



TRANSBAY JOINT POWERS AUTHORITY

## **Internal Control Procedures for TJPA Financial Functions**

These internal control procedures have been prepared in accordance with the TJPA's Internal Accounting Control Policy. They are to be followed by all TJPA staff and consultants involved in processing, accounting for, and reporting expenditures/expenses and funding sources/revenues.

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**Contents**

- Nature and Purpose of Procedures ..... 1
- Authority..... 2
- Objectives ..... 3
- Transaction Control Activities ..... 4
- Background..... 5
  - Introduction to Logos ..... 5
  - Logos Internal Control, Accounting and Reporting Objectives ..... 6
  - Basis of Accounting..... 7
  - System Structure..... 7
  - Chart of Accounts (Index Code Table)..... 8
  - General Journal ..... 8
- Roles & Responsibilities..... 9
  - Vendors/Consultants/Contractors..... 9
  - Project Manager (PM) ..... 9
  - Finance & Contract Staff ..... 10
  - Chief of Staff..... 10
  - Chief Financial Officer (CFO) ..... 10
  - Director of Design & Construction for the Transbay Transit Center, SF Public Works ..... 10
  - Executive Director ..... 11
- Glossary & Other Terms Used in Procedures ..... 12
- Appropriation and Encumbrance Control and Authorization ..... 15
- Approved Vendor List ..... 16
  - Responsibility for Approved Vendor List Tasks..... 16
- Invoice Review & Approval Procedures: Professional Services & Construction..... 17
  - General Processing Responsibilities ..... 17
  - Project Manager Review ..... 18
- Invoice Review & Approval Procedures: Administrative Costs ..... 20
  - General Processing Responsibilities ..... 21
  - Detailed Review Steps ..... 21
  - Credit Card Controls..... 22
- Payment Authorization Forms (PAF) and Payment Processing ..... 23
  - PAF Types ..... 23
  - PAF Preparation and Payment Processing ..... 23
  - Authorized Check Signers & ACH Approvers ..... 25
  - Safeguarding Blank Check Stock ..... 25

Safeguarding Bank Tokens and PINS .....	25
Responsibility for Tasks in Invoice Cycle by PAF Type.....	26
PAF Certifications .....	27
Invoice Review & Payment Authorization Certifications.....	27
Cash Receipts and Disbursements Journals Certification.....	28
PAF Log.....	28
Miscellaneous Billing Process .....	29
Miscellaneous Billing Process for Local Funders .....	29
AC Transit, SFCTA and SMCTA Processing Procedures .....	29
MTC Processing Procedures .....	29
Miscellaneous Billing Process for State of California (Caltrans) .....	30
Miscellaneous Billing Process for Federal Funders .....	30
FTA Processing Procedures .....	30
FEMA Processing Procedures.....	31
FRA Processing Procedures .....	31
Miscellaneous Billing Process for Trust Account Funds.....	32
Miscellaneous Billing Process for Unrestricted Funds.....	32
Miscellaneous Billing Process for Reimbursements .....	33
Responsibility for Tasks in Miscellaneous Billing by Billing Type.....	34
Revenue Collections .....	35
Cash Receipts and Other Logs .....	35
Responsibility for Revenue Collection Tasks .....	35
Treasury Management .....	36
TMF Processing .....	36
Responsibility for Treasury Management Tasks.....	37
Monthly Bank Reconciliations.....	38
Checking Accounts.....	38
Pooled Investment Accounts .....	38
Investment Management.....	38
Responsibility for Investment Management Tasks.....	39
Payroll.....	39
Anticipated Revisions and Additions to Procedures .....	40
Procedure Appendices .....	40
Appendix A: Security Levels and Approvals for Logos and U.S. Bank SPE.....	40
Appendix B: Examples of TJPA Accounting Forms.....	40

## Nature and Purpose of Procedures

As noted in TJPA Board Policy No. 007, Internal Accounting Control, internal accounting controls establish a framework to provide the TJPA with assurances that assets are reasonably safeguarded, financial transactions are executed as authorized, and transactions are properly recorded. TJPA's internal accounting control system has been developed to establish an environment that creates the appropriate control awareness, attitude, and discipline. The system focuses on areas of inherent risk and balances control costs and benefits, providing reasonable assurance that:

- Transactions are executed in accordance with management's authorization
- Transactions are recorded to permit preparation of necessary reports and financial statements
- Access to assets is permitted only with management's authorization
- Recorded accounting for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The purpose of these procedures is to set forth the method for processing, accounting for, and reporting expenditures and funding sources/revenues. All TJPA staff and consultants involved in these processes shall follow these procedures.

The procedures:

- Are prepared in accordance with the TJPA Bylaws and TJPA Board Policy No. 007, Internal Accounting Control.
- Are prepared to enable TJPA to meet its Vision, Mission and Goals, particularly the goal of Fiduciary Responsibility.
- Are based on the organizational structure and funding sources that exist as of each update to the procedures.
- Establish specific roles and responsibilities for the preparation, review, and approval of each element of TJPA financial transactions, streamlining and segregating duties as appropriate.
- Provide a structure and coding system for accounting and reporting by capital asset category and for appropriation control.
- As of the May 2016 update, principles, objectives and activities outlined in the *Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework (May 2013)* have also been considered and included as appropriate. The COSO Framework is used around the world and recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control.

TJPA will review and process invoices and receipt of funding sources in a consistent, timely, and financially responsible manner in accordance with these internal accounting control procedures.

## Authority

Authority for implementation of the Internal Accounting Control Policy and the Internal Accounting Control Procedures is derived from the TJPA Bylaws. Under the Bylaws:

- The Board appoints the Executive Director, an individual from the City & County of San Francisco's Department of Public Works to oversee construction of the Transbay Project, and the Chief Financial Officer; designates depositories that may be used by TJPA; and receives reports regarding the financial condition of the TJPA.
- The Executive Director generally supervises, directs, and controls the business and employees of the TJPA.
- The Department of Public Works representative oversees all aspects of construction, including design and project controls related to construction.
- The Chief Financial Officer (CFO) causes adequate and correct books and records of accounts to be kept and maintained, including accounts of assets, liabilities, receipts, disbursements, gains, losses, capital assets and other matters customarily included in financial statements.
- The fiscal year is July 1 to June 30 and, by January 1 after the close of the fiscal year, the Board will receive an annual financial report audited by a certified public accountant.

Other Board policies also provide authority and objectives for implementation of these procedures, namely:

- TJPA Board Policy No. 003, Budget Policy: requires quarterly reports to the Board from the Executive Director of the status of budget versus actual expenditures for that fiscal year.
- TJPA Board Policy No. 006, Credit Card Policy: sets forth appropriate uses for a TJPA credit card and authorizes the Executive Director to establish procedures for monitoring credit card purchases.
- TJPA Board Policy No. 009, Investment Policy: establishes the objectives of safety, liquidity, and return (in that order) for TJPA investments; authorizes permitted investments; delegates investment authority to the Executive Director and the CFO; and requires monthly and quarterly reporting to the Board.
- TJPA Board Policy No. 012, Reserve Policy: establishes Emergency, Fiscal, and O&M Reserves for use by the agency and includes levels and authority for use. This policy does not address use of construction contingencies or Program Reserve budgeted in the Program Budgets, which is addressed in other procedures (see *TJPA Program Controls Procedure for Cost Management*, and *Memo to TJPA Board regarding contingency draw procedures 8/28/13*)
- TJPA Board Policy No. 014, Capitalization Policy for Capital Assets: establishes TJPA's six capital asset categories and addresses depreciation; establishes a capitalization threshold of \$5,000 or more in acquisition cost and a useful life of more than one year.

- TJPA Board Policy No. 017, Debt Management Policy: sets forth policies and procedures governing issuance and management of debt, and establishes that each debt financing must be approved by the Board, with delegation of day-to-day debt structuring and management to the CFO.

## Objectives

“A system of internal control over financial reporting is designed and implemented to prevent or detect, in a timely manner, a material omission from or misstatement of the financial statements due to error or fraud.” *COSO Internal Control – Integrated Framework*

The following management objectives for TJPA’s internal accounting control system are included in TJPA Board Policy No. 007:

- Ensure adherence to laws, regulations and policies
- Ensure that reliable data are obtained, maintained, and properly disclosed in reports
- Promote economy, efficiency and effectiveness of operations
- Safeguard resources against loss due to errors or irregularities
- Alert senior officials to departures from established policies and procedures
- Detect activities which have not been properly authorized or which undermine the achievement of organizational goals and objectives.

In implementing the Internal Accounting Control Policy, TJPA financial staff have adopted the following information-processing objectives defined in the *COSO Internal Control – Integrated Framework*:

- **Completeness** – Transactions that occur are recorded.
- **Accuracy** – Transactions are recorded at the correct amount, in the right account, on a timely basis at each stage of processing.
- **Validity** – Recorded transactions represent events that actually occurred and were executed according to prescribed procedures with proper authorization.

At a more granular level, TJPA financial staff are tasked with achieving the following objectives:

- No contingent or actual liability will be incurred without first obtaining and recording funding, appropriation, and contracting authority. Program costs will be recorded, accumulated, and reported in accordance with the TJPA annual budget/appropriation chart of accounts.
- No one individual will have access to a complete transaction cycle. The check writing and cash collection functions will be segregated from the recording, reporting, bank reconciling, and Approved Vendor List maintenance functions.
- Collections will be properly identified and promptly deposited intact.
- Disbursements will be prepared on the basis of adequate and approved documentation, compared with supporting data and properly approved, signed and mailed. Expenditures will be incurred in conformity with approved appropriations.

- Bank and trust accounts, check stock, and any check writing devices will be subject to effective custodial accountability procedures and physical safeguards.
- Transactions will be promptly and accurately recorded in adequately detailed records and appropriate reports issued.
- Transactions will be properly accumulated, correctly classified and summarized in the general ledger accounts. General ledger cash and investment balances will be properly and timely reconciled with institution statements.
- Budget versus actual reporting will be provided on a timely basis and explanations are provided for significant variances.
- Program costs will be recorded, accumulated, and reported by capital asset category.

## Transaction Control Activities

TJPA financial staff utilizes the following types of transaction control activities from the *COSO Internal Control – Integrated Framework* in implementing these procedures:

- Authorizations and approvals – authorization affirms that a transaction is valid and typically takes the form of an approval by a higher level of management or of verification and determination that a transaction is valid.
- Verification – verification compares two or more items with each other or compares an item with a policy, and performs a follow-up action when the two items do not match or the item is not consistent with policy.
- Physical controls – equipment, securities, cash and other assets are secured physically and are periodically counted and compared with amounts shown on control records.
- Reconciliations – reconciliations compare two or more data elements and, if differences are identified, action is taken to bring the data into agreement.
- Supervisory controls – supervisory controls assess whether other transaction control activities are being performed completely, accurately, and according to policy and procedures.

Segregation of duties is a key transaction control activity used by TJPA to reduce the risk of error or inappropriate or fraudulent actions. Segregation of duties generally entails dividing the responsibility for recording, authorizing and approving transactions, and handling the related asset. Segregation of duties can address important risks relating to management override by dividing responsibilities between at least two employees. Management override describes action taken to override controls for an illegitimate purpose, including personal gain or enhanced presentation of financial condition or compliance status. Management override should not be confused with management intervention, which represents action that departs from controls designed for legitimate purposes. At times, management intervention is necessary to deal with non-recurring and non-standard transactions or events that might otherwise might be handled inappropriately. Providing for management intervention is necessary because controls cannot be designed to anticipate and mitigate every transaction and risk. Management’s actions to

intervene should generally be overt and documented or otherwise disclosed to appropriate personnel.<sup>1</sup>

TJPA has a small staff, but achieves segregation of duties or appropriate checks and balances through its processes, particularly in the Logos financial system and electronic banking processes. A minimum of two approvals is required for every transaction in Logos as well as the US Bank online banking system. Security levels and roles can be found in the document Security Roles saved at S:\Finance\Policy & Procedures\Internal Control Procedures and attached hereto as Appendix A.

In accordance with the *COSO Internal Control – Integrated Framework* principles, the activities in these procedures shall be performed:

- In a timely manner
- With corrective actions taken as necessary
- By competent personnel with sufficient authority to perform the activity
- With periodic management reassessment to determine continued relevance and refresh as necessary

## Background

Many TJPA transactions were formerly processed through the San Francisco Municipal Transportation Agency (SFMTA) and Local Government Services (LGS). In September 2006, TJPA consolidated evolved procedures and forms and took over processing all financial transactions through the Excel-based TJPA Governmental Accounting System (GAS).

In December 2006, a determination was made to accumulate program costs by capital asset category, and GAS was subsequently modified to accommodate this change.

The TJPA replaced GAS with an integrated automated financial accounting system, Logos, with a “go-live” of July 1, 2009. A manual conversion was performed with summary transaction data entered into Logos through June 30, 2008. Individual transactions were entered beginning July 1, 2009. A thorough review of conversion data was performed by the TJPA CFO. These internal accounting control procedures were revised as appropriate with the implementation of Logos. These procedures do not provide detailed instructions for entering transactions in Logos or the banking system; staff should refer to the Logos manual or banking instructions in the TJPA shared drive.

In January 2012, TJPA became its own employer of record, replacing LGS, and internal controls were established and implemented for payroll and benefit processing.

## Introduction to Logos

Beginning with individual transactions on July 1, 2009, the TJPA transitioned from GAS to the Logos financial system for recording and reporting of all financial data. Logos is a Government

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<sup>1</sup> *COSO Internal Control – Integrated Framework, May 2013*



Off The Shelf financial system designed, implemented, and maintained by New World Systems (now Tyler Technologies).

Logos offers a variety of modules to accomplish the various recording and reporting needs for public sector organizations. The TJPA purchased the following modules to meet its financial objectives.

- Logos.net Financial Management Suite
  - General Ledger
  - Accounts Payable
  - Revenue/Cash Receipting
  - Project Accounting
  - Miscellaneous Billing and Receivables
  - Government (GASB) Reporting
  - Bank Reconciliation
  - Debt Service (in development)
  - Investment Tracking (in development)
- Logos.net Procurement Management Suite
  - Contract Accounting
  - Purchasing

The Logos.net Financial Management Suite is an integrated, comprehensive financial tool that automates all aspects of government financial management, designed with built-in accounting procedures and auditing controls. All transactions are processed in real time and are immediately available for inquiry and reporting. When an authorized user enters financial information, the system immediately verifies the validity and integrity of the data and provides onscreen messages for incorrect information. The system automatically updates the appropriate general ledger accounts from all relevant transactions within the system. The system processes a nightly backup of all transactions. The software is equipped with built-in security requiring a valid user ID and password, allowing only authorized personnel the ability to view or enter information. System administrators can also restrict certain users to specific screens, based on the level of security associated with their user ID. Security is controlled by the TJPA CFO, with security changes reviewed by the Financial & Systems Accountant | HR Analyst as a compensating control.

The software is based on the Chart of Accounts, which meets and exceeds the standards recommended by Generally Accepted Accounting Principles (GAAP). Encumbrance accounting is built into the architecture of the Logos.net Financial Management application and automatically updates encumbrances simultaneously with transaction entries.

The system supports a variety of transactions and updates by creating journals. The system automatically assigns journal numbers, tracks all aspects of the transactions and makes the appropriate entries to the General Ledger.

### **Logos Internal Control, Accounting and Reporting Objectives**

Because the current focus of the TJPA is on the construction of the Transbay Transit Center and the Caltrain Downtown Extension and actual operations are in the future, Logos was designed to

account for and report on inception-to-date capital outlay financial activity, as well as to capture year-to-date capital outlay financial activity for the preparation of audited annual financial statements and periodic financial management reports.

Logos is also being used to account for the outlays and revenues associated with the temporary operations of the Temporary Terminal; the Temporary Terminal is a “subfund” in Logos.

The system is designed to accomplish the following internal control, accounting and reporting objectives:

- Provide TJPA management and project managers with relevant contract, appropriation, revenue, and financial statement information on a timely basis
- Provide general ledger control over assets and liabilities
- Facilitate preparation of audited financial statements
- Provide a clear audit trail
- Demonstrate compliance with funding partner financial reporting requirements
- Provide flexibility as accounting and reporting requirements evolve

### **Basis of Accounting**

TJPA utilizes the full accrual basis of accounting. Capital outlay transactions are recorded on the full accrual basis of accounting, as are expenses associated with Temporary Terminal operations. Revenue is recognized based on the date of billing to funders throughout the fiscal year, but fully accrued at fiscal year end. Periodic reporting during the fiscal year, such as quarterly budget to actual reports, is done on the full accrual basis of accounting (as of information available at cut-off dates for report preparation), using the data in Logos as the starting point for measuring the actual revenue and expenditure data and then adding unpaid in-house invoices.

### **System Structure**

Logos is structured according to funding source so that funds are not commingled. Each funding allocation, for example MTC RM-2 allocation 09365114 (MTC114), is a “fund” within LOGOS, although not a fund for financial reporting purposes. TJPA staff often refers to these as “subfunds”, which is how GAS was structured.

Program costs are recorded, accumulated, and reported by capital asset category, which correspond to “projects” in Logos:

- T Transbay Transit Center (TTC)<sup>2</sup>
- D Downtown Extension (DTX)
- E Equipment
- ESMT Intangible Assets – Easements
- I Intangible Assets – Information Technology
- L Land (ROW)

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<sup>2</sup> Includes Transit Center, Bus Storage Facility, Bus Ramp, and Temporary Terminal

Additional programwide costs (such as rent, salaries, and benefits) are captured in the P/Programwide project, and allocated to the Transit Center and Downtown Extension capital assets via fiscal year end adjusting journal entries.

### **Chart of Accounts (Index Code Table)**

The Index Code Table (i.e., Chart of Accounts) is maintained by and available from the Financial & Systems Accountant | HR Analyst, in coordination with the CFO. Each new version of the Chart of Accounts displays additions highlighted or in italics.

- Appropriations and encumbrances are recorded by Fund by Object of Expenditure by Contract by Vendor. Appropriations do not require the Capital Asset Category Code. Encumbrances do require the Capital Asset Category Code.
- Capital Asset Expenditures require the fund code, the Capital Asset Category Code, and the Object of Expenditure Code.
- Revenue transactions require the fund code and the revenue code.

### **General Journal**

Logos generates journal entries automatically when various transactions are approved, including accounts payable entries, invoice payments, cash receipts, purchase order encumbrances, etc. Journal entries are also created manually to record non-routine transactions such as:

- Establishing appropriations based on notices to proceed, grant agreements, funding partner allocations, and availability of unrestricted or trusteed assets
- Line item appropriation transfers
- Complex transactions such as right of way acquisition
- Accruals
- Adjustments and reclassification entries

Journal entries are prepared and recorded in Logos by the Financial & Systems Accountant | HR Analyst. The Financial & Systems Accountant | HR Analyst also posts journal entries *after* they have two approvals (journals cannot be posted without two approvals). System-generated journal entries (such as entries created by posting Accounts Payable batches, Revenue Collections receipts, Miscellaneous Billings, or Purchase Orders) may be reviewed and approved by the Finance Coordinator or CFO, or in their absence by the Accountant. Manually created journal entries (such as budget appropriations, bank account transfers, account reclassifications, etc.) are reviewed and approved by the Finance Coordinator or the CFO.

## Roles & Responsibilities

### Vendors/Consultants/Contractors

Vendors, consultants and contractors shall timely prepare and submit the required number of invoices for all services performed during the invoice period in accordance with the terms and conditions of the contract/purchase request. Invoices shall segregate costs such as consultant direct labor, overhead, other direct costs (ODCs), subconsultant costs, etc. and shall contain all requisite supporting documentation including, but not limited to, approved timesheets or certified payrolls, receipts, expense reports and invoices for ODCs, and subconsultant invoices with all supporting documentation.

For purposes of these procedures, there are two types of invoices:

- Professional Services and Construction contracts
- Administrative costs

The review, approval, and documentation process for the professional services and construction contracts is more extensive than the review, approval, and documentation process for administrative costs.

### Project Manager (PM)

The Project Manager is the individual who has direct knowledge of the tasks completed, deliverables received, and that services invoiced were delivered in accordance with the authorized vendor purchase request/contract scope, terms and conditions.

The PM may either be a TJPA employee or a consultant. If the PM is a consultant, the responsible TJPA PM must review and approve the consultant PM's invoice review documentation.

PMs are responsible for performing a detailed audit of invoices for completeness and accuracy including, but not limited to, mathematical checks, compliance with contractual requirements, correctness of rates charged and allowability of ODCs. In addition, back-up documentation will be reviewed for appropriate signatures, i.e. timesheets, material invoices, etc.

The responsible PM or his/her designee will review invoices to ensure work performed is within scope and to check compliance with contractual requirements. The responsible TJPA PM will approve invoices by signing the *Invoice Review Checklist*, or otherwise approving the invoices (invoices billing a retainer, for instance, do not require a checklist) and returning them to the Accountant for processing. The PM's review may be assigned to and performed by a designee, but signature approval must come from appropriate PM only after review of designee's work.

A list with the PM for each TJPA contract is available to TJPA staff at S:\Contract Management > Master RFP-Contract List > PMs tab. The Chief of Staff is generally the PM responsible for the review, approval, and documentation process for administrative costs. The Chief of Staff and the Financial & Systems Accountant | HR Analyst are generally the PMs responsible for the review, approval, and documentation process for human resources costs.

## **Finance & Contract Staff**

The TJPA Receptionist, Accountant, Financial & Systems Accountant | HR Analyst, and Finance Coordinator shall be responsible for executing the process and control function which includes receiving, identifying the correct funding source, coding, controlling, and distributing invoices to PMs, preparation and distribution of *Payment Authorization Forms (PAF)*, submitting TJPA PM-approved invoices with PAFs to the Executive Director for final approval, and processing approved invoices for payment after final approval.

Once an invoice has final approval, the Accountant, Financial & Systems Accountant | HR Analyst, or Finance Coordinator will complete the TJPA accounting transactions in Logos and prepare the forms required by the funding partners for billing.

The Contract Compliance Officer, in coordination with the CFO, is responsible for drafting and/or reviewing Notice to Proceed (NTP) letters and Contract Change Orders (CCOs); once NTPs/CCOs are executed the Contract Compliance Officer is responsible for setting up the associated encumbrances in Logos via Purchase Orders. The Contract Compliance Officer is also responsible for overseeing compliance with Disadvantaged Business Enterprise (DBE)/Small Business Enterprise (SBE) requirements and monitoring the DBE/SBE participation goal, if a goal has been established for the contract, and serves as the Small Business Enterprise Liaison Officer (SBELO) under TJPA Board Policy No. 015, Small Business Enterprise Policy. The Finance Coordinator position, responsible for financial reporting, also serves as a backup for the Contract Compliance Officer on a regular and as-needed basis.

## **Chief of Staff**

The Chief of Staff participates in the finance function by approving payment batches in the Logos financial system, approving ACH batches and transfers in the online banking system, controlling physical check stock and the office credit card, and serving as a backup for various processes as detailed in these procedures. The Chief of Staff may also sign *PAFs* in the absence of the Executive Director.

## **Chief Financial Officer (CFO)**

The Chief Financial Officer is responsible for management of the other Finance staff and function and Contract Compliance staff, and the final review of the TJPA annual financial reports after preparation by the Finance Coordinator. The CFO has budget appropriation authority up to certain limits, discussed in these procedures. The CFO has management responsibility for TJPA investments under TJPA Board Policy No. 009, Investment Policy, for TJPA debt under TJPA Board Policy No. 017, Debt Management Policy, and is also the designated DBE Liaison Officer (DBELO) under TJPA Board Policy No. 010, Disadvantaged Business Enterprise Program.

## **Director of Design & Construction for the Transbay Transit Center, SF Public Works**

The Director of Design & Construction for the Transbay Transit Center, SF Public Works, is the PM responsible for reviewing design- and construction-related invoices. The Director of Design & Construction has the authority to approve budget appropriations for design- and construction-

related activities and signs all design/construction-related NTP letters as well as construction CCOs, which generally function as appropriation authorizations.

### **Executive Director**

The Executive Director is responsible for reviewing submitted invoices and signing the *Payment Authorization Form (PAF)* to authorize payment before returning the invoice to Finance staff for processing. The Executive Director has the authority to approve budget appropriations and signs all non-design/non-construction-related NTP letters, which generally function as appropriation authorizations. The Executive Director, like the CFO, has management responsibility for TJPA investments under TJPA Board Policy No. 009, Investment Policy.

## Glossary & Other Terms Used in Procedures

**Capital Invoice** or **Operating Invoice** is the invoice that funding agencies (various federal, state or local) require be submitted with all payment requests. This differs by funding agency.

**Contract Status Report** is the Microsoft Excel worksheet or workbook for recording contract information such as term, maximum compensation, insurance expirations, invoices, and remaining balances.

**ECHO Batch Input Form** is the approval documentation for all drawdowns from the Federal Transit Administration (FTA) Electronic Clearing House Operation (ECHO) System. ECHO is a web-based application that processes drawdown requests from and makes payments to FTA grantees. Grantees submit their drawdown data. ECHO then transmits funds for requests approved for payment to the Grantee's financial institution through Treasury's Automated Clearing House (ACH) process.

### Funding Sources at July 1, 2015

#### Federal

- Federal Emergency Management Agency (FEMA) (*no current active grants*)
- Federal Railroad Administration (FRA)
- Federal Transit Administration (FTA)

#### State

- California Department of Transportation (Caltrans) (*no current active grants*)

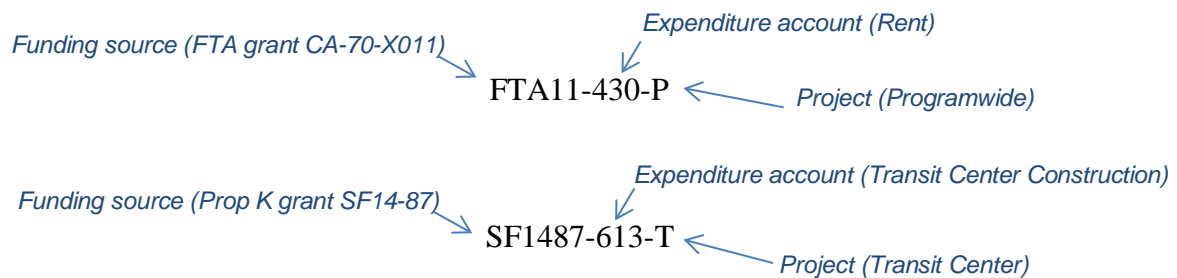
#### Local

- Alameda-Contra Costa Transit District (AC Transit)
- Metropolitan Transportation Commission (MTC)
- San Francisco County Transportation Authority (SFCTA)
- San Mateo County Transportation Authority (SMCTA) (*no current active grants*)
- Unrestricted Interest, Lease, etc. Income

#### Trustee

- Land Sales Proceeds and related Investment Income
- Debt and related Investment Income

**Index Code** is the account code from the TJPA Chart of Accounts. Each index code represents the funding source, expenditure account, and project. For example:



**Index Code/PAF # stamp** is applied by the Receptionist to the face or the reverse of the first invoice page of all non-payroll invoices (applied by the Financial & Systems Accountant | HR Analyst to all payroll invoices), is the audit trail from the vendor file to the *Payment Authorization Form (PAF)*, *ECHO Batch*, *Capital Invoices* and to the accounting system and vice versa. Therefore, the *Index Code/PAF # stamp* is a key internal accounting control. The use of the *PAF #* links accounting records and supporting documents. Providing the index codes on the *PAF* and the invoice provides an audit trail directly from the invoice to the accounting system. Also, as in the case of administrative costs where the *PAF* will include many invoices, doing the initial coding on each individual invoice will facilitate building the *PAF*. An *Index Code/PAF # stamp* example is shown below.

Transbay Joint Powers Authority - PAF #326	
Index Code	\$ Amount
SMCTA01-501-D	162,000
SF0941-503-D	42,000
Total Invoice	\$ 204,000
Coding and Sufficiency of Appropriations Reviewed and Approved By:	

*Index Code/PAF # stamp*

**Invoice** is a vendor’s payment request document reflecting a detailed account of the services and/or goods provided and the costs incurred under a work directive for a specified period of time.

**Invoice Database** is the Microsoft Access database built and maintained by the TJPA Program Management/Program Controls (PMPC) team to record all invoices received. TJPA utilizes the database to track length of time invoices are with project managers for approval or funders for payment; PMPC utilizes the database to download information for the PRISM cost accounting system.

**Invoice Review Checklist (IR Checklist)** is the Microsoft Word document used by the Project Manager to systematically evaluate the accuracy and propriety of the invoice and record any arithmetic and contract compliance errors.

**Invoice Review Transmittal Form** is used to send vendor/contractor invoices to MTC upon receipt for concurrent review with TJPA Project Managers.

**Payment Authorization Form (PAF)** is the TJPA approval documentation for all payments. The *PAF* summarizes the payment amount for the current period and documents the TJPA review, approval, and payment authorization process. Master *PAFs* are not filed with invoices but are filed in a separate PAF Master File.

**Payment Request Form** is the TJPA form required to be submitted to the trustee with any request for payment from the TJPA trust account(s).



**Progress Payment Report** is the TJPA form required to be submitted with most professional service and construction contract invoices, summarizing the DBE/SBE participation for the invoiced period.

**Treasury Management Form** is the TJPA form used to transfer assets between accounts (with the exception of transfers to the payroll account), e.g., from Unrestricted to FRA to advance a payment or from CCSF Equity in Pool to checking to cover upcoming disbursements.

## Appropriation and Encumbrance Control and Authorization

Via journal entry, the Financial & Systems Accountant | HR Analyst [back up: Finance Coordinator] records in Logos:

- The total amount of each grant/allocation award (funding authority) with an Unprogrammed appropriation, based upon receipt of approval instructions from a funder, and direction from the CFO. The Financial & Systems Accountant | HR Analyst sets up a new fund for each new grant/allocation with the appropriate general ledger accounts.
- The line item transfers from the Unprogrammed appropriation to specific appropriations classified by index code, after confirming that the vendor is on the Approved Vendor List, based upon: a notice to proceed or contract amendment/change order for each approved contract, the fiscal year TJPA budget, or an authorization from the Executive Director or the CFO.

Via purchase order, the Contract Compliance Officer [backup: Finance Coordinator] will record in Logos:

- Any required encumbrances, or amendments to encumbrances, based upon: a notice to proceed or contract amendment/change order for each approved contract, the fiscal year TJPA budget, or an authorization from the Executive Director or the CFO.

The Contract Compliance Officer [backup: Finance Coordinator or CFO] is also responsible for ensuring that contracts and amendments are entered in the Logos Contract Accounting Module; the certified payroll reporting system, Elation (for construction contracts and change orders only); and the TJPA DBE Monitoring Log.

On an annual basis the TJPA Board approves the TJPA capital and operating fiscal year budgets. The budget documents provide a broad program budget. Appropriations of those broad budget categories are authorized throughout the year based on the TJPA policies and procedures. Certain expenditures for administrative items such as salaries, benefits, postage, office supplies, professional memberships, and meeting expenses are not based on contracts. These line items in the budget are designated in italics. By approving the budget request for each fiscal year, the Board provides expenditure authorization for those line items. TJPA Finance staff appropriates these approved amounts each year based on the Board's approval of the fiscal year budget. Other expenditures are based on contracts or purchase orders. The Executive Director or Director of Design and Construction's signature on a purchase order, contractual notice to proceed, or contract amendment/change order gives appropriation authority, and TJPA Finance staff appropriates these approved amounts based on those approvals.

The CFO may approve budget appropriations in amounts not to exceed \$25,000 and approve changes in funding sources for previously approved items in amounts not to exceed \$25,000. Approval may be given via authorization letter to a contractor, a purchase order, or email. The CFO may not authorize budget appropriations or changes in funding source for contracts that she directly manages.

## Approved Vendor List

INTERNAL CONTROL OBJECTIVES	
•	Payments are made only to authorized vendors
•	Only authorized transactions are recorded in the accounting system
•	Ability to add vendors and view confidential tax information is limited, preventing opportunities for fraud

TJPA will only make payments to those vendors, consultants and contractors appearing on the Approved Vendor List. The Approved Vendor List is maintained in Logos by the Accountant.

Vendors may only be added to the Approved Vendor List after providing a W-9 and upon approval of the CFO. Parties receiving relocation assistance from the TJPA and other governmental entities such as CalPERS do not need to provide a W-9 to be added to the Approved Vendor List. Relocation Vendors are added to the list if relocation assistance claims are expected. The Chief of Staff can add vendors to the list as the backup to the Accountant. The Finance Coordinator or the Financial & Systems Accountant | HR Analyst will review vendor entries in Logos after they have been made, to verify information against contract and W-9.

The Approved Vendor List is reviewed by the CFO as part of the process of sending out fiscal year-end billing deadline letters out to vendors/contractors. The CFO will provide direction to the Accountant as to which vendors should be marked 'Inactive' in Logos, after checking with staff as needed to determine whether vendors will continue to be utilized. After calendar year end, the Accountant prepares 1099s for the appropriate vendors on the list.

The Receptionist can verify Approved Vendors before entering invoices into the *Invoice Database* using the inquiry function in Logos. This inquiry view does not provide access to confidential information such as vendor tax ID or Social Security Number.

Only the following individuals are to have printed copies of or access to the Approved Vendor List: Accountant, Financial & Systems Accountant | HR Analyst, Chief of Staff, CFO, Executive Director, and Receptionist. Any printed copies will be secured at all times as the list contains confidential tax identification number information.

### Responsibility for Approved Vendor List Tasks

Preparation and Processing Tasks	Position
Request W-9 from new vendor/contractor	PM or any Finance staff
Authorize addition to Approved Vendor List	CFO [back up: Executive Director]
Sets up vendor in Logos following authorization	Accountant [back up: Chief of Staff]
Reviews vendor entry in Logos for correctness	Financial & Systems Accountant   HR Analyst or Finance Coordinator
Reviews Approved Vendor List at fiscal year end for vendors TJPA no longer does business with	CFO

Changes vendor status to inactive at CFO direction	Accountant
Prepares 1099s for submission to vendors and IRS	Accountant
Reviews 1099s prior to submission	Financial & Systems Accountant   HR Analyst or Finance Coordinator

## Invoice Review & Approval Procedures: Professional Services & Construction

INTERNAL CONTROL OBJECTIVES	
•	Scope of services rendered, as described in the invoice and supporting documentation, agree with scope of services described in the contract
•	Unit prices, such as hourly rates for each job classification, detailed on the invoice and supporting documentation agree with unit prices set forth in the contract
•	All arithmetic calculations and cross references between documents have been verified

### General Processing Responsibilities

Approved vendors, consultants, and contractors shall submit the required number of invoices to the TJPA for payment of the services performed in accordance with the terms of the contract. In general, one copy of the invoice is required for all contracts, unless otherwise requested. Invoices are submitted via mail, in person, or through the Accounts Payable email address [ap@transbaycenter.org](mailto:ap@transbaycenter.org). The Receptionist opens incoming mail and monitors the AP email inbox. The Accountant monitors the AP email inbox in the Receptionist's absence.

The Receptionist stamps the face or the reverse side of page 1 of the invoice with the *Index Code/PAF # Stamp*. The Receptionist also enters the invoice into the *Invoice Database* and the *Contract Status Report*. The Accountant records the amounts and index codes to be charged in the space within the *Index Code/PAF # Stamp*. The Financial & Systems Accountant | HR Analyst will validate the accuracy of the invoice coding and verify in the accounting system sufficient available unexpended line item appropriation balances, and sufficient encumbered balances for invoices to be charged against encumbrances.

The Financial & Systems Accountant | HR Analyst then forwards the invoice to the appropriate TJPA Project Manager or to the Receptionist for routing to consultant Program Manager, who shall perform and/or oversee a detailed review process for completeness and accuracy including, but not limited to, mathematical checks, compliance with contractual requirements, correctness of rates charged and allowability of other direct costs (ODCs). In addition, back-up documentation will be reviewed for appropriate signatures, i.e. timesheets, ODC invoices, etc.

The Accountant will track all invoices through the review and approval process to ensure that reviewed invoices are submitted to the Executive Director for payment authorization within ten (10) business days of the receipt of an invoice or returned to the vendor as rejected within ten (10) business days of the receipt of an invoice, unless there are extenuating circumstances to justify holding the invoice for a longer period of time.

An invoice may be rejected or costs will be disallowed if supporting documentation is lacking, the invoice exceeds the not-to-exceed amount of the agreement or if the work performed has not been authorized or is not within the time of performance of the agreement. If rejected, a rejection letter or email will be issued to the vendor or, alternatively, the PM may communicate with the vendor requesting additional information, copying Finance staff. The invoice is then placed on hold while waiting for the additional information.

Upon receipt back from the TJPA PM, the Accountant creates a *PAF* for the approved invoice amount and records any disallowances in the *Contract Status Report* and *Invoice Database*. The Accountant submits the *PAF*, *Invoice Review Checklist*, invoice, and all supporting documentation to the Finance Coordinator for review and financial certification. The Finance Coordinator forwards the *PAF*, *Invoice Review Checklist*, invoice, and all supporting documentation to the Executive Director for review and final payment authorization.

Following the review, approval, and payment authorization of the invoice the Accountant, Financial & Systems Accountant | HR Analyst, or Finance Coordinator will:

- 1) Enter invoice into the Logos Accounts Payable Module and go through the validation and approval process in the system. Disallowed costs will be deducted from the vendor's original invoice and shown as a disallowance on the *Payment Authorization Form*, but are not shown in Logos.
- 2) Bill the relevant funder as soon as practical, ideally within twenty five (25) days of invoice receipt or as allowed by funder invoice timing rules, unless the invoice is returned to the vendor for provision of missing items/information. The transmitted invoice will be accompanied by a copy of the *Payment Authorization Form*. Billing is performed manually as each funder's requirements differ, but all billings are entered in the Logos Miscellaneous Billing Module.

With the exception of invoices paid with TJPA's Unrestricted funds or by the State or the Metropolitan Transportation Commission, invoices are generally paid after funds are received from the funder. The Financial & Systems Accountant | HR Analyst and the Finance Coordinator are responsible for checking the bank daily for funds, and working with the Accountant to initiate the payment process within three (3) business days of receipt of funds.

The TJPA has unrestricted and trusteed income which includes monies collected for sale of land parcels, debt proceeds, leased property rents, interest and investment income, and the sale of transferable development rights. Invoice processing using unrestricted or trusteed income is the responsibility of the Financial & Systems Accountant | HR Analyst.

### **Project Manager Review**

The responsible Project Manager will review the invoice for accuracy of services provided for the specified time period. The PM may approve, approve with deductions, or reject the invoice. Rejection of an invoice or deductions taken on an invoice shall be based on work not authorized, hours billed not worked, deliverables not submitted, etc. If approved with deductions or rejected, the PM will record the rationale for such action(s) on the *Invoice Review Checklist\** and return

the form and invoice to the Accountant (\*invoices billing a retainer do not require an IR Checklist, but rather may be approved on the face of the invoice itself). Invoices shall be returned to Accountant within ten (10) days after receipt from the Financial & Systems Accountant | HR Analyst, unless the PM is working with the vendor to support or revise the invoice, in which case the PM should notify Finance staff and a dated note should be recorded in the *Invoice Database*.

The purpose of the review is to enable the PM to certify that the tasks completed, deliverables received, and services invoiced were delivered in accordance with the authorized vendor contract. The PM's review may be assigned to and performed by a designee, but signature approval must come from appropriate PM only after review of designee's work.

The PM's invoice review is documented on the *Invoice Review Checklist*. The scope of the *IR Checklist* is designed to systematically evaluate the accuracy and propriety of the invoice and record any arithmetic and contract compliance errors. To execute the *IR Checklist* steps, the PM:

- Performs Contract Review: reviews invoice for compliance with contract provisions such as contract rates, other direct costs, and supporting documentation. Compares invoiced rates against contract approved cap, cap exceptions, and annual hourly rate adjustment. Determines tasks completed, deliverables received, and services invoiced are delivered in accordance with the authorized vendor contract.
- Using review marks, verifies all calculations and traces through all cross reference numbers that roll up from detail to summaries. The Cross Reference-two way trace mark must appear on BOTH the "from" and "to" number. For example: A number on the Detail of Professional Services "to" must show a corresponding trace mark on the Actual Time Sheet "from".
- Traces through the invoice the subcontractor detail.
- Traces through the invoice the other direct costs (ODC's) to determine that they are allowable, there is no markup and costs such as FedEx are reasonable.
- Reviews travel reimbursement requests to confirm all requests supported by TJPA approved *Travel Request Form* and comply with the *TJPA Travel Policy* and contractor and subcontractor staff was in town for the specified period.
- Verifies costs for work performed allowable pursuant to funding partner agreements.
- Reviews for completeness and accuracy the DBE/SBE Progress Payment Report. Marks any discrepancies and/or disallowances on the form.
- Performs Project Controls Review: reviews invoice for compliance with expected cash flow, budget limits, and cost/budget codes as applicable.
- Performs Technical Review: reviews tasks applicable to period covered by invoice, invoice consistent with consultant contract scope of work, and the deliverables received consistent with the work invoiced.
- Compares notes from any status meetings to ensure that the scope of goods and services invoiced agree with the actual tasks in process and is in agreement with the Progress Report included with the invoice.
- Reviews timesheets for unfamiliar names, key project staff working primarily on the TJPA Program, matches Job Class to Task/Job/Hours Worked, and tests individual

timesheets for reasonableness such as no overtime charged or hours spent on a particular task inconsistent with other documentation.

- Reviews any contractor cashflow projections and confirms that the cashflow projection has been reviewed with the PMPC project controls team.
- Discusses and resolves with the contractor task over-runs and proposed invoice disallowances.
- Tests the work of the Consultant PM, for contracts which are reviewed by a Consultant PM, to the degree necessary to reach a conclusion as to accuracy and thoroughness, and comports the Consultant PM’s findings and recommendations with the invoice under review. When a staff member, other than the responsible PM, executes the detailed arithmetic review steps, the responsible PM tests the work to the degree necessary to reach a conclusion as to accuracy and thoroughness and comports the staff member’s findings and recommendations with the invoice under review.

Upon completion of his or her review the Consultant PM signs and dates the *IR Checklist* and forwards the review documents to the TJPA PM for review.

The purpose of the TJPA PM’s review of the Consultant PM’s invoice review is to validate the thoroughness of the Consultant PM’s review, comments, proposed disallowances, and recommendations. The scope of the TJPA PM’s review involves evaluating the evidential matter provided by the Consultant PM to determine that all of the required review steps listed in the *IR Checklist* were executed and documented and that the comments and findings presented were appropriate and documented. Any questions resulting from the TJPA PM’s review are discussed and resolved with the Consultant PM. Upon completion of the TJPA PM’s review of the Consultant PM’s invoice review, the TJPA Project Manager signs off and dates the *IR Checklist*, and forwards the *IR Checklist* to the Accountant along with the invoice, supporting documentation, and recommendations for payment/disallowances.

## **Invoice Review & Approval Procedures: Administrative Costs**

The TJPA receives goods and services which do not require a contract. These expenditures generally relate to the administration of the TJPA Program and include such costs as rent, telephone, office supplies, office equipment repairs, travel, conferences, and legal notices. Some of these expenditure types do have contracts or agreements (e.g., rent) but are still treated as administrative costs. The TJPA Chief of Staff is the Project Manager for most administrative costs, and controls access to the TJPA office credit card.

INTERNAL CONTROL OBJECTIVES	
•	Scope of services rendered, as described in the invoice and supporting documentation, agree with scope of services described in the purchase request/contract
•	Unit prices, such as base rent and adjustments, detailed on the invoice and supporting documentation agree with unit prices set forth in the purchase request/contract
•	All arithmetic calculations and cross references between documents have been verified

- |                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Determines tasks completed, deliverables received, and services invoiced are delivered in accordance with the authorized vendor purchase request/contract</li></ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## General Processing Responsibilities

- Upon receipt of the invoice, the Receptionist will stamp the face of the invoice with the *Index Code/PAF # Stamp*, record in the Invoice Database and any CSR, and submit the invoice to the Accountant for coding.
- The Accountant will record the amounts and index codes to be charged and submit the coded invoices to the Financial & Systems Accountant | HR Analyst.
- The Financial & Systems Accountant | HR Analyst will validate the accuracy of the invoice coding, verify in the accounting system sufficient available unexpended and unencumbered line item appropriation balances (or sufficient encumbered balances for invoices to be charged against encumbrances), initial each invoice *Index Code/PAF # Stamp*, and forward the invoice to the Chief of Staff (or relevant PM, i.e., Contract Compliance Officer for invoices for advertisement of RFPs, computer equipment, etc.) for review and approval.
- The Chief of Staff or PM executes the administrative costs invoice detailed review steps described below. The responsible PM will sign and date the face of the invoice thereby certifying that the goods and services were delivered as ordered. Returns the audited invoice(s) to the Accountant for *PAF* preparation.
- Accountant prepares the *PAF TYPE A*, and submits the completed *PAF TYPE A* and invoice(s) with all supporting documentation to the Chief of Staff, Finance Coordinator and Executive Director for review, approval and payment authorization.

## Detailed Review Steps

The Chief of Staff's or PM's administrative costs invoice review is documented on the face of the invoice. Given the nature (less complex than professional services or construction contracts) and volume of administrative costs, there is no checklist attached to the invoice to document the below detailed review steps.

The scope of the review is designed to systematically evaluate the accuracy and propriety of the invoice and detect arithmetic and contract compliance and purchase request errors. In executing the review the Chief of Staff or PM:

- Verifies costs for work performed allowable pursuant to funding partner and vendor agreements.
- Verifies that the description, price, quantity, billing period, discounts, and quality of the goods and services delivered and invoiced are in agreement with the scope of the underlying purchase request information and any contract or purchase order terms and conditions.
- Using review marks, verifies all calculations and traces through all cross reference numbers that roll up from detail to summaries. The cross reference-two way trace mark should appear on BOTH the "from" and "to" number.
- Reviews TJPA employee travel reimbursement requests to confirm all requests supported by TJPA approved *Travel Request Form* and comply with the *TJPA Travel Policy*.
- Discusses and resolves with vendor or TJPA employee proposed invoice disallowances.



## **Credit Card Controls**

The Chief of Staff may authorize use of the TJPA office credit card, which is a procurement card that can only be used at certain types of vendors. It is most often used for postage purchases. Regardless of purchase, the staff person using the card provides the receipt to the Accountant, who matches it to the credit card billing before providing the credit card billing to the Chief of Staff for approval.

## Payment Authorization Forms (PAF) and Payment Processing

The purpose of the various sections of *Payment Authorization Form (PAF)* is to:

- **Account Coding Section:** provide the data necessary to code and record in the TJPA accounting system the general ledger, revenue, expenditure, cash receipts and disbursements transactions
- **Certifications Section:** document the invoice review, approval, and payment authorization process

INTERNAL CONTROL OBJECTIVES	
•	Segregation of Duties: No one individual executes all tasks within a transaction cycle
•	Payment to vendor only made for authorized transactions
•	Payment to vendor only made after receipt of funding partner reimbursement or availability of unrestricted or trusteed cash
•	Checks released within three business days after funding partner funds are deposited or unrestricted/trusteed funds are made available
•	Only authorized transactions are recorded in the accounting system; non-payroll accounts payable transactions entered by an individual with no direct access to banking system
•	Transactions prepared by one individual are validated by another individual prior to the transactions being introduced into the next step in the transaction cycle and data input is compared to output
•	Bank accounts and check stock are subject to effective accountability procedures and physical safeguards

### PAF Types

There are three types of *PAFs*. The type of *PAF* to be used to process an invoice for payment is determined by the following characteristics:

Characteristic	PAF TYPE A	PAF TYPE B	PAF TYPE C
Funding Sources	Single	Single	Multiple
Type of Invoices	Usually Administrative	Usually Professional Services or Construction	Usually Professional Services or Construction
Vendor	Single or Multiple	Single	Single
Number of Invoices	Single or Multiple	Single or Multiple	Single

### PAF Preparation and Payment Processing

- Accountant receives approved invoice from Project Manager for processing, prepares *PAF* and submits documents to Finance Coordinator or Financial & Systems Accountant | HR Analyst for review and approval and submission to Executive Director for review and payment authorization. (*PAF* Type A is also approved by the Chief of Staff, prior to review and certification by the Finance Coordinator and Executive Director.)

- Accountant enters invoice from approved *PAF* into the Logos Accounts Payable Module. Accountant verifies input, approves Logos “Invoice Batch” and submits batch for approval to Financial & Systems Accountant | HR Analyst.
- Financial & Systems Accountant | HR Analyst reviews Logos Invoice Batch for accuracy of input and approves and posts batch. TJPA keeps original invoice for files, with signatures and authorization documentation.
- When funds become available, Accountant records cash receipts data on the *PAF* and Finance Coordinator or Financial & Systems Accountant | HR Analyst initiates the payment process in Logos. A Logos “Payment Batch” is created and forwarded to Chief of Staff who reviews payment batch and generates the Logos “Payment Register”. Chief of Staff provides the appropriately numbered check stock to Finance Coordinator or Financial & Systems Accountant | HR Analyst to print checks. Chief of Staff saves the Payment Registers in the TJPA shared drive for later access to attach to system-generated general journal entries.  
**Prior to paying construction invoices, Finance staff checks with Contract Compliance Officer or the Stop Notice Listing at S:\Preliminary & Stop Notices\Stop Notices\Transit Center for any Stop Notices in effect, and handles according to the established TJPA Stop Notice Procedure (saved at S:\Preliminary & Stop Notices).**
- Accountant records the check number and check date on *PAF* and returns to Finance Coordinator or Financial & System Accountant | HR Analyst.
- Finance Coordinator or Financial & System Accountant | HR Analyst reviews and certifies check date and check number and cash receipts data on *PAF*, obtains two signatures on checks, and releases vendor checks (works with Accountant to disburse to vendors, including any necessary documentation regarding partial payments or disallowed costs).
- For ACH payments, the Finance Coordinator or Financial & System Accountant | HR Analyst will prepare the “ACH File Transmittal Listing” and provide to the CFO or Chief of Staff to initiate and approve an ACH batch in the online banking system. Two approvals are required by the online banking system; the Financial & System Accountant | HR Analyst and Finance Coordinator can serve as approvers but cannot initiate ACH payments.
- Financial & System Accountant | HR Analyst posts the Payment Batch in Logos.
- For transactions posted in Logos (cash receipt, Invoice Batch, Payment Batch, etc.), a general journal entry is system-generated for posting of the transactions to the general ledger. Financial & System Accountant | HR Analyst reviews the journal entry, prints edit listing and approves journal. Approved journals are routed to Finance Coordinator or CFO for second approval. Finance Coordinator or CFO will review general ledger journal entry and approve the journal entry in Logos. Finance Coordinator or CFO will initial hard copy of edit listing and return approved journal entries to Financial & System Accountant | HR Analyst. The Accountant may approve system-generated journal entries as a back-up if neither the Finance Coordinator nor CFO is available. Financial & System Accountant | HR Analyst posts journal entries to general ledger.
- Accountant files *PAF* in *PAF Master File* and files invoice with supporting documentation in the vendor file; records payment information in *Invoice Database* and *Contract Status Reports* [Receptionist may file and/or record payment information in coordination with the Accountant].

In case of Executive Director’s absence or unavailability, the Chief of Staff is authorized to approve *PAFs* on behalf of the Executive Director so as to be able to timely process transactions.

## Authorized Check Signers & ACH Approvers

All disbursements, whether manual or electronic, require two signatories or approvals. The four primary authorized signatories for checks are the Executive Director, the Chief of Staff, the Finance Coordinator, and the CFO. If available when a check is ready for disbursement, the Executive Director should sign checks over \$100,000. In the event two of the primary signatories are not available to cosign a check to a vendor, an alternate authorized signatory may cosign a check but there must always be at least one primary authorized signatory for each vendor disbursement. The Senior Construction Manager and Engineering Manager are the alternate authorized signatories. Authorized Check Signatories can only sign if they know that the invoice is valid based on the *PAF* and underlying documentation.

An alternate authorized signatory will be used when the primary signatory is the payee on the check (e.g. reimbursement for approved travel expenses) or manages the contract for the payee. The CFO, Finance Coordinator, or Executive Director will be the primary signer on all checks for invoices approved by the Chief of Staff. The Chief of Staff, Finance Coordinator, or Executive Director will be the primary signer on all checks for invoices approved by the CFO. Exceptions to this policy may be made when only one primary signatory is available, in order to avoid holding checks and ensure that all deadlines for disbursement of funds are met.

ACH payments to vendors require two approvals in the online banking system. The person initiating the ACH payment batch in the online system can lock transactions in an ACH batch so that numbers cannot be changed, but cannot add ultimate approval of the batch. The CFO and the Chief of Staff can initiate ACH payment batches. The CFO, Chief of Staff, Finance Coordinator and the Financial & Systems Accountant | HR Analyst can add approval. The Financial & Systems Accountant | HR Analyst and Finance Coordinator cannot initiate batches, and the CFO and Chief of Staff cannot provide the approval on batches they have initiated.

Payments via wire transfer also require two approvals in the online banking system. The person initiating the transfer is one approval and a second approval is required. The CFO and the Chief of Staff can initiate transfers. The CFO, Chief of Staff, Finance Coordinator and the Financial & Systems Accountant | HR Analyst can add approval. The Financial & Systems Accountant | HR Analyst and Finance Coordinator cannot initiate transfers, and the CFO and Chief of Staff cannot provide the second approval on transfers they have initiated.

## Safeguarding Blank Check Stock

The blank check stock is kept in the TJPA fireproof safe at all times when not in use. The Executive Director and the Chief of Staff have the combination to the safe.

## Safeguarding Bank Tokens and PINS

The CFO, Chief of Staff, Finance Coordinator and the Financial & Systems Accountant | HR Analyst each have bank tokens that generate random number codes required to initiate and approve ACH batches, as well as PINS required to initiate and approve wire transfers. Each individual is responsible for safeguarding their own bank token and PIN, as well as their user name and password for the online banking system.

## Responsibility for Tasks in Invoice Cycle by PAF Type

<b>Preparation and Processing Tasks</b>	<b>Position</b>		
	<b>PAF TYPE A Administrative costs</b>	<b>PAF TYPE B Professional Services/Construction</b>	<b>PAF TYPE C Multiple Funding Sources</b>
Stamp <i>Index Code</i> /PAF # stamp on face of invoice	Receptionist [back up: Accountant]		
Record Index Code(s) on face of invoice	Accountant [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]		
Validation of account coding and sufficiency of appropriation balances	Financial & Systems Accountant [back up: Finance Coordinator, CFO or Chief of Staff]		
Invoice Review for accuracy, completeness and arithmetic	Project Manager	Project Manager	Project Manager
Verifies goods and services received as ordered	Project Manager	Project Manager	Project Manager
Assigns sequential <i>PAF</i> # from <i>PAF Log</i> ; prepares <i>PAF</i>	Accountant [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]		
Financial certification of <i>PAF</i> and routing to Executive Director for approval	Finance Coordinator [back up: Financial & Systems Accountant , CFO]		
Enters accounts payable invoice from approved <i>PAF</i> in Logos	Accountant [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]		
Approves accounts payable entry in Logos from approved <i>PAF</i>	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]		
After Executive Director payment authorization, submits and tracks funding partner reimbursement requests	Accountant and Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]		
Upon reimbursement from funding partners, initiates payment batch for preparation of checks/ACHs	Finance Coordinator [back up: Accountant, Financial & Systems Accountant   HR Analyst, CFO]		
<b>Prior to paying construction invoices, checks with Contract Compliance Officer for any Stop Notices in effect</b>			
Approves payment batch and provides check stock for preparation of checks	Chief of Staff [back up: CFO for payment batch approval; Executive Director for check stock]		
Prepares checks, ACH file, and posts payment batch	Finance Coordinator [back up: Accountant, Financial & Systems Accountant   HR Analyst, CFO]		

Completes <i>PAF</i> and <i>ECHO Batch</i> cash receipts and disbursements journals	Accountant [back up: Financial & Systems Accountant   HR Analyst , Finance Coordinator]
Verifies CD/CR coding and check payee (Approved Vendor Name) and body and figures	Finance Coordinator [back up: Financial & Systems Accountant   HR Analyst, CFO]
Procures signatures on checks and transmits ACH file to CFO for bank upload	Finance Coordinator [back up: Accountant, Financial & Systems Accountant   HR Analyst]
Uploads ACH file and passes on for second approval	CFO [back up: Chief of Staff]
Record payments in Invoice Database and Contract Status Reports; file documents	Accountant [or Receptionist]

### PAF Certifications

In executing the PAF, the signers are indicating that they have undertaken the necessary due diligence to make the following representations:

#### Invoice Review & Payment Authorization Certifications

**Chief of Staff Detailed Invoice Review Certification (PAF Type A only)—I certify that:**

- Invoiced scope of services rendered agrees with scope of work described in purchase request/contract
- Invoiced quantity and unit prices, such as job classification hourly rates, agrees with the purchase request/contract
- All arithmetic calculations and cross references between documents verified
- Tasks completed, deliverables received, and services invoiced delivered in accordance with the authorized vendor purchase request/contract
- Invoice review executed in accordance with the ADMINISTRATIVE COSTS DETAILED REVIEW STEPS

**Finance Review Certification—I certify that:**

- I have reviewed and approve the PAF details and the Project Manager's documentation and execution of the detailed review procedures  
**[In the event the financial certifier is the Project Manager, another member of the Finance Staff or the Chief of Staff will execute this review step and sign the certification]**
- I have reviewed the accuracy of the account coding and verified the sufficiency of appropriation balances, and encumbrance balances if funds were previously encumbered, reconciling *Contract Status Reports* balances to Logos Purchase Order balances
- Invoiced costs are eligible project costs pursuant to funding partner agreements
- Tasks completed, deliverables received, and services invoiced delivered in accordance with the authorized vendor purchase request/contract

## **Executive Director Certification & Payment Authorization:**

- I certify that I have reviewed and approve the financial certifier's diligence documentation of the tasks executed by the Project Manager and certification that the tasks completed, deliverables received, and services invoiced were delivered in accordance with the authorized vendor purchase request/contract and are eligible project costs with sufficient budget available
- I authorize payment be made within three business days after funding partner funds are deposited or unrestricted/trusted assets funds are made available

## **Cash Receipts and Disbursements Journals Certification**

### **Finance Review Certification—I certify that:**

- I have reviewed the accuracy of the Journals and examined the checks/ACH files to verify payee is authorized and body and figures correct

## **PAF Log**

The *PAF #* is the audit trail from the vendor file to the *PAF*, *ECHO Batch*, *STIP Cash Flow/Treasury Management/Trust Account Payment Request* forms and to the accounting system. The use of the *PAF #* to link accounting records and supporting documents negates the need to copy and attach the *PAF* to each invoice (although at Finance and Contract staff option, copies of *PAFs* may still be filed with invoices to more easily identify and sort invoices for various purposes).

The *PAF Log* is a key internal accounting control and therefore must be diligently controlled and maintained. The Accountant is the custodian of the *PAF Log* and is responsible for recording in the *PAF Log* the *PAF #* and the date assigned. *PAF #'s* are assigned sequentially starting with #1.

## Miscellaneous Billing Process

INTERNAL CONTROL OBJECTIVES	
•	Segregation of Duties: No one individual executes all tasks within a transaction cycle
•	Funders and trustee accounts are only billed for authorized transactions
•	Only authorized transactions are recorded in the accounting system
•	Transactions prepared by one individual are validated by another individual prior to the transactions being introduced into the next step in the transaction cycle and data input is compared to output

The processes outlined below are for TJPA’s current (or previous) funders. These procedures will be revised in the future when new funding sources are available.

## Miscellaneous Billing Process for Local Funders

### AC Transit, SFCTA and SMCTA Processing Procedures

Following processing of a contractor/vendor invoice according to procedures outlined in previous section:

- TJPA sends *Capital Invoice* with a cover memo and copies of *PAFs* and invoices to funding partner for payment. If an invoice includes a large amount of detailed information, SMCTA generally requires only summary invoice pages. AC Transit and SFCTA require that all detailed backup be submitted with the invoice. Actual billing procedures vary by funder (e.g., electronic v. hard copy, etc.; see the document Process Outline by Position saved at S:\Finance\Policy & Procedures\Internal Control Procedures for details on what to send each funder and how).
- Accountant [or Receptionist] records date submitted to funder in *Invoice Database*, and, for Parsons & URS invoices, records date in Vendor Invoice Status Report.
- *Capital Invoice* is entered in Logos Miscellaneous Billing Module by the Accountant to record revenue and receivable.
- Funding partner remits payments to TJPA.
- Accountant enters revenue collection in Logos Revenue Collections Module.
- Finance Coordinator or Financial & Systems Accountant | HR Analyst initiates payment process outlined in previous section.

### MTC Processing Procedures

- Upon receipt of MTC-funded invoices, TJPA sends to MTC in batches (approximately weekly) with an *Invoice Review Transmittal Form* and records in the *IR Transmittal Tracking Log*.
- Following full approval of the invoice(s) by TJPA, TJPA processes payments via check.
- TJPA sends *Capital Invoice* with a cover memo and copies of *PAFs*, *IR Checklists*, and checks to MTC for payment.



- Accountant [or Receptionist] records date submitted to funder in *Invoice Database*, and, for Parsons & URS invoices, records date in Vendor Invoice Status Report.
- *Capital Invoice* is entered in Logos Miscellaneous Billing Module by the Accountant to record revenue and receivable.
- MTC remits payments to TJPA.
- Accountant enters revenue collection in Logos Revenue Collections Module.

## Miscellaneous Billing Process for State of California (Caltrans)

Following processing of a contractor/vendor invoice according to the proper procedures, State Transportation Improvement Program<sup>3</sup> (STIP)-funded invoices are processed as follows:

- Funds are transferred from available Unrestricted funds as necessary to cover payment of invoices.
- Payment process is initiated and completed.
- TJPA sends *Capital Invoice (Mass Transit Invoice and Summary of Activity)* with copies of *PAFs*, invoices, and checks/ACH transmittals to State for payment. Generally only summary invoice pages need to be submitted, not detailed backup, with the exception of any travel-related backup which must be submitted.
- *Capital Invoice* is entered in Logos Miscellaneous Billing Module by the Accountant to record revenue and receivable.
- Accountant [or Receptionist] records date submitted to funder in *Invoice Database*.
- State remits payment to TJPA.
- Accountant enters revenue collection in Logos Revenue Collections Module.

## Miscellaneous Billing Process for Federal Funders

### FTA Processing Procedures

Following processing of a contractor/vendor invoice according to the proper procedures, FTA drawdowns are done in accordance with the *FTA ECHO-Web User Manual (S:\Finance Forms\ECHO Setup Forms)*:

- The Accountant prepares the *ECHO Batch Input Form* from fully executed *PAFs* and includes any adjustments for vendor refunds, rebates, or other reimbursements to be credited to FTA.
- The CFO performs the ECHO draw, with the Chief of Staff as backup, after verifying that the *Form* agrees with the underlying *PAFs* and any credit records; prints copy of the ECHO-Web Payment Report to attach to the *ECHO Batch Input Form*.
- Accountant [or Receptionist] records date submitted to funder in *Invoice Database*.
- *Capital Invoice (ECHO Batch Input Form)* is entered in Logos Miscellaneous Billing Module by the Accountant to record revenue and receivable.
- FTA remits payment to TJPA.

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<sup>3</sup> STIP interchangeably referred to as RTIP or Regional Transportation Improvement Program

- Accountant enters revenue collection in Logos Revenue Collections Module.
- Finance Coordinator or Financial & Systems Accountant | HR Analyst initiates payment process.

The *FTA ECHO Drawdown Request Number* is the cross-reference link from the *PAF* to the *ECHO Batch Input Form* and to the LOGOS Financial System and vice versa. The number is automatically assigned by the ECHO system, starting sequentially again at #1 at the beginning of each Federal fiscal year (October 1).

The *ECHO Drawdown Log* is maintained by the Accountant and includes the *ECHO #*, the date assigned, and the amount drawn from each grant. This is a key tracking workbook that allows for easy calculation of cash received per quarter when preparing FTA quarterly financial reports.

### **FEMA Processing Procedures**

FEMA utilizes an online automated paperless request system called PARS for reimbursement requests. TJPA followed procedures identical to those in the ECHO Batch process when processing payments for a contract funded by a FEMA grant, and will do so again if awarded future FEMA funding as a direct recipient.

### **FRA Processing Procedures**

Following processing of a contractor/vendor invoice according to the proper procedures, FRA payment requests are done in accordance with the *Delphi eInvoicing User Manual* (S:\Funding\FRA):

- TJPA sends *Capital Invoice (SF-270)* with a Logos Invoice Register, FRA Task List, and copies of *PAFs* and invoices via FRA's web-based Delphi eInvoicing System for payment. Generally only summary invoice pages need to be submitted, not detailed backup. Financial & Systems Accountant | HR Analyst and CFO have log-ins for Delphi.
- Accountant [or Receptionist] records date submitted to funder in *Invoice Database*, and, for Parsons & URS invoices, records date in Vendor Invoice Status Report.
- *Capital Invoice* is entered in Logos Miscellaneous Billing Module to record revenue and receivable.
- FRA remits payments to TJPA.
- Finance Coordinator or Financial & Systems Accountant | HR Analyst initiates payment process.
- CFO remits proof of payment (copies of checks, ACH remittances, and bank reports) to FRA grant manager via email within three days of receipt of funds.

Appropriations, invoices, and various other information, including dates invoices are set to FRA and dates payment is received, is tracked in the FRA TRACKING workbook, maintained by the CFO and the Financial & Systems Accountant | HR Analyst.

## Miscellaneous Billing Process for Trust Account Funds

Funds in the TJPA's trust accounts come from three main sources and their investment income, and were set up and are governed by various agreements:

- Land sales proceeds from the sale of formerly State-owned land parcels
  - Construction Fund Trustee Agreement; eligible expenditures governed by the Cooperative Agreement between Caltrans, City & County of San Francisco, and TJPA
- Net tax increment revenue from the same land parcels transferred from the City & County of San Francisco via the Office of Community Investment & Infrastructure
  - Collateral Agency and Account Agreement between U.S. Bank, TJPA, and TIFIA
- Debt proceeds
  - Facility Agency and Account Agreement between U.S. Bank, TJPA, and Goldman Sachs Bank USA

A complete account listing can be viewed at S:\Finance\Trustee Accounts (08-02). Following processing of a contractor/vendor invoice according to the proper procedures:

- TJPA sends *Payment Request Form* and copies of *PAFs* and invoices to trustee for payment. Generally only summary invoice pages need to be submitted, not detailed backup. If needed based on available cash balance in account, provides instruction to sell money market shares to have sufficient cash for payment request. Request recorded in Payment Request Log.
- Accountant [or Receptionist] records date submitted to funder in *Invoice Database*.
- Trustee remits payments to vendors directly.
- Financial & Systems Accountant | HR Analyst records payments in Logos Accounts Payable Module.

## Miscellaneous Billing Process for Unrestricted Funds

Revenues recorded as Unrestricted come from sources other than grants, land sales or debt proceeds, or reimbursements from third parties. Types of unrestricted revenue sources are interest income on unrestricted assets, rental revenue, sale of transferable development rights, and other miscellaneous revenue. Unrestricted assets are deposited into the checking account until cash is required for disbursements. Excess cash may be transferred to the TJPA's pooled investment accounts with either the City & County of San Francisco Treasurer or the California Local Agency Investment Fund (LAIF). Following processing of a contractor/vendor invoice according to the proper procedures:

- Financial & Systems Accountant | HR Analyst reviews cash balance in unrestricted assets and records on *PAF* if funds are available, or prepares *Treasury Management Form (TMF)* for transfer of funds from pooled investment account and submits to CFO for review when transfer of funds is required.

- CFO reviews cash flow needs; *TMF* is submitted to Executive Director for approval. CFO prepares CCSF Treasurer required paperwork for wire transfer request if Financial & Systems Accountant | HR Analyst has not already done so. CFO submits wire transfer request to City Treasurer via email or telephones LAIF to initiate transfer.
- City Treasurer or LAIF transfers funds to TJPA checking account.
- Financial & Systems Accountant | HR Analyst initiates payment process.

## Miscellaneous Billing Process for Reimbursements

Certain TJPA-incurred expenditures are the responsibility of third parties, and under various agreements TJPA receives payment for these expenditures from third parties such as:

- Adjacent property developers for design and construction costs related to accommodating their buildings
- Other property developers for legal or consultant costs related to land sale negotiations
- Private utilities for design and construction costs related to work that is the responsibility of the franchise utility
- City departments or other government agencies for coordination work

The procedures for requesting payment from each party differ. In general, the Financial & Systems Accountant | HR Analyst takes the lead in preparing the payment requests, or directing the Accountant to do so. The CFO is required to sign certain payment requests, such as those to the San Francisco Planning Department; the Principal Engineer, CFO and the Executive Director are required to sign others, such as those to the escrow holder for Boston Properties. Staff uncertain of the proper procedures should check with the CFO or the Financial & Systems Accountant | HR Analyst.

## Responsibility for Tasks in Miscellaneous Billing by Billing Type

Preparation and Processing Tasks	Local or State Funder	FTA	FRA
Prepare <i>Capital Invoice</i> or <i>ECHO Batch Input Form</i>	Accountant [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]		Financial & Systems Accountant   HR Analyst [back up: CFO]
Record billing in Invoice Database	Accountant or Receptionist		
Perform <i>ECHO</i> draw	n/a	n/a	CFO [back up: Chief of Staff]
Enters miscellaneous billing from <i>Capital Invoice</i> or <i>ECHO Batch Input Form</i> in Logos	Accountant [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]		
Approves miscellaneous billing entry in Logos	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]		
Upon reimbursement from funding partners, enters revenue collection from bank/ deposit records in Logos	Accountant [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]		
Approves revenue collection entry in Logos	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]		
<b>For Payments made from Trust Account Funds</b>			
Prepares Payment Request Form; records in Payment Request log	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]		
Submit executed Payment Request Form to trust bank	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]		
<b>For Payments made from Unrestricted Funds</b>			
Prepares Treasury Management Form if a transfer is required; assigns # from TMF log	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]		
Transfer funds from CCSF or LAIF investment pool to checking account subject to Executive Director approval	CFO [CCSF back up: Financial & Systems Accountant   HR Analyst; LAIF back up: Executive Director]		
<b>For Payments made from Third Party Reimbursements</b>			
Process varies	generally Financial & Systems Accountant   HR Analyst with CFO		

## Revenue Collections

INTERNAL CONTROL OBJECTIVES	
•	Segregation of Duties: No one individual executes all tasks within a transaction cycle
•	Collections will be properly identified and promptly (within 24 hours) deposited intact
•	Only authorized transactions are recorded in the accounting system
•	Transactions prepared by one individual are validated by another individual prior to the transactions being introduced into the next step in the transaction cycle and data input is compared to output

### Cash Receipts and Other Logs

When a check (or cash or money order) is received, the Receptionist enters the information in the Cash Receipts Log (S:\Finance Forms\Cash Receipts (Log & MCRs)), filling out the first three columns for date, description and amount. The Receptionist scans the check and forwards the scan to the other Finance staff, and gives the check to either the Accountant or the CFO for deposit.

Checks are restrictively endorsed, and the Accountant, CFO or Chief of Staff deposits at the bank. Other Finance staff may make physical deposits at the bank in the absence of these three. The Accountant records the deposit date and deposit number in the Cash Receipts Log. Either the Financial & Systems Accountant | HR Analyst or the Finance Coordinator should record the deposit in the Cash Receipts Log if the Accountant makes the deposit.

When funds are received electronically, the Financial & Systems Accountant | HR Analyst, Finance Coordinator, or the CFO prints the online bank report and forwards to the Accountant. The Accountant enters all information in the Cash Receipts Log.

The Cash Receipts Log is a key internal accounting control. It is maintained on a fiscal year basis and archived at the end of the fiscal year.

The dates that rent and advertising payments are received are also recorded in the Rental & Advertising Revenue Tracking Log (S:\Right of Way – ROW). A copy of checks received for advertising at the Temporary Terminal should be saved here as well: S:\Temp Terminal Operations\Advertising (Fuel 11-02)\Revenue Payments.

### Responsibility for Revenue Collection Tasks

Preparation and Processing Tasks	Position	
	Physical Cash/Check	Wire or ACH
Record receipt in Cash Receipts Log	Receptionist [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]
Deposit funds	Accountant or CFO	n/a

Record deposit information in Cash Receipts Log and Logos	Accountant [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]	Accountant [back up: Finance Coordinator, CFO]
Approves recording of deposit in Logos	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator, CFO]

## Treasury Management

INTERNAL CONTROL OBJECTIVES	
•	Segregation of Duties: No one individual executes all tasks within a transaction cycle
•	Only authorized transfers are performed
•	To maximize protection of assets, cash balances in bank accounts are minimized to the extent possible, although all accounts are collateralized
•	Only authorized transactions are recorded in the accounting system
•	Transactions prepared by one individual are validated by another individual prior to the transactions being introduced into the next step in the transaction cycle and data input is compared to output

The CFO is authorized, subject to the review and approval of the Executive Director, to transfer funds between checking, payroll, and pooled investment accounts for purposes of maximizing interest income and providing cash flow for cash disbursements.

Except for float and subject to near-term cash flow needs for payments funded by Unrestricted assets or STIP, the checking account balance should be minimized. Some exceptions to this policy occur such as when a funding partner overpays or when funds are being held due to a stop notice. The amount overpaid will be offset against the next available funding partner billing request.

TJPA utilizes *Treasury Management Forms (TMF)* to document transfers. Each *TMF* can have multiple linked transfers to accomplish a single investment or liquidity objective and can cover multiple *PAFs*. For example, the cash required to cover five *PAFs*, three to be covered by lease revenue and two *PAFs* to be charged to Transferable Development Rights (TDR) revenue, total \$600,000. Of this amount, \$400,000 is transferred from the CCSF City Treasurer’s pooled investment account to the TJPA checking account. The remaining \$200,000 is already in the TJPA checking account.

### TMF Processing

The *TMF* is prepared by the Financial & Systems Accountant | HR Analyst or the CFO and submitted with supporting documentation to the Executive Director for review and approval before each transfer is made. Wire transfers and book transfers require two approvals in the online banking system. The person initiating the transfer is one approval and a second approval

is required. The CFO and the Chief of Staff can initiate transfers between TJPA bank accounts. The CFO, Chief of Staff, Finance Coordinator and the Financial & Systems Accountant | HR Analyst can add approval. The Financial & Systems Accountant | HR Analyst and Finance Coordinator cannot initiate transfers, and the CFO and Chief of Staff cannot provide the second approval on transfers they have initiated. For transfers to/from the City's pooled investment account, the CFO, Financial & Systems Accountant | HR Analyst, or Finance Coordinator can email the transfer request to the City Treasurer's office. For transfers to/from the State pooled investment account (LAIF), the CFO or Executive Director must telephone LAIF with the transfer request.

The Financial & Systems Accountant | HR Analyst prepares the Deposit Verification section of the *TMF* which is reviewed by the CFO, or vice versa.

For transfers which are to provide cash for *PAF(s)*, the Accountant records the *TMF #* on the related *PAF(s)* following the transfer of the cash. The Financial & Systems Accountant | HR Analyst files the *TMF*, with supporting documentation in the *TMF Master File*.

After the transfer is made and verified, the fully executed *TMF* is recorded in Logos via a Bank Account Journal. The Financial & Systems Accountant | HR Analyst prepares the journal entry and the Finance Coordinator or CFO reviews and approves the entry.

The *TMF Log* is a key internal accounting control. The Financial & Systems Accountant | HR Analyst is the custodian of the *TMF Log* and is responsible for recording in the *TMF Log* the *TMF #* and the date assigned. *TMF #*'s are assigned sequentially starting with #1.

### Responsibility for Treasury Management Tasks

Preparation and Processing Tasks	Position		
	Bank	City Pool	LAIF
Prepare <i>Treasury Management Form</i> for transfers of funds between accounts	Financial & Systems Accountant   HR Analyst [back up: CFO, Finance Coordinator]		
Review <i>Treasury Management Form</i>	CFO [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]		
Approve transfer of funds	Executive Director		
Initiate transfer	CFO [back up: Chief of Staff]	CFO [back up: Financial & Systems Accountant   HR Analyst]	CFO [back up: Executive Director]
Approve transfer	Chief of Staff [back up: Financial & Systems Accountant   HR Analyst, Finance Coordinator]	n/a	n/a
Record transfer in Logos	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator]		



Approves recording of transfer in Logos	CFO [back up: Finance Coordinator]
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### Monthly Bank Reconciliations

“Compensating” internal accounting controls are designed to detect unauthorized or misclassified transactions. A TJPA primary compensating control is the monthly bank reconciliation.

### Checking Accounts

Within three business days after the end of the calendar month, the Finance Coordinator or the Financial & Systems Accountant | HR Analyst will download from the online banking system the monthly bank statement(s). Within five business days after the end of the calendar month (or after receipt of the reconciliation for accounts where statements are not immediately available upon month end), the Financial & Systems Accountant | HR Analyst will prepare reconciliations for all bank accounts to detect any unrecorded cash receipts or disbursements, detect unauthorized or misclassified transactions, verify amounts against the general ledger, and submit the reconciliations to the Finance Coordinator or CFO and Executive Director for review and approval.

### Pooled Investment Accounts

The Financial & Systems Accountant | HR Analyst receives a general ledger report from the San Francisco Controller’s Office for the CCSF City Treasurer’s pooled investment account. The Financial & Systems Accountant | HR Analyst, Finance Coordinator and the CFO can download monthly statements from the California Treasurer’s website for the LAIF pooled investment account. The Financial & Systems Accountant | HR Analyst records the interest upon receipt of the reports, and prepares monthly reconciliations for the pooled investment accounts, which are reviewed and approved by the Finance Coordinator or CFO and the Executive Director.

## Investment Management

INTERNAL CONTROL OBJECTIVES	
●	Segregation of Duties: No one individual executes all tasks within a transaction cycle
●	Every investment transaction must be properly authorized
●	Proper custody of securities is maintained
●	Investments must comply with the TJPA Investment Policy, in type, credit and percentage, or with applicable debt documents governing investment of debt proceeds
●	Only authorized transactions are recorded in the accounting system
●	Transactions prepared by one individual are validated by another individual prior to the transactions being introduced into the next step in the transaction cycle and data input is compared to output

The CFO manages investment activity, with support from the Financial & Systems Accountant | HR Analyst, Finance Coordinator, and projected cash flows from the Program Management/Program Controls team. Safety and liquidity are the primary objectives of TJPA’s

investment management, over yield, and TJPA does not utilize a benchmark yield. TJPA plans at purchase to hold all securities until maturity.

Compliance is calculated and monitored in calendar year Investment Compliance workbooks at S:\Finance\Trustee Accounts (08-02)\Cash Flows & Calculations containing details on all held securities and cash and money market balances. Typically a new worksheet is created and balances are checked the day before each maturity of a Treasury or commercial paper. Based on current investment portfolio percentages and projected upcoming cash flow needs, an investment strategy is chosen for the following morning. Treasuries and commercial paper are purchased through the trustee’s Money Center. Certificates of deposit are purchased through another institution. All transactions are authorized by the CFO via telephone. All securities are delivered to the trustee. The purchasing bank forwards purchase confirmations via email and these are checked and then entered into the Purchase Log in the Investment Compliance workbook.

Within three business days after the end of the calendar month, the CFO, Finance Coordinator or the Financial & Systems Accountant | HR Analyst will download from the online trust system the monthly trust statement(s). As soon as practicable after the end of the calendar month, the Financial & Systems Accountant | HR Analyst will update the investment subsidiary ledgers for all trust accounts and prepare the corresponding general ledger journal entries. The CFO reviews and approves the entries.

### Responsibility for Investment Management Tasks

<b>Preparation and Processing Tasks</b>	<b>Position</b>
Prior to maturity, update Investment Compliance workbook	CFO or Finance Coordinator
Analyze cash flow and arrive at investment strategy	CFO with Finance Coordinator and Financial & Systems Accountant   HR Analyst
Authorize investment purchases	CFO [back up: Executive Director]
Update investment subsidiary ledger and record investment activity in Logos	Financial & Systems Accountant   HR Analyst [back up: Finance Coordinator]
Approve recording of investment activity in Logos	CFO

### Payroll

Payroll processing procedures are separate from these procedures but have the same control and segregation of duties objectives. Processing has been segregated so that no one individual handles all functions, e.g., the Chief of Staff initiates payroll batches but only submits them following review by the Financial & Systems Accountant | HR Analyst, and the CFO is separately responsible for reporting the data in the payroll batches to the TJPA’s retirement and deferred compensation providers. The CFO reviews and approves payroll-related invoice payment batches and journal entries generated by the Financial & Systems Accountant | HR Analyst. The Chief of Staff approves all employee timecards except her own; the CFO approves

the Chief of Staff's timecard. To maintain the confidentiality of payroll information, only the Chief of Staff, CFO, and Financial & Systems Accountant | HR Analyst are involved in processing payroll transactions.

## **Anticipated Revisions and Additions to Procedures**

As the organizational structure, financial accounting system, compliance requirements, and other financing, funding partner, banking, and vendor relations are changed in the future, these procedures will be modified accordingly. Possible changes include further segregation of duties and approval path changes resulting from organizational changes, financial accounting system changes, or new compliance requirements. The TJPA Executive Director or CFO must approve any change to these procedures.

## **Procedure Appendices**

### **Appendix A: Security Levels and Approvals for Logos and U.S. Bank SPE**

### **Appendix B: Examples of TJPA Accounting Forms**

- Invoice Review Checklists
  - Professional Services Invoice
  - Construction Invoice
- Payment Authorization Forms
  - Type A – Administrative Costs
  - Type B – Professional Services Single Funding Source
  - Type B – Professional Services Single Funding Source, Multiple Invoice
  - Type C – Professional Services Multiple Funding Sources
- FTA ECHO Batch Input Form
- STIP Cash Flow Form
- Treasury Management Form
- Trust Account Payment Request Form
- Logs: ECHO, PAF, STIP and TMF

**Internal Control Procedures  
Appendix A  
Security Levels and Approvals for Logos and  
U.S. Bank SinglePoint Essentials (SPE)**

## Logos Accounts Payable (Contractor & Vendor Invoice Entry)

1 level, 2 approvals	Entry	Approval
	<b>LOGOS Security Template: AP Entry</b>	<b>LOGOS Security Template: AP App/Post</b>
	Accountant*	Financial & Systems Accountant*
	Financial & Systems Accountant	Finance Coordinator/Chief Financial Officer

\*Finance Coordinator can serve as backup to Accountant or Financial & Systems Accountant; Chief of Staff also has AP Entry permissions

## Logos Payroll/HR Accts Payable (Contractor & Vendor Invoice Entry)

1 level, 2 approvals	Entry	Approval
	<b>LOGOS Security Template: AP Entry</b>	<b>LOGOS Security Template: AP App/Post</b>
	Financial & Systems Accountant	Chief Financial Officer

## Logos Miscellaneous Billing (Invoices to Funders)

2 levels, 2 approvals for all non-STATE funders	Entry (all but STATE)	Approval (all but STATE)
	<b>LOGOS Security Template: MB Entry</b>	<b>LOGOS Security Template: MB App/Post</b>
	Accountant*	Financial & Systems Accountant*
	Financial & Systems Accountant	Finance Coordinator/Chief Financial Officer
3 levels for STATE	Financial & Systems Accountant	Finance Coordinator/Chief Financial Officer

\*Finance Coordinator can serve as backup to Accountant or Financial & Systems Accountant; Chief of Staff also has MB Entry permissions

## Logos Revenue Collections

2 levels, 2 approvals	Entry	Approval
	<b>LOGOS Security Template: Revenue Entry</b>	<b>LOGOS Template: Revenue App/Post</b>
	Accountant*	Financial & Systems Accountant*
	Financial & Systems Accountant	Finance Coordinator/Chief Financial Officer

\*Finance Coordinator can serve as backup to Accountant or Financial & Systems Accountant; Chief of Staff also has Revenue Entry permissions

## Logos Accounts Payable (Contractor & Vendor Invoice Payment)

2 levels, 2 approvals	Entry	Approval
	<b>LOGOS Security Template: Payment Entry</b>	<b>LOGOS Security Template: Payment App/Post</b>
	Accountant* for all except STATE, UNRESTRICTED	Chief of Staff**
	Financial & Systems Accountant* for STATE, UNRESTRICTED	Chief of Staff**

\*Finance Coordinator can serve as backup to Accountant or Financial & Systems Accountant

\*\*Chief Financial Officer can serve as backup to Chief of Staff

## Logos Journal Entries (General Ledger and Project Accounting)

1 level, 2 approvals	Entry	Approval
	LOGOS Security Template: n/a	LOGOS Security Template: n/a
	Financial & Systems Accountant	Finance Coordinator
	Finance Coordinator	Financial & Systems Accountant
	<b>System-generated Entries</b>	Accountant may be 1 of 2 approvals if other staff unavailable

\*CFO can also enter or approve journals

## Logos Payroll/HR Journal Entries (General Ledger and Project Accounting)

1 level, 2 approvals	Entry	Approval
	LOGOS Security Template: n/a	LOGOS Security Template: n/a
	Financial & Systems Accountant	Chief Financial Officer

## Logos Purchase Orders (Notices to Proceed and Contract Change Orders)

1 level, 2 approvals	Entry	Approval	Post
	LOGOS Template: PO Entry		LOGOS Template: PO Post
	Contracts Compliance Officer*	Chief Financial Officer**	Financial & Systems Accountant***

\* Finance Coordinator can serve as backup to Contract Compliance Officer

\*\* Financial & Systems Accountant/Finance Coordinator can also approve if CFO not available

\*\*\* Finance Coordinator also has PO Post permissions

## Logos Contracts (Contract Management)

1 level, 2 approvals	Entry	Approval
	LOGOS Security Template: K Mgmt (Contract module does not touch G/L)	
	Contracts Compliance Officer*	Chief Financial Officer

\* Finance Coordinator can serve as backup to Contract Compliance Officer

## U.S. Bank SPE ACH Origination (Contractor & Vendor Invoice Payment)

2 levels, 1 approval	Initiation/Upload	Approval
	Entitlement: Initiate Batch*	Entitlement: Approve Batch**
	Chief Financial Officer	Financial & Systems Accountant/Chief of Staff
Chief of Staff	Financial & Systems Accountant /Chief Financial Officer	

\*Individual initiating an ACH batch cannot provide the approval of the ACH batch in the SPE system

\*\* Finance Coordinator also has Approve Batch permissions

## U.S. Bank SPE Book Transfers (Intra-U.S. Bank Account Transfers)

2 levels, 1 approval	Initiation/Upload	Approval
	Entitlement: Initiate Transfer*	Entitlement: Approve Transfer**
	Chief Financial Officer	Financial & Systems Accountant/Chief of Staff
Chief of Staff	Financial & Systems Accountant /Chief Financial Officer	

\*Individual initiating a book transfer cannot provide the approval of the book transfer in the SPE system

\*\* Finance Coordinator also has Approve Transfer permissions

## U.S. Bank SPE Wire Transfers (Inter-bank or Vendor Transfers)

2 levels, 1 approval	Initiation/Upload	Approval
	Entitlement: Initiate Transfer*	Entitlement: Approve Transfer**
	Chief Financial Officer	Financial & Systems Accountant/Chief of Staff
Chief of Staff	Financial & Systems Accountant /Chief Financial Officer	

\*Individual initiating a wire transfer cannot provide the approval of the wire transfer in the SPE system

\*\* Finance Coordinator also has Approve Transfer permissions

## U.S. Bank SPE Stop Payments

1 level, 1 approval	Approval
	Entitlement: Approve Stop Payment
	Chief Financial Officer
Chief of Staff	

**Internal Control Procedures**  
**Appendix B**  
**Examples of TJPA Accounting Forms**

- Invoice Review Checklists
  - Professional Services Invoice
  - Construction Invoice
- Payment Authorization Forms
  - Type A – Administrative Costs
  - Type B – Professional Services Single Funding Source
  - Type B – Professional Services Single Funding Source, Multiple Invoice
  - Type C – Professional Services Multiple Funding Sources
- FTA ECHO Batch Input Form
- STIP Cash Flow Form
- Treasury Management Form
- Trust Account Payment Request Form
- Logs: ECHO, PAF, STIP and TMF



**TRANSBAY JOINT POWERS AUTHORITY  
PROFESSIONAL SERVICES INVOICE REVIEW CHECKLIST**

DATE OF REVIEW	PAF #:	VENDOR #:	INVOICE DATE:
VENDOR NAME:		CONTRACT #:	
INVOICE #:		BILLING PERIOD:	
TYPE OF SERVICES:			
AMOUNT OF ORIGINAL INVOICE		AMOUNT APPROVED FOR PAYMENT: \$	

DESCRIPTION OF WORK BEING INVOICED (please include 1-3 sentences concisely explaining the work performed under this invoice):

I/We have conducted a technical review of the attached invoice and supporting documentation covering the following areas:

- |                                                                                                                                                                         | Yes                      | No                       | N/A                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| <ul style="list-style-type: none"> <li>▪ Contract number written on invoice and/or Progress Payment Report &amp; correct number of copies provided</li> </ul>           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Verified, using review marks, all arithmetic calculations and cross references between documents <sup>1</sup></li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Project Manager or Other Reviewer**

Date

Print and Sign Name:

- |                                                                                                                                                                                                                                                                                                                                                                                                      |                          |                          |                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| <hr/> <ul style="list-style-type: none"> <li>▪ I have reviewed for accuracy and thoroughness the arithmetic and cross reference documentation including the review marks used by another reviewer to the degree necessary to place reliance on the diligence of the other reviewer's review in forming my conclusion to approve, not approve, or approve with modifications this invoice.</li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Reviewed DBE Forms to verify required attachments complete and accurate</li> </ul>                                                                                                                                                                                                                                                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Verified contract and amendments certified for work invoiced and subcontractors authorized</li> </ul>                                                                                                                                                                                                                                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Tasks completed, deliverables received, and services invoiced delivered in accordance with the authorized vendor contract</li> </ul>                                                                                                                                                                                                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Progress report covering invoice period included and accurate</li> </ul>                                                                                                                                                                                                                                                                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Invoice consistent with contract scope of work</li> </ul>                                                                                                                                                                                                                                                                                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Deliverables received consistent with the work invoiced</li> </ul>                                                                                                                                                                                                                                                                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Tasks listed applicable to the period covered by the invoice</li> </ul>                                                                                                                                                                                                                                                                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Invoice includes work NOT included in scope of contract or amendments</li> </ul>                                                                                                                                                                                                                                                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> <ul style="list-style-type: none"> <li>▪ Verified invoice and supporting documentation is within contract and billing period (note exceptions for lagging subcontractor or ODC charges)</li> </ul>                                                                                                                                                                                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

<sup>1</sup> Complex invoices prepared in Microsoft Excel may contain totals that do not match totals computed on a calculator due to multiplication of numbers with four decimal places internally within Excel.

	Yes	No	N/A
▪ Invoiced billing period consistent with prior invoices (no gaps over overlaps)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Work charged to correct task numbers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Other direct costs (ODC) are authorized, include backup documentation (invoices, receipts) and include no markup (unless authorized by contract)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Travel expense reports are signed and approved and have prior TJPA authorization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>For Time and Materials Contracts Only</b>			
▪ Hours billed are fair and reasonable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Timesheets are signed and approved and charges match job codes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Direct hourly rates, overhead rates, and fee percentage agree with contract provisions for both prime and subcontractors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Disallowances/Flags/Follow-up Comments:

Based on my review findings, I recommend that the above AMOUNT APPROVED FOR PAYMENT be authorized for payment. Yes  No   
**Project Manager**

Date

Print and Sign Name: \_\_\_\_\_

**TJPA PROJECT MANAGER CERTIFICATION FOR INVOICES REVIEWED BY A CONSULTANT PROJECT MANAGER**

For professional service contracts which are reviewed by a Consultant Project Manager, I have tested the review work of the Consultant Project Manager to the degree necessary to reach a conclusion as to accuracy and thoroughness and I have comported the Consultant Project Manager's findings and recommendations with the invoice under review.

Based on my review findings, I recommend that the above AMOUNT APPROVED FOR PAYMENT be authorized for payment. Yes  No   
**TJPA Project Manager**

Date

Print and Sign Name: \_\_\_\_\_

**TRANSBAY JOINT POWERS AUTHORITY  
CONSTRUCTION INVOICE REVIEW CHECKLIST**

DATE OF REVIEW:	PAF #:	VENDOR #:	INVOICE DATE:
VENDOR NAME:		CONTRACT #:	
INVOICE #:		BILLING PERIOD:	
TYPE OF SERVICES:		AMOUNT OF ORIGINAL INVOICE: \$	
LESS RETENTION: \$		AMOUNT APPROVED FOR PAYMENT: \$	

DESCRIPTION OF WORK BEING INVOICED (please include 1-3 sentences concisely explaining the work performed under this invoice):

I/We have conducted a technical review of the attached invoice and supporting documentation covering the following areas:

	Yes	No	N/A
▪ Contract number written on Progress Payment Request, correct number of copies provided, and signed by Contractor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Updated Progress Schedule included and accurately reflects job progress to date.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Progress Payment Request is consistent with physical progress of the work and approved Schedule of Values. Work has been completed and is proceeding on schedule.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ All authorized Change Orders have been included in Progress Payment Request.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Project record drawings are submitted for items constructed to date, accurate and complete.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Certified Payrolls have been uploaded on Elation System and are accurate for all trades.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Verified Application of Payment, Progress Schedule Update and all required attachments (including DBE Progress Payment Report) received with invoice are complete and accurate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Verified progress payment Application of Payment identifies, and is consistent with, relevant Contract amendments, Change Orders, Schedule of Bid Items, and Schedule of Values authorized by the Contract.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Unit Price work invoiced has been completed and within the stipulated quantities of the applicable Schedule of Bid item (Section 01 10 27, Para. 1.3 A).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Lump sum work invoiced completed and consistent with the Schedule of Values and Contractor's monthly estimate (Section 01 10 27, Para 1.3 B).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Increase, decrease, or deletion of items charged are authorized per Section 00 07 00, Para 6.08.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Verified invoice and supporting documentation is within contract and billing period (note exceptions for lagging subcontractor or ODC charges). Invoiced billing period consistent with prior invoices (no gaps over overlaps).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Invoice does NOT include work NOT included in scope of contract or amendments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ There are no open Non Conformance Reports (NCRs) or liens.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Amount due and retention amounts for month are correct.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
▪ Architect's certification is attached to this Checklist.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Change Order and Force Account Work (Section 00 07 00, Article 6)**

- Contractor's, Subcontractor's and Lower-Tier Subcontractor's direct, material, and equipment costs and markup submitted complete, has been reviewed, and approved in accordance with Section 00 07 00, subparagraph 6.06.
- Contractor's indirect costs in conformance with Section 00 07 00, subparagraph 6.06B and 6.06C and provided records in accordance with subparagraph 6.06F.

**Finalized Progress Payment Report**

- TJPA has submitted Application of Payment to Contractor with required adjustments, Contractor has made adjustments and resubmitted to TJPA, and both Application of Payment and Progress Payment Report have been updated by TJPA and Contractor (Section 01 10 27, Para. 1.5) for invoice payment.

**Construction Manager or Other Reviewer**

Date

Print and Sign Name: \_\_\_\_\_

Disallowances/Flags/Follow-up Comments:

The Project Manager has conducted a Quality Check review of the Construction Manager's review, and notes any additional Comments as required. Based on my review findings, I recommend that the above AMOUNT APPROVED FOR PAYMENT be authorized for payment.  Yes  No

**Project Manager**

Date

Print and Sign Name: \_\_\_\_\_

**TJPA PROJECT MANAGER CERTIFICATION FOR INVOICES REVIEWED BY A CONSULTANT PROJECT MANAGER**

For contracts which are reviewed by a Consultant Project Manager, I have tested the review work of the Consultant Project Manager to the degree necessary to reach a conclusion as to accuracy and thoroughness and I have comported the Consultant Project Manager's findings and recommendations with the invoice under review.

Based on my review findings, I recommend that the above AMOUNT APPROVED FOR PAYMENT be authorized for payment.  Yes  No

**TJPA Project Manager**

Date

Print and Sign Name: \_\_\_\_\_

**Transbay Joint Powers Authority Payment Authorization Form (PAF) TYPE A-Accounts Payable**

**PAF # 1500**

Sylvia Wong

Date 7/9/10

PAF Prepared By (Print and Sign Name)

**Section 1: Vendor Information, Index Codes and Cash Disbursements Journal**

TJPA Vendor Number	Invoice Number	Invoice Date	Billing Period	Vendor Name (Payee)	TJPA Index Code	Invoice Detail	Cash Disbursements Journal		
							Account # 100US Check		
						Amount	Date	Number	
30	11610	5/19/10	7/1/10 - 7/1/11	Alliant Insurance Services	FTA140-431-P	61,191.28			
	13918	6/11/10	7/1/10 - 7/1/11		FTA140-431-P	20,650.00			
							<u>81,841.28</u>		
43	1036726	6/14/10	7/1/10 - 6/30/11	Association Of Bay Area Governments	FTA140-451-P	500.00	(500.00)		
22	0153599	5/28/10	8/1/10 - 7/31/11	GFOA	FTA140-451-P	160.00	(160.00)		
125	5014401315	6/26/10	6/30/10 - 9/29/10	Ikon Office Solutions	FTA140-435-P	226.80	(226.80)		
97	002328	7/2/10	7/2/10	New World Systems	FTA140-450-P	945.00	(945.00)		
117	78905	7/1/10	7/1/10	Sweet Memory	FTA140-433-P	9.84	(9.84)		
26	INV-21232-	6/30/10	6/30/10 - 6/30/11	Women's Transportation Seminar (WTS)	FTA140-451-P	225.00	(225.00)		
34	N/A	6/21/10	July '10	Maria Ayerdi-Kaplan	FTA140-450-P	200.00	(200.00)		
116	N/A	7/1/10	July '10	Araceli Fierro	FTA140-450-P	55.00	(55.00)		
58	N/A	7/7/10	July '10	Sara Gigliotti	FTA140-450-P	55.00	(55.00)		
36	N/A	7/1/10	July '10	Nila Gonzales	FTA140-450-P	55.00	(55.00)		
173	N/A	7/2/10	July '10	Edward Phillips	FTA140-450-P	55.00	(55.00)		
115	N/A	5/28/10	5/28/10	Sylvia Wong	FTA087-450-P	55.00	(55.00)		
<b>Total</b>						<b>\$84,382.92</b>	<b>(\$84,382.92)</b>		
<b>Invoice Detail = Cash Disbursed</b>							<b>0.00</b>		

**Section 2: Invoice Review and Payment Authorization Certifications**

**Office Manager Detailed Invoice Review Certification**

Print and Sign Name: Nila Gonzales Date \_\_\_\_\_

**Finance Review Certification**

Print and Sign Name: Sara Gigliotti Date \_\_\_\_\_

**Executive Director Payment Authorization**

Print and Sign Name: Maria Ayerdi-Kaplan Date \_\_\_\_\_

**Section 3: Cash Receipts Journal**  
 For FTA Capital Grant Reimbursement  
 FTA ECHO Drawdown Request Number

#                      For Unrestricted Assets Subfund  
 Treasury Management Form Number

**TMF #**

Transbay Joint Powers Authority Payment Authorization Form (PAF) TYPE A-Accounts Payable

For Local Funding Partners

Date of Deposit	Bank Reference Number	Amount of Deposit Account # 100US	Revenue Index Code
	#		

Finance Cash Receipts and Disbursements Journals Certification

Print and Sign Name: Araceli Fierro

Date \_\_\_\_\_

**Transbay Joint Powers Authority Payment Authorization Form  
(PAF) TYPE B-Professional Services Single Funding Source**

**PAF # 2**

**Section 1: Vendor Information and Index Codes**

TJPA Vendor Number	#1	
Vendor Name (Payee)	XYZ Corporation	
Contract Number	XX-YY-ABCD-000	
Vendor Invoice Number	DDDD-Invoice # 22	
Vendor Invoice Date	12/18/06	
Vendor Billing Period	11/1/06-11/30/06	
Original Invoice Amount		\$426,597.00
Less: TJPA Disallowance		(26,597.00)
TJPA Authorized for Payment		\$400,000.00

TJPA Index Codes	
Code	Amount
MTC501-500-T	\$100,000.00
MTC501-500-D	100,000.00
MTC501-500-P	100,000.00
MTC501-584-D	100,000.00
0.00	\$400,000.00

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**PAF Prepared By (Print and Sign Name)** **Date**

**Section 2: Payment Authorization Certifications**

**Finance Coordinator Review Certification** Date  
 Print and Sign Name: \_\_\_\_\_

**Executive Director Payment Authorization** Date  
 Print and Sign Name: \_\_\_\_\_

**Transbay Joint Powers Authority Payment Authorization Form  
(PAF) TYPE B-Professional Services Single Funding Source**

**Section 3: Cash Receipts Journal**

**For FTA Capital Grant Reimbursement**

FTA ECHO Drawdown Request Number

**For Unrestricted Assets Subfund**

Treasury Management Form Number

**For Local Funding Partners**

Bank Reference Number	Date of Deposit	Revenue Index Code	Amount of Deposit Account # 100	Inter Governmental Receivables # 130
# 0987654321	8/10/10	MTC501-313	\$300,000.00	(\$300,000.00)
# 0987652222	8/15/10	MTC501-313	\$100,000.00	(\$100,000.00)

**Section 4: Cash Disbursements Journal**

Date of Check	Check Number	Amount of Check Account # 100	Accounts and Contracts Payable # 200
8/10/10	# 1304	\$300,000.00	(\$300,000.00)
8/15/10	# 1310	\$100,000.00	(\$100,000.00)

**Finance Cash Receipts and Disbursements Journals Certification**

Print and Sign Name: \_\_\_\_\_

Date



**Transbay Joint Powers Authority Payment Authorization Form  
(PAF) TYPE B-Professional Services Single Funding Source**

**PAF #**

**Section 1: Vendor Information and Index Codes**

TJPA Vendor Number	<input style="width: 90%;" type="text"/>	
Vendor Name (Payee)	<input style="width: 100%;" type="text"/>	
Contract Number	<input style="width: 100%;" type="text"/>	
Vendor Invoice Number	<input style="width: 100%;" type="text"/>	
Vendor Invoice Date	<input style="width: 40%;" type="text"/>	<input style="width: 60%;" type="text"/>
Vendor Billing Period	<input style="width: 100%;" type="text"/>	
Original Invoice Amount		<input style="width: 100%;" type="text"/>
Less: TJPA Disallowance		0.00
TJPA Gross Authorized for Payment		<input style="width: 100%;" type="text"/>
Less: Retainage Payable-5%		\$0.00
Net Cash To Be Disbursed Before Retainage Release		<input style="width: 100%;" type="text"/>

<b>TJPA Index Codes</b>	
<b>Code</b>	<b>Amount</b>
	\$0.00
203	0.00

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**PAF Prepared By (Print and Sign Name)** **Date**

**Section 2: Finance Review and Payment Authorization Certifications**

**Finance Coordinator Review Certification** Date

Print and Sign Name: \_\_\_\_\_

**Executive Director Payment Authorization** Date

Print and Sign Name: \_\_\_\_\_

**Transbay Joint Powers Authority Payment Authorization Form  
(PAF) TYPE B-Professional Services Single Funding Source**

**Section 3: Cash Receipts Journal**

**For FTA Capital Grant Reimbursement**

FTA ECHO Drawdown Request Number

**For Unrestricted Assets Subfund**

Treasury Management Form Number

**For Local Funding Partners**

<u>Bank Reference Number</u>	<u>Date of Deposit</u>	<u>Amount of Deposit Account # 100</u>	<u>Inter Governmental Receivables # 130</u>
		\$0.00	\$0.00
		<input type="text" value="\$0.00"/>	

**Section 4: Cash Disbursements Journal**

<u>Date of Check Check Number</u>	<u>Amount of Check Account # 100</u>	<u>Accounts and Contracts Payable # 200</u>	<u>Retainage Payable # 203</u>
		\$0.00	
	\$0.00	\$0.00	\$0.00
	<input type="text" value="\$0.00"/>		

**Finance Cash Receipts and Disbursements Journals Certification**

Date

Print and Sign Name: \_\_\_\_\_

**Transbay Joint Powers Authority Payment Authorization Form  
(PAF) TYPE B-Professional Services Single Funding Source**

**PAF #**

**Section 1: Vendor Information and Index Codes**

TJPA Vendor Number	#	<span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
Vendor Name (Payee)		<span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
Contract Number		<span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
Vendor Invoice Number			Total
Vendor Invoice Date			
Vendor Billing Period			
Original Invoice Amount			\$ -
Less: TJPA Disallowance			
TJPA Authorized for Payment		\$ -	\$ -

**TJPA Index Codes**

Code	Amount
------	--------

0.00	\$0.00
------	--------

\_\_\_\_\_  
PAF Prepared By (Print and Sign Name)

\_\_\_\_\_  
Date

**Section 2: Finance Review and Payment Authorization Certifications**

**Finance Coordinator Review Certification**

Date

Print and Sign Name: \_\_\_\_\_

**Executive Director Payment Authorization**

Date

Print and Sign Name: \_\_\_\_\_

**Transbay Joint Powers Authority Payment Authorization Form  
(PAF) TYPE B-Professional Services Single Funding Source**

**Section 3: Cash Receipts Journal**

**For FTA Capital Grant Reimbursement**

FTA ECHO Drawdown Request Number #

**For Unrestricted Assets Subfund**

Treasury Management Form Number  TMF #

**For Local Funding Partners**

<u>Bank Reference Number</u>	<u>Date of Deposit</u>	<u>Amount of Deposit Account # 100</u>	<u>Inter Governmental Receivables # 130</u>
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**Section 4: Cash Disbursements Journal**

<u>Date of Check Check Number</u>	<u>Amount of Check Account # 100</u>	<u>Accounts and Contracts Payable # 200</u>	<u>Retainage Payable # 203</u>
---------------------------------------	--------------------------------------------------	---------------------------------------------------------	----------------------------------------

	<hr style="border: 0; border-top: 1px solid black;"/>	<hr style="border: 0; border-top: 1px solid black;"/>	<hr style="border: 0; border-top: 1px solid black;"/>
	<input style="border: 1px solid black; width: 40px; height: 15px;" type="text"/>	<hr style="border: 0; border-top: 3px double black;"/>	<hr style="border: 0; border-top: 3px double black;"/>

**Finance Cash Receipts and Disbursements Journals Certification**

Date

Print and Sign Name: \_\_\_\_\_

**Transbay Joint Powers Authority Payment Authorization Form  
(PAF) TYPE C-Professional Services Multiple Funding Sources**

**PAF # 3**

**Section 1: Vendor Information and Index Codes**

TJPA Vendor Number	#1	
Vendor Name (Payee)	XYZ Corporation	
Contract Number	XX-YY-ABCD-000	
Vendor Invoice Number	HHHH-Invoice # 28	
Vendor Invoice Date	2/8/07	
Vendor Billing Period	1/1/07-1/31/07	
Original Invoice Amount		\$346,543.00
Less: TJPA Disallowance		(6,543.00)
TJPA Authorized for Payment		\$340,000.00

**Authorized Payment Funds Allocation Schedule**

**Capital Asset Category and Object of Expenditure**

Invoice Total		Amount	TJPA	Amount	TJPA
Code	Amount	MTC	Index Code	SFCTA	Index Code
T500	\$100,000.00	\$60,000.00	MTC501-500-T	\$40,000.00	SF0849-500-T
D500	90,000.00	54,000.00	MTC501-500-D	36,000.00	SF0849-500-D
P500	80,000.00	48,000.00	MTC501-500-P	32,000.00	SF0849-500-P
T584	70,000.00	42,000.00	MTC501-584-T	28,000.00	SF0751-584-T
Total	\$340,000.00	\$204,000.00		\$136,000.00	0.00
	0.00				
Revenue Index Code		(\$204,000.00)	MTC501-313	(\$108,000.00)	SF0849-313
				(28,000.00)	SF0751-313
Allocation of Retainage Payable		\$0.00	# 203	\$0.00	# 203
					0.00

PAF Prepared By (Print and Sign Name) \_\_\_\_\_ Date \_\_\_\_\_

**Section 2: Payment Authorization Certifications**

**Finance Coordinator Review Certification**

Print and Sign Name: \_\_\_\_\_ Date \_\_\_\_\_

**Executive Director Payment Authorization**

Print and Sign Name: \_\_\_\_\_ Date \_\_\_\_\_

**Transbay Joint Powers Authority Payment Authorization Form  
(PAF) TYPE C-Professional Services Multiple Funding Sources**

**Section 3: Cash Receipts Journal**

**For FTA Capital Grant Reimbursement**

FTA ECHO Drawdown Request Number #

**For Unrestricted Assets Subfund**

Treasury Management Form Number TMF #

**For Local Funding Partners**

Funding Partner A: MTC

Bank Reference Number	Date of Deposit	Amount of Deposit Account # 100	Inter Governmental Receivables # 130
# 0987655555	3/10/07	\$204,000.00	(\$204,000.00)

Funding Partner B: SFCTA

Bank Reference Number	Date of Deposit	Amount of Deposit Account # 100	Inter Governmental Receivables # 130
#09876550000	3/25/07	\$136,000.00	(\$136,000.00)

[Attach Copy of On-Line Confirmation Notice or Bank Deposit Receipt]

**Section 4: Cash Disbursements Journal**

Funding Partner A: MTC

Date of Check	Check Number	Amount of Check Account # 100	Accounts and Contracts Payable # 200	Retainage Payable # 203
3/12/07	1400	\$204,000.00	(\$204,000.00)	\$0.00

Funding Partner B: SFCTA

Date of Check	Check Number	Amount of Check Account # 100	Accounts and Contracts Payable # 200	Retainage Payable # 203
3/27/07	1410	\$136,000.00	(\$136,000.00)	

A: **Cash Receipts and Disbursements Journals Certification** Date  
 Print and Sign Name: \_\_\_\_\_

B: **Cash Receipts and Disbursements Journals Certification** Date  
 Print and Sign Name: \_\_\_\_\_

**Transbay Joint Powers Authority  
FTA ECHO Batch Input Form**

ECHO Drawdown Request Number #1 ECHO Drawdown Request Input Date 1/23/07  
 ECHO Project Number CA-04-0010-00  
 ECHO Web Message Number #7011169919  
**[Copy Attached]**

PAF	
Number	\$ Amount
#8	6,295.25
#10	656.00
#15	15,234.86

Total PAF Amount 22,186.11

**Less Reimbursements For:**

LOGOS	
Revenue Receipt #	\$ Amount
2010-00001	(23.45)
2010-00005	(12.87)
2010-00010	(234.67)

Total Reimbursements (270.99)

<b>Total Net ECHO Drawdown Request Revenue Index Code</b>	FTA10-130	(\$21,915.12)
<b>Total Rounded ECHO Drawdown Checking G.L. Account</b>	FTA10-100	\$21,916
<b>Rounding Amount Due To FTA G.L. Account</b>	FTA10-205	(\$0.88)

**Preparer:**

I certify that that this ECHO drawdown request was prepared from properly authorized PAF(s) and MCR(s).  
Date

Print and Sign Name: \_\_\_\_\_

**Finance Review:** I certify the draw down payment request executed only after verifying the ECHO Batch Input Form agrees with the underlying PAF(s) and revenue receipts.

Date

Print and Sign Name: \_\_\_\_\_

**Cash Receipts Journal**

Date ACH from FTA deposited into bank account 1/26/07  
 Bank transaction reference number #09888777654  
 Amount of ACH \$21,916.00

**[Attach Copy of On-Line Confirmation Notice]**

**Finance:** I certify the ACH per the on-line bank verification agrees with the Cash Receipts Journal prepared by the Accountant.

Date

Print and Sign Name: \_\_\_\_\_

**CA State Transportation Improvement Program Cash Flow Form**

STIP Cash Flow Form No. # 031

**Step 1: Treasury Management**

Subfund Code # R1841A

Transfers  
 100 Checking Account  
 105 CCSF Equity In Pool Unrestricted

**Transfer Cash for PAFs**

PAF #	\$ Amount	PAF #	\$ Amount
216	\$13,315.00		
219	\$23,000.00		
230	\$2,500.00		

**Transfer Request**

From (CR)	To DR.	\$ Amount
# 105	# 100	38,815.00

Total PAF(s) 38,815.00

Total Transfer

38,815.00	<b>TRF=PAF</b>
	0.00

**Note:**

- Transfer is for full amount of PAFs listed above
- Transfer is for \$\_\_\_\_\_ of PAFs listed above; \$\_\_\_\_\_ already in STIP checking
- No transfer is required; STIP checking account balance has sufficient funds to cover total of PAFs listed above

<b>REQUESTED</b>
Araceli Fierro Finance
_____
Date: _____

<b>APPROVED</b>
Maria Ayerdi Executive Director
_____
Date: _____

<b>TRANSFERRED</b>
Sara Gigliotti, Bank Ref #:
_____
Date: _____

<b>VERIFIED</b>
Sara Gigliotti Finance
_____
Date: _____

**Step 2: Transfer of funds from Unrestricted to STIP**

*from (debit)*

Code	Amount
R1841A-207	\$38,815.00
	\$38,815.00

*to (credit)*

Code	Amount
TJPA01-207	\$38,815.00
	\$38,815.00

Code	Amount
TJPA01-105	\$38,815.00
	\$38,815.00

Code	Amount
R1841A-100	\$38,815.00
	\$38,815.00

<b>PREPARED</b>
Name: _____ Finance
_____
Date: _____

<b>APPROVED</b>
Name: _____ Finance
_____
Date: _____



**Transbay Joint Powers Authority  
Treasury Management Form (TMF)**

Subfund

**TJPA01**

**TMF # 100**

**Purpose Of Transfer**

     Transfer Excess Cash in Checking Account to Investment Account

<b>X</b> Provide Cash For PAF	<b>PAF #</b>	<b>\$ Amount</b>	Comments:
	# 34	100,000.00	
	# 35	200,000.00	
	# 36	100,000.00	
	# 37	100,000.00	
	# 38	100,000.00	

<b>Total PAF(s)</b>	<u><u>600,000.00</u></u>
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**Transfers**

Account 100 Checking Account  
Account 105 CCSF Equity In Pooled Investments

<u>Transfer Request</u>			<u>Deposit Verification</u>	
<u>From (CR)</u>	<u>To DR.</u>	<u>\$ Amount</u>	<u>Bank Reference #</u>	<u>Deposit Date</u>
105	101	600,000.00	# 34567898765	7/1/10

<b>Total Transfers</b>	<u>600,000.00</u>	<u>0.00</u>	[Attach Copy of On-Line Confirmation Notice]
		<b>TRF=PAF</b>	<b>Deposit Verification Preparer</b>

Date

Print and Sign Name: \_\_\_\_\_

**TMF Prepared By**

Date

Print and Sign Name: \_\_\_\_\_

**Executive Director:** I certify I have reviewed and approve the transfer request.

Date

Print and Sign Name: \_\_\_\_\_

**Financial Certification:** I certify the deposits per the on-line bank confirmation agrees with the Deposit Verification data prepared above.

Date

Print and Sign Name: \_\_\_\_\_

**Payment Request and Acceptance Certificate**

Trustee: U.S. Bank National Association  
Attn.: Andrew Fung  
One California Street, Suite 1000  
San Francisco, CA 94111

Trustor: Transbay Joint Powers Authority  
201 Mission St., Ste. 2100  
San Francisco, CA 94105

Trust Acct. No.: S285962

Payment Request and Acceptance Certificate No. \_\_\_\_\_

RE: Construction Fund Trustee Agreement dated as of May 16, 2008, by and between the Transbay Joint Powers Authority ("TJPA") and Deutsche Bank (with U.S. Bank as Successor as of November 15, 2013), relating to the Cooperative Agreement, between the City and County of San Francisco, TJPA and State of California Department of Transportation.

U.S. Bank is hereby requested to pay from the Construction Fund Account to the person or corporation designated below as Payee, the sum set forth below in payment of a portion or all of the cost described below. The amount shown below is due and payable with respect to the Capital Costs of the Transbay Transit Center Program and has not formed the basis of any prior request for payment.

Amount: \$ \_\_\_\_\_ Brief Description: \_\_\_\_\_

Invoice No: \_\_\_\_\_

Payee: \_\_\_\_\_ Payee's Federal ID Number: \_\_\_\_\_

Remit to Payee Address: \_\_\_\_\_  Remit via wire transfer  
\_\_\_\_\_  
Payee Bank Name: \_\_\_\_\_  
\_\_\_\_\_  
Routing (ABA) Number: \_\_\_\_\_  
\_\_\_\_\_  
Payee Account Number: \_\_\_\_\_

The TJPA hereby certifies and represents to the following:

- (1) The invoice referenced above has been reviewed and accepted on the date hereof.
- (2) The invoice referenced above, or portion thereof for which payment is requested, is solely for Capital Costs of the Transbay Transit Center Program.

Request Prepared By: Araceli Fierro \_\_\_\_\_  
Signature Date

Finance Review Certification: Sara Gigliotti \_\_\_\_\_  
Signature Date

Executive Director Payment Authorization: Maria Ayerdi-Kaplan \_\_\_\_\_  
Signature Date

**FINAL ACCEPTANCE CERTIFICATE**

(THIS CERTIFICATE IS TO BE EXECUTED ONLY UPON FINAL REQUEST FOR PAYMENT)  
The undersigned hereby certifies that the Capital Cost invoice described above, together with the Capital Costs described in and accepted by Payment Request and Acceptance Certificates previously filed by the TJPA with the Trustee pursuant to the Trustee Agreement, constitutes all of the Capital Costs subject to the Trustee Agreement.

Dated: \_\_\_\_\_

TRANSBAY JOINT POWERS AUTHORITY

\_\_\_\_\_  
Maria Ayerdi-Kaplan, Executive Director

**Transbay Joint Powers Authority**

<b>ECHO Drawdown Log</b>				
	<b>Date</b>	<b>FTA</b>		
<b>ECHO #</b>	<b>Assigned</b>	<b>Grant #</b>	<b>Amount \$</b>	
#001	7/1/10	87	1,000.00	
#002	7/2/10	40	200,500.00	
#003	7/3/10	10	38,621.00	
<b>Payment Authorization Form (PAF) Log</b>				
	<b>Date</b>	<b>Assigned</b>		
<b>PAF #</b>	<b>Assigned</b>	<b>By</b>	<b>Vendor</b>	<b>Funding Source</b>
#1500	7/1/10	Sylvia	ABC	MTC501
#1501	7/2/10	Sylvia	XYZ	FTA87
#1502	7/3/10	Sylvia	123	SF0868
<b>STIP Cash Flow (SCF) Log</b>				
	<b>Date</b>	<b>Assigned</b>		
<b>SCF #</b>	<b>Assigned</b>	<b>By</b>		
#1	7/1/10	Araceli		
#2	8/2/10	Araceli		
#3	9/3/10	Araceli		
<b>Treasury Management Form (TMF) Log</b>				
	<b>Date</b>	<b>Assigned</b>		
<b>TMF #</b>	<b>Assigned</b>	<b>By</b>		
#1	7/1/10	Sara		
#2	8/2/10	Araceli		
#3	9/3/10	Sara		

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# TRANSBAY JOINT POWERS AUTHORITY

Board Policy No. 007

Category: Financial Matters

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## INTERNAL ACCOUNTING CONTROL POLICY

The Transbay Joint Powers Authority (the "TJPA" or "Authority") is a joint powers agency organized and existing under the laws of the State of California. Pursuant to the Joint Powers Agreement creating the TJPA, dated April 4, 2001 (the "Agreement"), the TJPA has the authority to make and enter into contracts, to acquire real and personal property and to exercise all powers necessary and proper to carry out the provisions of the Agreement.

The Board of Directors of the Transbay Joint Powers Authority (TJPA) acknowledges the special responsibility it has to provide assurances to taxpayers and grantors that public funds and property are properly safeguarded by adequate controls. It is the policy of the TJPA Board of Directors that the fiscal affairs of the TJPA will be conducted in accordance with sound administrative and internal accounting controls. The TJPA systems of internal control will provide the basic foundation on which the accountability structure must be built. Further, it is the Board's policy that the TJPA Chief Executive Officer (CEO) and the TJPA Chief Financial Officer (CFO) develop and maintain effective internal control systems in accordance with the TJPA Board's Internal Accounting Control Policy. This policy recognizes that internal control systems may require modification from time to time, due to changes in TJPA staffing, new funding allocations, grant requirements, or other events that may occur in the normal course of business. All such changes will be approved by the TJPA CEO and CFO and reviewed by TJPA staff.

### **I. BACKGROUND**

Internal accounting controls establish a framework to provide the TJPA with assurances that assets of the Authority are reasonably safeguarded, financial transactions are executed as authorized, and transactions are properly recorded. Under the leadership of the TJPA CEO and CFO, the TJPA will develop an effective internal accounting control system in a rational and systematic manner that will establish an environment that creates the appropriate control awareness, attitude and discipline. The control system will fit the organization and its operating philosophy, focus on areas of inherent risk, and achieve a thoughtful balance between control costs and benefits (reasonable assurance).

### **II. DEFINITION OF INTERNAL CONTROL**

For the purposes of this Accounting Control Policy, the TJPA defines "Internal Controls" as a plan of organization and all of the methods and procedures (techniques) the management adopts

to help it achieve six basic management objectives:

- Ensure adherence to laws, regulations, and policies;
- Ensure that reliable data are obtained, maintained, and properly disclosed in reports;
- Promote economy, efficiency, and effectiveness of operations;
- Safeguard resources against loss due to errors or irregularities;
- Alert senior officials to departures from established policies and procedures; and
- Detect activities which have not been properly authorized or which undermine the achievement of organizational goals and objectives.

### **III. INTERNAL ACCOUNTING CONTROLS**

For the purposes of this Accounting Control Policy, the TJPA's Internal Controls will be designed to safeguard the Authority's assets and ensure the reliability of financial records. Consequently, the Internal Controls must be designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general and specific authorization;
- Transactions are recorded as necessary to permit preparation of:
  - Management and control reports,
  - Compliance and other grantor reports,
  - Financial statements in conformity with generally accepted accounting principles and,
  - Reports that maintain accountability for assets;
- Access to assets is permitted only in accordance with management's authorization; and
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

**Control Techniques** – The TJPA's policy addresses two important control techniques that are used in any internal accounting control system: the segregation of duties within the system and procedural controls, which govern the flow of transactions through the system. The internal accounting control achieved by a particular system depends on:

- The way responsibility for transaction execution is segregated to create checks and balances; and
- The actual activities and control procedures adopted and the way they are executed.

**A. Segregation of Duties** – It is the Board's policy that the assignment of duties to individuals will be segregated in such a fashion that no one individual controls all phases of the processing of a transaction, thereby creating a situation which permits errors of omission or commission to go undetected. The flow of activities will be designed so that the work of one individual is either independent of, or serves as a check on, the work of another. For example, the billing and collection functions will be segregated since combining these functions could permit concealment of an unauthorized diversion of collections.

Due to limited staff, an increase in the TJPA officials' involvement in the monitoring of procedures then becomes essential and serves as a compensating control. The TJPA Chief Executive Officer and Chief Financial Officer will have a strategic role in monitoring transaction authorization, processing and reporting. In addition, the TJPA's financial records and financial statements will be audited annually. The annual audit will include an evaluation of the adequacy of and the degree of compliance with the TJPA's system of internal accounting control. The annual audit report will be submitted to the TJPA Board of Directors.

As a practical matter, the principle of segregation of duties must be tempered by considering such variables as volume, complexity and financial significance of differing types of transactions and the sequence of steps necessary to process them. A continuing concern is the cost of maintaining controls in relation to the risk of loss due to error or fraud that might arise in their absence. Because of the cost of implementing segregation of duties control techniques, TJPA officials may decide to accept certain risks by combining a number of responsibilities or functions. The implications of such combination must be thoroughly considered by the TJPA staff before implementation.

- B. Procedural Controls** – TJPA staff will clearly state the internal control objectives in the development of procedural controls. Although a wide choice may exist in the selection of systems and procedures used to process similar types of transactions, TJPA staff must evaluate the specific procedures based on whether or not they reasonably accomplish their objectives.

#### **IV. INTERNAL ACCOUNTING CONTROL LIMITATIONS**

TJPA recognizes that there are inherent limitations in any system of internal accounting controls. These limitations are as follows:

- In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors;
- Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion; and
- Control procedures with respect to the execution and recording of transactions may be ineffective against either errors or irregularities perpetrated by administrators or managers or inappropriate estimates and judgments by them in the preparation of financial statements.

Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

These limiting factors must not impair TJPA staff's efforts to develop an effective internal accounting control system.