaneously. MPC uses the certified public accounting firm selected by Knox County every four years in their bid for professional services.

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MPC Finance makes year end entries, reconciles with Knox County's accounting system, and provides support documentation to the auditor.

MPC Finance Manager prepares the year end financial statements, Management Discussion and Analysis, and Notes to the financial statement. The auditor renders their opinion on the fairness of financial statement presentation in conformity with General Accepted Accounting Principles (GAAP). MPC Finance distributes the annual report to the Planning Commission, local funding governments, grantors, and other required recipients and the auditor sends its final report by calendar year end. MPC Finance and the auditor jointly submit an electronic Data Collection Form to the Federal Audit Clearinghouse by the deadline in March as required by the Single Audit Act.

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D. Indirect Cost Allocation Plan

In accord with OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, MPC is required to prepare an Indirect Cost Allocation Plan, and obtain approval from the cognizant agent, which is TDOT MPC Finance Manager prepares this plan. When approved, MPC is allowed to charge administrative / indirect costs to the direct work performed by MPC staff. The Indirect Cost Allocation Plan is updated annually and the indirect rate is incorporated into the internal time job costing system

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4. TRAVEL / OTHER EXPENSES

A. Business Travel Expenses

MPC will reimburse employees for reasonable business travel expenses incurred while on assignments away from the normal work location. All business travel must be approved in advance by the employee's supervisor, Finance Manager and Executive Director on the proper travel request form and accompanied with support documentation. One exception is for staff traveling within the region of MPC study where mileage is the only cost; only their supervisor must pre-approve. Employees whose travel plans have been approved are responsible for making their own travel arrangements.

~~When business travel is approved, employees use the Travel purchasing card to pay registration fees, transportation, and lodging. Meals and other travel expenses will be reimbursed by MPC and follow Knox County Travel Regulations. When travel is completed, employees must submit the completed travel expense form within 30 days for reimbursement along with original receipts. Any grant reimbursable travel will follow grant guidelines.~~

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

B. Moving Expenses

The cost of transporting household goods (not to include packing) for new employees may be paid by MPC up to a maximum of \$500, unless otherwise approved by the Executive Director.

C. Interview Expenses

Travel and per diem expenses of a person who is asked to visit MPC offices for an employment interview may be reimbursed at one-half of the current travel reimbursement rates. The Executive Director may approve exceptions to this policy

5. TIMEKEEPING / PAYROLL / JOB COSTING SYSTEM

MPC Finance develops and maintains an internal job costing system in accord with the annual work program to facilitate the automation of determining project costs.

Employees record their time worked on various work programs by completing a biweekly timesheet. MPC Finance enters and maintains the official time records in a spreadsheet based job costing system and also keeps record of annual and sick leave balances. MPC Finance submits biweekly payroll requests to Knox County for processing paychecks. MPC personnel changes affecting pay are coordinated with all Knox County departments in accord with the MPC Employees Handbook.

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