

County of Kankakee

FISCAL POLICY & PROCEDURES MANUAL

Effective December 1, 2019

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PURPOSE AND DESCRIPTION

Kankakee County, Illinois is a municipal corporation formed in 1853 operating under the township form of government. The Board of Trustees consists of twenty-eight members and is the legal and executive body of the County. In addition, there are nine other elected administrative officials, each of whom is independent as set forth in Illinois law. These officials are Clerk of Courts, Auditor, Coroner, Prosecuting Attorney, Recorder, Sheriff, Treasurer County Clerk and the Regional Superintendent of Schools.

The purpose of this Fiscal Policy & Procedures Manual is to document the principles and policies governing our accounting practices.

The principles and policies provide:

- A foundation for long and short-term planning,
- Groundwork for a system of internal controls,
- Guidance in current financial activities,
- Criteria for decisions on appropriate accounting treatment,
- Accounting staff with direction and guidance in connection with those accounting transactions, procedures, and reports that should be uniform throughout the County.

When consistently applied, these principles and policies assure that the various financial statements issued by the County accurately reflect the results of its operations.

Internal controls provide a system of checks and balances intended to identify irregularities, prevent waste, fraud and abuse from occurring, and assist in resolving discrepancies that are accidentally introduced in the operations of the County.

BUDGETING

The County adopts an annual budget and appropriation ordinance in accordance with Illinois law. The budget covers the fiscal year ending November 30, and is available for public inspection at least fifteen days prior to final adoption in compliance with 55 ILCS 5/6-1001 and 1002. The budget document is prepared for all budgetary funds using the modified accrual basis. Once the County budget has been adopted, no further appropriations shall be made during the year, except in the event of an immediate emergency at which time the County Board by a two-thirds vote may make appropriations in excess of those authorized in the original budget.

The County Finance Director and Finance Department assist the County Board Chairman and County Board in the development of the annual budget. The Finance Director is responsible for coordinating the budget process. The Finance Committee is responsible for ensuring the budget presented to the County Board is fiscally sustainable.

As provided in 55 ILCS 6-1003, the County Board, by two-thirds (2/3rds) vote, may transfer funds from one appropriation of any one fund to another **of the same fund with no change** to the overall budget total of the fund. Additionally, Section 6-1003 does not authorize the transfer of funds from an account funded by an appropriation of one fund to an appropriation from another fund. Budget changes under this section are recommended by the Finance Director and approved by the Finance Committee before consent of two-thirds of the full County Board.

In accordance with 55 ILCS 6-1003, increases to the budget may only occur if they are an emergency. To qualify as an emergency the event must be unusual in nature and unforeseeable. It must be an immediate need that cannot wait until the following budget cycle. These adjustments must also be approved first by the Finance Committee and then by two-thirds of the County Board.

AUTOMATED SYSTEMS

Automated Accounting, Payroll, Cash Management & Financial Reporting Systems

The Kankakee County Administration Department, Finance Department, Treasurer Department and Auditor Department utilize automated software systems for payroll, cash management, budgeting, accounting, general ledger, accounts payable, inventory, and financial reporting. Paylocity is the payroll & timekeeping software system used by the County. The automated system used for cash management, budgeting, accounting, general ledger management, accounts payable, and financial reporting is Abila MIP Fund Accounting. The inventory system is Sage Software.

Security Access to Networks

The Payroll Manager, Benefits Coordinator, and the County Administrator are the only employees with administrative access to Paylocity. Access is gained through a password. Paylocity is an internet web-based application. The backup is web based, stored off site. Backup is performed nightly.

Members of the Administration Department, Finance Department, the Treasurer's Office, and the Auditor's Office have access to the MIP system. A password is used to access the MIP system. Each individual has their own password and only the system administrator can create passwords within MIP. The Finance Director is the current MIP system administrator and can also control which employees have security access to the various modules within the MIP system based on the responsibilities delegated by the County Board through this fiscal policy and procedure manual and the employee's job duties.

MIP is a Microsoft active directory Microsoft 2012r2 network application and is patched to current levels based on MIP recommendations. The data resides on a local network server. A MIP server wide backup is performed nightly and is stored on local USB hard drives. The hard drives are rotated weekly and are stored in a Vault in the County Court House Vault (offsite).

FAS Gov 100 Fixed Asset Accounting software by Sage Software, Inc. is the County's Inventory system. It is PC based with direct access on a sole computer located in the Finance Department. The County Auditor and Chief Deputy of the County Auditor's office access the system by password.

The current operating system used for MIP is Windows 2012r2 server.

Fund Accounting

The accounting system is on a Fund basis. Each Fund is an independent fiscal and accounting entity with a self-balancing set of accounts.

BASIS OF ACCOUNTING

There are two fundamental methodologies of accounting, each with assumptions, constraints and theories, which guide all financial recording, reporting, and measurement activities: Cash and Accrual.

- Cash basis accounting records financial events only when cash actually changes hands in an arms-length transaction
- Accrual basis accounting records revenues when earned and expenses the costs associated with the revenue earned when incurred.

The County's governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Therefore, the County considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Accounts of Record

Separate accounts will be maintained as required by funding source regulations.

The accounts of record are as follows:

1. General Ledger (All activities in balance sheet and revenue/expenditure accounts)
2. Sub-ledgers
 - a. Check Register
 - b. Disbursements Register
 - c. Journal Voucher Register
3. Cash Journal

Chart of Accounts

All financial transactions will be coded according to the Chart of Accounts. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The County Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. Every Fund has a designated cash account that is issued by the County Treasurer or his designee.

Each fund is assigned a 3 or 4-digit number. Then each transaction is assigned a 3-digit number which designates the necessary department. The next series is a 5-digit object code. This identifies it to a specific asset, liability, revenue, or expenditure line item. If needed, the next series is a 3-digit code which ties the revenue or expenditure to a grant. The entire Chart of Accounts can be viewed separately.

Based on State statute and/or request by a County official, the County Auditor determines if a new fund or object code is appropriate for all codes. The Auditor completes a Chart of Accounts Addition/Change form and submits it to the Finance Director (see Exhibit A). The Finance Director and County Treasurer determine the appropriate account type, default offset accounts and report groups as account assignments determine cash flow and management reporting. Executed forms will be returned to the Auditor once set up of the new account is completed in the Finance Department.

Any unresolved disputes related to this section will be taken to the next monthly Finance Committee meeting. In the event of an emergency, the County Board Chairman reserves the right to direct the completion of any activity in this section.

INTERNAL CONTROL

Financial duties and responsibilities are separated to ensure that no one individual performs more than one of the functions of: authorizing the transaction, recording the transaction and maintaining custody over the assets. Data entry duties will be reviewed by other employees and rotated whenever possible. Specific internal control measures are addressed according to their function in this manual.

ACCOUNTS PAYABLE PROCESSING & CHECK AUTHORIZATION

All expenditures will be authorized for payment prior to processing a check.

Based upon an authorized expenditure, a claim for payment will be prepared for all invoices with the correct vendor, invoice date, invoice number, description, amount, and allocation information. Each claim for payment by a department will be signed by an appropriately authorized individual. A listing of those authorized to sign a claim for payment can be viewed separately.

Each claim for payment will be sent to the Finance Department first. The Finance Department will review the vendor information for annual 1099 processing along with organizing the claims into pay category group batches. These pay category group batches are created to assist the County in cash flow management. Once the A/P claims are organized into the pay category group batches, the group batches will be delivered to the County Auditor's office. The duty of the Auditor's office is to audit all claims against the county, and recommend to the County Board the payment or rejection of all claims presented.

After the claim has been approved by the Auditor's office with a signature or initials by the County Auditor or a deputy auditor, the claims will be entered by pay category group batch by the designated Auditor Department Accounts Payable Clerk

An Auditor Department Clerk does the accounting entry by entering the pay category group claims, in the accounts payable portion of the MIP accounting software. The system tracks claims entered by vendor and by invoice number. Therefore, the MIP accounting system has an

electronic tracking system whereby the same invoice number cannot be repeated for the same vendor.

After the pay category group batch of claims are entered for that day, a pre-check register is printed and attached to the claims. The report is then reviewed against the claims to check for errors.

At this point, the entered claims within each pay category group batch will be returned to the Finance Department for final review and will reside there until the appropriate A/P check run.

Any disputed claims will be brought to the next Finance Committee for review, by the Finance Director or a designee in his absence. If there continues to be a dispute after the Finance Committee review, the County Board Chairman reserves the right to direct the claim to be entered by the person he designates to do so. In the event of an emergency, the County Board Chairman or his designee may direct to pay a claim as soon as possible.

During the regular A/P process and before the claims are paid, the Finance Director, or a designee in his absence, communicates with the County Board Chairman, Vice-Chairman, Finance Committee Chair and Administrator, the recommended pay category groups to pay during the current A/P check run. The County Board Chairman and/or the County's Finance Committee Chair authorize payment of recommended claims per County Resolution #2019-01-08-14. Approval requires sufficient funds are budgeted and available with the appropriate funds and the claims will be presented at a subsequent Finance Committee and County Board meeting.

Once this A/P pay discussion and approval takes place, the Finance Director or a designee in his absence, posts the pay category group batches to the general ledger and then communicates to the Treasurer's Office that the A/P claims are ready.

The Treasurer's Office is responsible for printing the checks for payment. The Account Technician or Deputy Treasurer prints the checks by selecting the posted accounts payable session. After the checks are printed, they are submitted to the County Treasurer and the County Clerk for signatures. All supporting documentation will be made available for review. Facsimile signature stamps of the County Treasurer and the County Clerk will be maintained and utilized according to policy in each of those departments.

Additionally, the Treasurer's Office produces the Accounts Payable Treasurer's Report Bank Transactions report which lists every fund and the total amount of checks disbursed for each fund, and culminates in a grand total for the check run. The Treasurer's Accountant, a County Clerk, and the Deputy Auditor sign this report. The Auditors Office maintains and files the original, and a copy is given to the County Clerk's and Treasurer's departments.

The checks are delivered to the Auditor's Office for review and audit against the claims for payment. The checks are then delivered to the Finance Department. The checks are distributed by mailing the check with one stub attached to the payee with the respective remittance copies. A second check stub is attached to the supporting documentation for filing.

Checks that are for employee reimbursement, or for those vendors that have notified Accounts Payable that they would like to pick up their checks in lieu of having the check mailed to them, are prepared for distribution by the Finance Department. A form is prepared listing the checks to be picked up, and the department head or vendor signs the form when they obtain the checks from the Finance Department. The appropriate department head or his/her designee per the signed Signature Authorization worksheet is on file in the Assistant Director of Finance's office. Once all of the checks have been distributed, the original claims will be sent back the Auditor Department

for filing. The Finance Department will also keep a duplicate Accounts Payable claim file on hand as a back-up.

Adjusting Journal Entries

If a Journal Voucher adjustment is needed for an expense entry, the identified Journal Voucher entry will be sent to the Auditor's Office. Adjusting Journal Vouchers (AJE's) may be compiled by the Auditor's Office and/or the Finance Department with appropriate supporting documentation (see Exhibit B). Entry of all compiled AJE's into the MIP Accounting System is the responsibility of the Auditor's Department, who may retain copies of all entries within the Auditor's office. Entered AJE's are sent to the County Administrator for approval and posting to the general ledger. Once approved and posted, the original journal voucher is forwarded to the Finance Department for filing.

Void Checks and Invoice Reversal - The Finance Department will void checks and reverse incorrect invoice entry, as needed, in the MIP Accounting System. The Auditor's Office will re-enter the invoice, if necessary. Voided checks will have "Void" written across the face of the original check. The voided check will be attached to the void check report showing the check was voided in MIP and filed by the Treasurer's Office.

Credit Cards

The County Administration Department is responsible for administration and oversight of the cards. Activities include issuance and cancellation of the cards and changing of credit limits, if necessary. Requests for credit cards by County employees, including elected office holders, must be submitted in writing to the Administration Department by the Department Head. The request must identify to whom the card will be issued. A card issued to an employee is to be used by that employee only. In addition, the Administration Department is responsible for approval and posting of the Adjusting Journal Entry to post credit card transactions by fund/department/object code.

As indicated in the Credit Card Ordinance, the Kankakee County Auditor is responsible for accounting, monitoring, and generally overseeing compliance with the credit card policy. These activities include reviewing and entering the payment claim in the MIP Accounting System, approving all employee claims utilizing the cards, and reconciliation of the Clearing Account. The reconciliation, which includes a listing of the date, cardholder, amount and vendor of all outstanding transactions, is attached to the credit card claim monthly. In addition, the Auditor's office is responsible for compiling and entry of the Adjusting Journal Entry (AJE) that debits the appropriate fund/department/object code of each transaction and credits the Clearing Account. Once compiled, the AJE is sent to the Administration Department for approval and posting.

The Finance Department is responsible for ensuring activities are reported properly in the County's financial statements by completing the payment claim to the card vendor and ensuring application of the payments is properly recorded by the vendor with a monthly rollforward of activity on the face of the claim.

Cards for most employees (other than Elected Officials and Department Heads) are issued with a \$1 credit limit. On the rare occasions the employee needs to use the card, the department head notifies the Finance office, who is responsible for temporarily changing the limit.

The County Board may, at any time, and without notice to the employee and with or without cause, cancel the credit card. The Auditor's Office may recommend a credit limit reduction or cancellation of a specific card; however, card administration is the authority of the County Board.

ACCOUNTS RECEIVABLE

Receipts of Revenues

Revenue is received by the County in a number of ways.

Department Collections: County departments may collect revenue within their respective department for various charges for service, licenses and permits, and fees and fines. This is collected per their internal department policy. Additionally, checks from other sources for grants, reimbursements, or other reasons are received in their respective departments. The cash and/or checks with the appropriate accounting revenue line item are brought to the Treasurer's Office to prepare for deposit. The Treasurer's Accountant or the Account Technician enters the transaction into the cash receipts portion of the MIP accounting software. A receipt which includes the date received and check amount is printed out and given to the department. At the end of each day, all cash and checks received are collected and the Accountant or the Account Technician prepares a Daily Deposit Report and places the funds in the safe. The following day, the accountant prepares deposit slips to the appropriate banks. The County Treasurer, or the Account Technician in his absence, takes the deposits to the bank.

After the receipts are entered in a MIP session, the Finance Director, or the Assistant Director of Finance in his absence, reviews the session before posting the session to the general ledger.

Wires: The Treasurer's Accountant reviews the bank accounts online on a daily basis to see if any revenue was received by wire. When received, the Accountant enters the transaction into the cash receipts portion of the MIP accounting software. A receipt is printed out and given to the appropriate department.

The County detention bed rental program billing information is provided by the Sheriff Department each month. This billing information identifies the amount of bed rental, overtime, mileage and other reimbursements owed to the County by various federal agencies. The monthly billing information, along with bed rental payment information, is entered into the MIP Accounts Receivable section by the Treasurer's Office.

Transfers

One transfer method occurs when a transfer is made from an investment account to the operating checking account for the corresponding fund. Funds are received in by wire transaction into the IPTIP investment account. A cash disbursement is entered into the MIP accounting software by the Accountant in the Treasurer's Office. A manual check is written to be deposited into the operating checking account of that fund. This type of transaction occurs approximately once per month.

Deposits to the IPTIP investment account are sent by certified mail.

Check & Stamp Storage

Blank checks are stored in a cabinet in the Treasurer's Office behind locked security doors and windows. The signature stamp that adorns the checks is locked in the safe.

BANK RECONCILIATION

The function of bank reconciliation is performed in the County Treasurer's office. The reconciliation of bank accounts containing all funds is performed monthly following receipt of the bank statements. Most bank statements are received by mail, with the exception of First American bank and Illinois Funds. Those statements are received online. Drafts are cleared via the electronic reconciliation function of MIP Fund Accounting. If a transaction is on the bank statement but has not been entered in MIP, the Account Technician works within the Treasurer's Department and the Finance Department to figure out the discrepancy and formulate the appropriate entry. A list of outstanding checks and a reconciliation form is generated by the system showing the bank balance and checkbook balance agree. If an adjustment is needed for an expense entry, the identified Journal Voucher entry will be sent to the Auditor's Office for review and accounting entry into MIP following the standard Journal Voucher process as noted previously.

After this is completed, a report is printed for each bank. The County Treasurer reviews the report. The reconciliation is filed by month and by bank in the Treasurer's office.

Offline Accounts

There are nineteen known offline bank accounts that are controlled at the individual department level. Twelve are checking accounts, two are savings accounts, and five are investment accounts. These accounts are currently controlled and reconciled at the department level.

Interest Allocations

Monthly, interest is reported on the bank statements by the bank to the Treasurer's Office for interest bearing accounts. Interest allocations are performed based on a spreadsheet calculation where the interest is allocated amongst shared funds in the bank account. The month end balance for each fund is entered into the "End of Month Interest Calculation" worksheet, and the interest for that month is allocated to each fund based on the month end balance. A journal voucher is prepared and entered by the Treasurer's Account Technician into the MIP accounting software.

PAYROLL

New Hire & Employee Change Processing

The Administration Department has the responsibility for processing payroll for the County. An orderly process for notification of new hires, changes in pay and payroll status, leaves of absence and both voluntary and involuntary termination is essential to the payroll operation.

The supervisor is responsible for notification of changes, additions, and termination of employees. The information shall be forwarded to the appropriate department head, who is then responsible for notification to the Administration Department. It is imperative that this information is received timely. It is the responsibility of the Administration Department to ensure that the appropriate paperwork and supporting documentation are on file so that compliance with State and Federal laws is documented.

Payroll Processing

Department Heads/Supervisors approve work time reports in Paylocity's Web Time for their employees in their department by 9 am on the Tuesday of payroll week, except as noted on weeks that contain a holiday.

Manual Time Sheets – Each employee fills out their time sheet manually, Supervisor approves, and emails time sheet to Payroll Manager. Payroll Manager manually enters total hours worked for each employee into Web Pay.

Electronic Time Sheets – Each employee is given access to Paylocity's Web Time (an electronic timecard system) with an individual login and password. Hourly employees are required to punch in and out at the start and end of each day. Per department head discretion, some employees are also required to punch in and out on their lunch break. At the end of each pay period, employees are requested to verify their timecards online. Once that occurs, a supervisor must also verify the timecard online. Salary employees are not required to punch in and punch out each day, but are requested to verify their timecards at the end of each pay period. A supervisor must also verify salary employees' timecards—for any salaried employee utilizing paid time off during the pay period.

Upon designated deadline time, the Payroll Manager will "lock down" the time cards, verify any unpunched cards, or unapproved cards, contact Department Head or Supervisor to fix the card. Then Payroll Manager will import time cards into Paylocity Web Pay. At this time Payroll Manager will visually go thru each individual employee time card to verify that time card is correct to her knowledge, contact Department Head or Supervisor if a card looks to be incorrect, and then will fix time card in Web Pay with approval of Department Head. If any changes need to be made after lock down, Payroll Manager will unlock time cards after payroll has been transmitted for Department head to fix time card.

After all time cards have been verified for each employee in each department, the Payroll Manager runs the "Pre- Processing Payroll Register Report". This report provides a summary by department by employee which can then be checked in comparison to timesheets for accuracy.

The payroll is then transmitted to Paylocity electronically; where upon receipt, the Payroll Manager receives an email from Paylocity verifying the payroll has been submitted. Submission of the payroll updates any changes including new employees, address changes, salary changes, benefit changes, deduction, taxes, and net pay.

Once Paylocity has processed the payroll, wiring instructions are sent to the Payroll Manager.

When the wiring instructions are received, the Payroll Manager runs the payroll cover sheet and faxes this to the Accountant in the Treasurer's Department so that the appropriate amount can be wired to Paylocity to cover the payroll disbursement. The Payroll Manager also runs the General Ledger Report and the Payroll Register with ER Taxes. These reports are given to the Finance Department WIA Staff Accountant who prepares the journal voucher and accounts payable

entries and then sends all of the payroll entries to the Auditor Office for review and accounting entry into the MIP accounting system.

At this point, the Payroll Manager also prepares the grand total report listing out the cash disbursements and payroll wire transfer amounts. It outlines the separate amounts comprising the wire to Paylocity, in addition to the amounts to wire for AFSCME, Teamsters, NCILDC and FOP union contributions, deferred compensation contributions, and child support payments. The Payroll Manager verifies totals equal the payroll total.

This documentation is then bundled together with additional supporting documentation for the payroll and submitted to the Assistant Director of Finance. The Assistant Director of Finance reviews entries, verifies appropriate documentation is complete, and enters the cash disbursement into the MIP accounting system.

In addition, the Payroll Manager sends the County Auditor the following reports: Year-to-Date Payroll Register, Payroll Packet, General Ledger Report, Payroll Register with ER Taxes, Payroll by Cost Center Report and County Board Per Diem Report prior to the pay date.

The cash disbursement report is added to the payroll documentation and submitted to the Finance Director. The Finance Director reviews all payroll reports and posts the corresponding transactions in the MIP accounting system.

Nearly all employees are paid by direct deposit. Net check amounts for these employees are transferred by Paylocity to the account(s) designated by the employee on their Paylocity self-Service Portal.

For any paper check, Paylocity prints the payroll checks and the payroll checks are signed by a Paylocity official. Check stubs are accessible by the employee in Paylocity through their Self-Service Portal. The checks are sent to the County by Paylocity's courier, to the Payroll Manager, who then delivers them to the Finance Department WIA Staff Accountant. This employee counts the checks and segregates them by department before verifying the total check count matches the count on the payroll cover sheet.

Each department's payroll checks are placed into corresponding envelopes and given to the Finance Department Accounts Payable Clerk for distribution. The departmental payroll checks are disbursed to the appropriate department head or his/her designee per the signed Signature Authorization worksheet on file in the Assistant Director of Finance's office. It is then the duty of the department head to distribute the payroll checks to the staff in his/her office.

INVENTORY & CAPITAL ASSETS

Acquisition of fixed assets is an expenditure of governmental fund resources. General fixed assets are classified as land, buildings and building improvements, infrastructure, machinery and equipment, and construction in progress. In order to record and report the manner in which fixed assets are acquired, it is necessary to group fixed assets according to the source of financing. General fixed assets shall be recorded at cost, or if cost is not practicably determinable, at estimated cost.

Records:

In order to track and maintain control of County assets, accurate records are imperative. Assets purchased that meet the capitalization and accountability policies recorded in the fixed asset system and copies of all purchase orders, invoices, etc. are retained in the Auditor's Office as

support for the capitalized amount. Transfers, sales, or disposals of tagged assets must be communicated to the Auditor's Office for proper asset accounting. Assets with an original cost of \$5,000 and greater shall be included in the County's insurance schedule listing for accountability purposes.

Capitalization Policy:

It is the policy of Kankakee County to capitalize assets that meet the following criteria:

- Assets with an original cost of \$5,000 or more **and**
- Assets with a useful life of greater than one year **or**
- Assets that extend the life of an existing asset longer than its original life

Useful life estimates shall be as determined by Internal Revenue Service guidelines and other authoritative sources.

Only assets purchased that meet both of the above criteria must be budgeted and expensed in Capital Assets general ledger account numbers 85000, Purchase of Equipment, through #87510, Building Improvements. Any assets with an individual acquisition value of less than \$5,000 and/or life of less than one year must be expensed in a "supplies type" or "repairs" account.

As capital assets are purchased by a department, the department head or elected official shall fill out the Inventory Sheet (green sheet-see Exhibit C). The inventory sheet shall include, the department documents the date of purchase, the item description, the amount of purchase, and location of the item.

Disposal/Sale:

Equipment and materials no longer used in County operations shall be sold utilizing a method that ensures the asset is sold for its current fair market value. Any assets purchased utilizing grant funds must first have the approval of the grantee and subsequently in open auction to the highest bidder.

Accountability Policy:

The Inventory Sheets may also be used to document the transfer or disposal of an asset, and would then follow the same process that follows. In accordance with Generally Accepted Accounting Principles, disposal proceeds and/or trade-in values must be recorded as revenue of sales of assets. Any difference between proceeds and the current book value of the asset must be recorded as gain/loss on sale/disposal of assets.

After the Inventory Sheet is completed, the reporting department sends it to the County Auditor's office. The Auditor's staff will then locate the item and tag it with a "Property of Kankakee County" barcode tag. All items exceeding \$500 purchase price shall be tagged.

The Auditor's office enters those items that meet a \$500 threshold into the Sage Software asset management system. Additionally, all pieces of computer equipment and software, regardless of price are entered into the asset management system. At the time of entry, the Auditor's office enters the barcode tag number, the date of purchase, the item description, the purchase amount, and the location into the asset management system. For computer equipment, the serial number is used in lieu of a barcode tag. In addition, a useful life is assigned to the asset based on the Kankakee County Capitalization Policy and other available resources.

At the end of each fiscal year, the Auditor's office reviews the general ledger for items that may qualify for the County's Capitalization Policy, those items that exceed \$5,000, but may not have been tagged and entered through the normal system. If an item is found in the general ledger that has not been previously reported, the Auditor's staff enters the necessary information into the asset management system.

Annually, the Auditor's office also sends a memo and a copy of the Inventory Sheet to all County departments reminding them of the procedures necessary to document capital assets.

In order to maintain and continually monitor the assets that have been put into use, a member of the Auditor's office will conduct an annual inventory of County property.

FISCAL YEAR-END CLOSE

The fiscal year-end close process is required to prepare the general ledger accounts for financial statement presentation. Beginning with the FY2020 year-end close, the Auditor's Office will be responsible for the year-end close process.

Due to the importance of the fiscal year-end close and its relation to the annual financial statement presentation in the next section, the County Board recommends that the Finance Department perform a simulated offline fiscal year-end close and communicate to the Auditor's Office any year-end close items that may need attention.

Any unresolved disputes related to this section will be taken to the next monthly Finance Committee meeting. In the event of an emergency, the County Board Chairman reserves the right to direct the completion of any activity in this section.

ANNUAL AUDIT & COMPREHENSIVE ANNUAL FINANCIAL REPORT

An annual audit is required to provide reasonable assurance that the financial statements of Kankakee County present fairly the financial position, results of operation and cash flows or changes in financial position in accordance with generally accepted accounting principles. Legal compliance is considered an integral part of both managerial responsibility and accountability of the fiscal audit. The audit is completed in compliance with 55 ILCS 5/6-31006 and includes statements in conformity with generally accepted public accounting principles, the professional opinion of the accountant(s) with respect to the financial status and operations and certification of the accountant(s) that the audit is performed in compliance with generally accepted audit standards. The audit report is filed with the Illinois Comptroller annually in compliance with State statute.

As the County Board has managerial responsibility, the Board is responsible to hire a qualified CPA firm to perform the required annual audit of the County's financial transactions including all federal grant awards. The County Board encourages the continued publication of a Comprehensive Annual Financial Report (CAFR) as the official report of the County at the end of the annual audit. The Finance Director is responsible for managing the annual audit and for the production of the CAFR report.

FEDERAL GRANT STANDARDS

In administering and managing federal grants, the County adheres to specific requirements and special clauses contained in the grant agreement, Federal Regulations, UNIFORM Circulars, and State issued policy or guidance. Specifically, the County follows Uniform Guidance (CFR Title 2 Part 200).

GRANT MANAGEMENT

Individual departments are responsible for seeking out and applying for grants that they deem will benefit services provided in their department. If a grant requires a local match, the department is responsible for bringing the application to the Finance Committee for approval. Grant applications should be signed by the County Board Chairperson for submittal to the granting agency.

Financial Management

When a grant is awarded to the County, for fiscal purposes, copies of the award letter, grant contract, and any other pertinent information should be sent to the Finance Department. There the grant will be assigned a 3-digit number in correspondence with the County's chart of accounts after full review from the Auditor Department. This will be used to identify and track revenues and expenditures for individual grants within the accounting software. Use of this system allows the Finance Department to produce revenue and expenditure reports as well as general ledgers for each grant.

The general ledger is used as the basis for the expenditure reports submitted for each grant to the granting agency.

Payment

Grant disbursements shall be supported by adequate documentation such as time sheets for time worked, invoices and/or approved claim for payment form for other disbursements and reimbursements. In no case will expenditures be made without the supporting documentation being reviewed and approved. Invoices that are received electronically are printed, and are subject to the same review, approval, and processing procedures as paper invoices that are received. The paying department must minimize the time between receiving funds from grant, account, or other source of funding and payment to agent responsible for time worked, invoice, or claim, as described above, in fulfillment of Federal Uniform guidance section Title 2 section 200.305.

General Procurement Standards

In procuring bids for purchase of any and all contracted goods, services, or work to be completed by outside contractors, selection of supplier, contractor, or firm shall be governed by the following policies in fulfillment of Federal UNIFORM guidance section 200.318-319. The selection of contractors and/or providers of goods and services as described above must be made in the format of a Request for Fund Procurement (RFP) and must be overseen and approved by the following: Kankakee County Board, as applicable, and the current Assistant Director of Finance as representative of the county as the fiscal agent. In the selection and approval of RFP, as described above, no employee, officer, agent may participate in selection, award, or administration or any contract if he/she has any real or apparent conflict of interest. Conflict of interest may arise when the employee, officer, or agent, or any immediate member of his/her

immediate family including his/her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from any firm or agent considered for said contract, as described in Federal Uniform Guidance Title 2 section 200.318. No employee, officer, or agent involved in the selection and approval of any RFP must neither solicit nor accept any Gratuities, Gifts, or Favors of any monetary value contractors, or parties to contracts and/or subcontracts. Should any employee, officer, or agent be found in violation of the conflict of interest standard of conduct as described above, He/she will be subject to disciplinary action including the possibility of suspension, termination, or legal action as applicable to situation. Cases of violation of above conduct will be brought before the Kankakee County Board.

Competition

Contracts should be negotiated at lowest reasonable cost, with only contractors capable of fulfilling the contract fully, and should encourage set quote contracts preferentially over open-ended estimate contracts when available. The Finance department and ordering department should keep detailed historical record of procurement, including receipts/ invoices and purchases shall be entered into Fund Accounting Software. This will allow for the tracking and prevention of any unnecessary duplicate or excess purchasing. Procurement transactions must be completed in a manner providing open and fair competition with contractors, and therefore invitations for bids shall be solicited to as many contractors as available for bid. There may not be any unfair or unnecessarily restrictive terms in bid contract such as arbitrary requirements for application or experience, requirement of any specific brand of good provided, and specific potential bidders may not be precluded from solicitation period.

Methods of Procurement

For the Procurements Made Under Federal or State Grant Funds

The procurement of goods, services, or work completed by outside contractors shall be completed in such a manner to fall under 3 potential categories of process. Micro purchases, which are purchases of goods and services less than \$3000.00 (or \$2000.00 in the case of construction projects) shall be distributed equitably between all available providers, therefore no preferential treatment may be granted to any particular provider. Micro-purchases may be completed without soliciting multiple bids if the purchasing agent believes the price to be reasonable. Small purchase procurements, defined as those over the above \$3,000(\$2,000 construction) limit but below the simplified acquisition threshold (\$150,000 per State Procurement code and Federal Uniform Guidance Title 2 section 200.318), should have no less than 3 bid quotes from qualified contractors, as long as there are enough available, and the least costly contract fulfilling procurement requirements shall be chosen. Should a procurement be expected to cost above the simplified acquisition threshold (150,000 per State Procurement code and Federal Uniform Guidance Title 2 section 200.318), sealed bids shall be solicited publically and advertised, so that as many bids as possible may be submitted for review, and at least 14 Calendar days before Bids are due to open (In compliance with (30 ILCS 500/20-35). The bid with the least cost for full required service will be selected, with preference of fixed price quote contract over open ended estimate contract.

Grant Compensation

In all departments staff time is kept on a timesheet. On these timesheets, daily time is delineated between non-grant and grant time when applicable. At the end of the month, the Assistant Director of Finance will identify adjustments as necessary so that the payroll and corresponding benefits charged are allocated between grant and non-grant time and reported appropriately, in accordance with Federal Uniform guidance section 200.430. Any identified adjustments will be sent to the Auditor's Office for review and accounting entry into the MIP software. Employees will be paid on an either hourly or salaried basis, depending on the responsibilities of the employee as agreed upon by the employee, department head, and human resources director at the time of position acceptance, a position change, or a negotiated raise, until such a time as the employee is no longer employed by the County. All records of payroll and timesheets will be kept and monitored by the applicable department head, the human resources director, and the Assistant Director of Finance. Employees will be compensated on a bi-weekly basis unless otherwise specified in their employment contract.

WORKFORCE INVESTMENT OPPORTUNITY ACT (WIOA)

The Kankakee County Board and the Kankakee County Finance Department continue to be the fiscal agent for the three County WIOA region in Illinois. Due to the contractual nature of this ongoing agreement, the Finance Department staff will continue to have Journal Voucher access into the WIOA Funds in the MIP Software. The ongoing agreement will need to be that the Finance Department staff will only interact with WIOA Funds exclusively and not interact with any other Funds in the MIP System. Likewise, the Auditor's Office agrees that they will interact in all of the non-WIOA Funds only and not interact in the MIP System in any of the dedicated WIOA Funds.

For further clarity, WIOA Funds are four-digit codes and numerically begin with Fund Code 01, 02, 03 & 04 etc. in the MIP System. (Finance Only)

All of the other Governmental Funds are three-digit codes in the MIP System and start with Fund 055 and higher. (Auditor's Office only)

KANKAKEE COUNTY
Chart of Account Changes

<u>Account Segment</u>	<u>Code</u>	<u>Description</u>
<u>Fund</u>	_____	_____
<u>Dept</u>	_____	_____
<u>Account</u>	_____	_____
<u>Grant</u>	_____	_____
<u>Youth</u>	_____	_____

Explanation:

Please attach any related documentation if available

REQUESTED BY SIGN/DATE: _____

APPROVED BY SIGN/DATE: _____

COMPLETED BY SIGN/DATE: _____

EXHIBIT B

KANKAKEE COUNTY Adjusting Journal Entry

SESSION ID:

Document #

Effective Date Fund Dent Account Grant Youth

Decantation

AMOUNT

8

Explanation:

REQUESTED BY SIGN/DATE:

AUDITORS SIGN/DATE:

ADMINISTRATOR SIGN/DATE:

EXHIBIT C

INVENTORY CHANGE REPORT

DEPARTMENT:

TYPE OF TRANSACTION:

(Mark with an "X")

Addition

Deletion

1

Transfer

Correction

Department Head Signature

Asset Coordinator

Updated 10/29/19