



**Resolution 19-08  
Approval of Financial Policies and Procedures**

WHEREAS, the Aurora Housing Authority (AHA) adopted financial policies and procedures; and

WHEREAS, sound accounting practices and policies are necessary for ensuring the integrity of financial records and Aurora Housing Authority's procedures; and

WHEREAS, the Aurora Housing Authority strives to operate its programs and services in an efficient and effective manner with an objective of being designated a High Performer in its Low-Income Public Housing, Section 8 HCV Programs and Capital Fund Programs; and

WHEREAS, the Aurora Housing Authority Board of Commissioners has reviewed the proposed policies and procedures and determined they meet the requirements of the U.S. Department of Housing and Urban Development;

NOW, THEREFORE BE IT RESOLVED that the Board of Commissioners of the Aurora Housing Authority adopts the Financial Policies and Procedures as presented in Exhibits 1-9 attached;

NOW, THEREFORE BE IT FURTHER RESOLVED, the Aurora Housing Authority Board of Commissioners directs the Executive Director to implement said policies immediately and retain the policies on file for future HUD Management review, IPA Audit or related reviews.

PASSED, by the Board of Commissioners this 14th day of August 2019

AYES \_\_\_\_\_

NAYS \_\_\_\_\_

\_\_\_\_\_ (Chairperson)

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The Aurora Housing Authority™

# Financial Policies and Procedures

## Exhibit

# 1



**ACCOUNTS PAYABLE POLICY**

**Purpose**

The following contains policies and procedures relating to the payment of all invoices for the Aurora Housing Authority, including both purchase order and non-purchase order items. These policies are intended to be guidelines for processing all expenditure documents through Accounts Payable. The responsibility to observe these guidelines is that of both the employee and the Department heads/Executive Director/Board of Commissioners who approve such expenditures.

**Policy**

All payments for goods and services will be processed in accordance with sound internal control based on vendor invoice matched to receiving documents or verification of completion and purchase order that permits recording of expenditures in the general ledger and allows for appropriate scheduling of payments. Payments must be supported by this type source document which in most cases is an independent invoice from a vendor (individual or company). The invoice represents confirmation from a third party that a good or service was provided to the Aurora Housing Authority. Only the Executive Director can approve any exceptions to this policy.

**Responsibility**

The Accounts Payable office/staff under the jurisdiction of the Finance Department is responsible for the processing of invoices and payments for the Aurora Housing Authority. Accounts Payable is responsible for accurate and timely payment of all invoices. This includes all payments on purchase orders, check requests, travel advances, petty cash, freight bills, et al.

**Exemption from Sales Tax/Use Tax**

The Aurora Housing Authority is a private municipal corporation (Government agency) pursuant to State of Illinois statutes. As such, the Authority is exempt from Federal, State, County, City, et al, sales taxes. Copies of the tax exemption ID is kept by the Finance Specialist. All new vendors must submit a W-9 form, Finance Specialist must enter new vendors in the system and assure a W-9 form was submitted. Use of the Aurora Housing Authority's sales tax number for personal use is prohibited.



**ACCOUNTS PAYABLE POLICY**

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**Accounts Payable Process**

Request for goods and/or services must be initiated through the Purchase Requisition and the Purchase Order System, as administered by the Procurement Office/Staff also under the jurisdiction/supervision of the Executive Director. The Procurement Officer/Purchasing Agent must assure all Procurement Policy requirements are adhered to for goods and/or services; and that the procurement process and procedures have been complied with. All required signatures for purchase requisitions and purchase orders must be executed prior to forwarding to Accounts Payable for payment.

**Payment of Non-Purchase Orders**

Mail is opened daily and date stamped. Certain types of items can be purchased without a purchase order. Listed below are items which are nominally paid on a check request. A check request is created by the Finance Department depending on the invoice received. Other Departments also generate their own check requests. The following are examples of check requests:

- Conference/seminar registration fees
- Utilities invoices ComEd, Exelon, Nicor, Aurora Municipal, telephone, etc.
- Postage
- Medical, Life, General, Workers Compensation insurances, etc.
- Union dues
- Loan payments
- Non-maintenance purchases
- Capital fund payments and invoices
- Process Serving and Filing Fees for Attorney

**A. Procedure**

The Department completes a check request with the following information:

- Name of individual/company/organization to whom the check is payable
- Complete mailing address
- Invoice/account number, if available
- An explanation/purpose of the payment
- Authorized signatures



**ACCOUNTS PAYABLE POLICY**

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Supporting documentation (registration forms, order forms, remittance advice, receipts and invoices) must be securely fastened to the check request. Any reimbursement must include proof of payment such as paid invoice or credit card statement, or receipt.

Indicate if check is to be mailed or picked up.

The check request is entered and stamped with a date into the invoice module with invoice amount and the proper banking account fund. Banking funds include General Fund, Capital Fund, etc. Checks are written out of the Public Housing Account. Accounting codes must be entered correctly with the proper AMP to be charged.

All problems concerning invoices are followed up by the Finance Specialist with the vendors, staff or Resident Councils.

Following all authorized signatures are secured the check is processed.

A total is run on all check request amounts and matched to the check run in the system.

Following all the steps within the "check processing" module, checks are generated.

Copies of the invoices are filed alphabetically in a filing cabinet.

The checks returned to the E.D. for signature. After being reviewed and the checks are signed it is stamped with the Agency's imprinter.

The invoice with the check is stamped "PAID" with a date of the check per HUD's request. The check along with all payment stubs/forms are mailed, if possible, the same day the E.D. signed the checks.

**Payment of Purchase Orders**

Purchase orders are used for all maintenance materials, contracted services and office supplies at the Amps and COCC.



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Accounts Payable Policy

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**A. Procedure**

- Requisitions are generated in the system and all authorization signatures are secured.
- Purchasing Agent creates a purchase order
- Finance Specialist checks all invoices attached to the purchase order to confirm amount due and the remittance address
- The purchase orders are received and set up for invoicing
- The invoice is then either entered manually through the invoicing module if there are no stock items being invoiced for or it is imported from the receiving module with non-stock items
- Checks for purchase orders are created in the invoice module and processed the same as check request

**Vendor Invoices**

Vendors must be instructed to mail all invoices directly to the Aurora Housing Authority, Accounts Payable. Invoices received directly by Department, Amp, Requester should be forwarded immediately to Accounts Payable. Invoices should not be held. Invoices received by Accounts Payable cannot be paid unless the appropriate support documents are received.

**Payment to Vendors**

It is the general policy of the Housing Authority to mail checks to vendors from the Accounts Payable Office. This policy is to establish control over purchases and to eliminate the additional time necessary for any special handling. It must be clearly noted on the invoice when sent to Accounts Payable, if a situation exists where the check should not be directly mailed from the Accounts Payable Office.

The Authority's goal is to pay vendors on thirty (30) day terms. This means vendor's will be paid within thirty (30) days of the invoice date, if we have verified good receipts with receiving/inventory or services have been verified as complete.

**Vendor Inquiries**

Inquiries from vendors regarding the status of unpaid invoices are generally handled by Accounts Payable Staff. If invoices have been sent directly to the Amp, Department or Program by the vendor, or have not been returned to Accounts Payable with the necessary information (PO number, signature, account) the Amp Department or Program be expected to respond to the vendor. It is extremely important to maintain a satisfactory credit standing with vendors. Prompt payment insures this standing.



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**Stop Payment/Cancelled Checks**

Occasionally checks may be lost, stolen or incorrect which requires a stop payment and reissue of the check. Accounts Payable is responsible for issuing a replacement check.

**A. Procedure**

Departments requiring a stop payment on an operating/accounts payable (non-payroll) check should contact the Finance and Accounts Manager immediately upon realizing a check is lost or stolen. If a stop payment is required on a payroll check, Human Resources must be contacted. Accounts Payable Staff issues the stop payment with the bank. A replacement check will be issued.

Accounts Payable is also responsible for maintaining the check cancellation function. If a check must be canceled due to an inaccurate amount, an incorrect vendor name or an incorrect address and a replacement is not needed, the check must be sent to Accounts Payable with a note indicating the check must be canceled.

**Postage Machine**

Finance Specialist is responsible for maintaining the postage machine, uploading postage to the meter and all new updates.

**Change from a Check issued to Resident Council or Employee for AHA Purchases**

All change received with sales receipt must be returned to the Accounts Receivable Clerk along with a filled out "payment" receipt with the Amp and account number the original amount was charged. This change is re-deposited into the bank.

**Section 8**

Accounts Payable is responsible for the entering of new Section 8 Landlords and/or changes to existing Landlords in the Direct Deposit module in Elite.



**ACCOUNTS PAYABLE POLICY**

Accounts Payable Policy

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**Reports**

Monthly a check listing report is submitted to the E.D. from the Finance Department.

End of the year -All invoices received in March, however, not paid until April must be accounted for on a report for the Accountants.

All unclaimed monies for the year must be recorded on a report for the Accountants.

All copies of checks issued for Resident Council fund is submitted to the Director of Public Housing. A report is given at year end with a summary of the checks broke down by Amps.

**1099 Tax Forms**

Finance Department is responsible generating and mailing out the calendar 1099 forms with the IRS.

**Fixed Assets**

Inventory Specialist is responsible for inventory of all fixed assets located at the COCC. All new assets are entered as received with description, location, AHA tag and value.

A year end physical inventory is all so required and performed on the Warehouse and Stockrooms for the Agency. All year end reports are generated and submitted to the Finance Department and Accountants.





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## Financial Policies and Procedures

Exhibit

2



## **AURORA HOUSING AUTHORITY RENT COLLECTION AND UNCOLLECTABLE TENANT A/R POLICY**

### **RENT COLLECTIONS**

Rent and other charges are due and payable on the first day of the month. All rents should be paid by mailing payments in the form of a personal check, cashier's check or money order to: Aurora Housing Authority-P.O. 2091, Aurora, IL 60507. The bank prefers rent payments to be mailed. However, you may pay directly at the main Old Second Bank located on River St., Aurora, IL. Direct payments must be enclosed in an envelope with Aurora Housing Authority/Lockbox payment indicated so payment does not get misplaced. Reasonable accommodation requests for this mailing of rent payments requirement will honored for persons with disabilities. As a safety measure, no cash shall be accepted as a rent payment.

Monies paid to the AHA for the tenant's account will be applied to the oldest debt first. If the rent is not paid by the eighth of the month, a 14 Day Notice will be issued to the tenant. In addition, a \$20.00 late fee will be assessed to the tenant. If rent is paid by a personal check and the check is returned for insufficient funds, this shall be considered a non-payment of rent and will incur the late charge and a \$15.00 returned check fee will be assessed. If a personal check is returned for insufficient funds, no future payments will be accepted by personal check for a one-year period. Late fees in the amount of \$20.00 will be assessed when rent payments are received after 5:00 p.m. on the eighth day of each month. If the 8th day falls on a holiday or weekend, payments received after 5:00 p.m. on the next business day will be charged a late fee.

### **CASHIER – END OF DAY**

- Close-out of the drawer is balanced and reconciled by three separate parties prior to deposit of funds for the End of Day process.
- The Finance Specialist presents their reconciled drawer to the Director of Public Housing
- Director of Public Housing reconciles the balance report to the cash received.
- The deposit is handed off to Director of HR and Payroll who verifies the deposit prior to delivery to the bank or scanned via Panini Scanner to the bank account.
- Cash drawer is closed in the system once all deposits have been verified.

### **SEGREGATION OF DUTIES**

Segregation of duties is a preventive and detective control. The division of responsibilities serves to cross-check the work of each function, thereby increasing the chance of detection, while reducing the chance of concealment without collusion.



## RENT COLLECTION AND UNCOLLECTABLE TENANT A/R POLICY

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### **ACCOUNTS RECEIVABLE & UNCOLLECTABLE TENANTS POLICY**

It is the policy of the Aurora Housing Authority to collect all monies owed for rent, utilities, damages other than normal wear and tear and other charges. Housing Authority staff will make every effort to collect these charges promptly when due.

The Executive Director or designee of the Aurora Housing Authority will make every attempt to collect overdue rents and/or damage charges in excess of Security Deposits through normal methods which include telephoning, personally, sending or delivering notices or sending notices by certified mail.

The Executive Director or designee of the Aurora Housing Authority is hereby charged with determining when accounts are to be considered uncollectable, when the Executive Director shall follow the procedures set forth below following this determination.

### **PROCEDURES**

If a tenant has vacated a unit, left no forwarding address and owes the Aurora Housing Authority rent, utility, damages or other charges in excess of their security deposit, the Executive Director or designee will attempt to locate the tenant and collect the charges due. If this method fails, the Director of Public Housing may turn the account over to the Agency Attorney for court processing and the pursuit of a judgment for any arrearage.

If, after a period of six (6) months from the date of vacancy or the account became delinquent, rent, utility, damage or other charges are still uncollected, and all attempts to collect the overdue accounts have failed, the Executive Director will present this information to the Aurora Housing Authority Board. The Aurora Housing Authority Board may then approve all charges to be written off the Housing Authority's Accounts Receivable ledgers as uncollectable.

If the Aurora Housing Authority Board designates an account as uncollectable, this action will be approved by a formal written Board resolution listing the tenant's name, types of charges and total accounts due. This resolution presented in March of each fiscal year, shall be recorded in the official Aurora Housing Authority Board Minutes. The Executive Director will notify the



## RENT COLLECTION AND UNCOLLECTABLE TENANT A/R POLICY

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Housing Authority's Finance Department of this decision to write off the uncollectable account and instruct the Finance Department to write off the charges from the Authority's Accounts Receivable ledgers.

The Executive Director will direct the Director of Public Housing to report uncollectable accounts to Municipal Collections, Inc. Negative credit information on the former tenant will remain on their credit report until the balance owed is paid in full.

Any person approved to lease a unit must be evaluated to determine if they were a former tenant and owe a back balance.

The Aurora Housing Authority will not rent to any former tenant who has an outstanding, unpaid balance with the Aurora Housing Authority until all charges are paid in full.

The Director of Public Housing will maintain tenant accounts receivable records on all former tenants owing balances for fifteen (15) years from the point of vacating the unit.



The Aurora Housing Authority™

# Financial Policies and Procedures

Exhibit

3



# **Aurora Housing Authority Procurement Policy**

## **INTRODUCTION**

This Statement of Procurement Policy is established for the Aurora Housing Authority (AHA) for the acquisition of supplies, materials, personal and professional services, management and maintenance services, construction services, equipment and insurance in accordance with and subject to state and federal laws and regulations, including the Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD), and, as applicable, amended, or as superseded from time to time, HUD Handbook 7460.8 REV 2, "Procurement Handbook for Public Housing Agencies"; HUD Handbook 1530.1, "Litigation Handbook"; the procurement standards of Title 24 Code of Federal Regulations Part 85.36, and 2 CFR 200, particularly 2 CFR 200.318 through 200.326.

### **I. GENERAL PROVISIONS**

#### **A. PURPOSE**

The purpose of this statement of Procurement Policy (the "Policy") is to: provide for the fair and equitable treatment of all persons or firms involved in purchasing by the AHA; assure that supplies, services and construction are procured efficiently, effectively and at the most favorable prices available to the AHA; promote competition in contracting; provide safeguards for maintaining a procurement system of quality and integrity; and assure that the AHA purchasing actions are in full compliance with applicable federal standards, HUD regulations and State and local laws, as may be amended from time to time.

#### **B. APPLICATION**

This Procurement Policy applies to all procurement actions of the AHA, regardless of the source of funds, except as noted under "exclusions," below. However, nothing in this Policy shall prevent the AHA from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with the law. When both HUD and non-Federal grant funds are used for a project, the work to be accomplished with the funds should be separately identified prior to procurement so that appropriate requirements can be applied, if necessary. If it is not possible to separate the funds, HUD procurement regulations shall be applied to the total project. If funds and work can be separated and work can be completed by a new contract, then regulations applicable to the source of funding may be followed.



## **Exclusions**

This policy does not govern administrative fees earned under the Section 8 voucher program, the award of vouchers under the Section 8 program, the execution of landlord Housing Assistance Payments contracts under that program, or the expenditure of non-program income. These excluded areas are subject to applicable State, local and other requirements.

### **C. PUBLIC ACCESS TO PROCUREMENT INFORMATION**

Procurement information that is not proprietary is a matter of public record and shall be available to the public to the extent provided in the Illinois Freedom of Information Act (FOIA) or similar applicable law.

### **D. EMERGENCY/PUBLIC EXIGENCY**

An “emergency or public exigency” is defined as a sudden, obstruction or unexpected occurrence in any public works that materially impairs its immediate use or poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property or essential public service.

In case of an “emergency or public exigency” situation, the Executive Director or designee shall have the ability to conditionally override procurement policy financial provisions necessary to ensure the continued operation of the AHA until such time as the next Board of Commissioners meeting if the expenditure exceeds the Simplified Acquisition Threshold of \$30,000.

Such procurement would be conducted in accordance with the requirements outlined in 24 CFR 85.36 d(ii) titled “cost analysis” and HUD Procurement Handbook 7460.8, paragraph 4-29 titled “Justification” as outlined in Section 5 “Non-Competitive Proposals”, or as may be superseded by 2 CFR 200.

### **E. DEFINITIONS**

“Contract Cost and Price” AHA staff must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, AHA staff must make independent cost estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial



product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

AHA staff will negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred, or cost estimates included in negotiated prices are consistent with Federal cost principles (24 CFR Sec. 85.22). AHA staff may reference their own cost principles that comply with the applicable Federal cost principles.

The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

“Best Value” - a determination that follows from a procurement process in which a competitive proposal is evaluated for price and qualitative factors such as quality and performance, as judged against the solicitation’s evaluation criteria, and award selection is based upon the proposal that offers the most advantageous value to the AHA.

“Capital Fund” - The Capital Fund provides funds annually to the AHA for capital and management activities, including modernization and development of public housing. The Capital fund also permits the AHA to use Capital Funds for financing activities, including payments of debt service and customary financing costs, in standard AHA developments and in mixed-finance developments, which include Public Housing.

“Contracting Officer” – The AHA Executive Director or the person designated in writing by the Executive Director to contract and act as the authorized agent of the AHA in all dealings with contractors.

“Contractor” – As used herein means the person or entity entering into the contract with the AHA to perform all of the work required under the contract documents.

“Competitive Proposal” – A technique for purchasing goods and services, usually of a technical nature, whereby qualified suppliers are solicited, and the contract is awarded based on Best Value and other identified criteria. It is generally used when conditions are not appropriate for the use of sealed (formal) bids. A Competitive Proposal, including one for a developer, may be undertaken as a RFP or RFQ (both as defined below), as the Contracting Officer shall determine,





or any other competitive manner provided that such manner complies with federal law and the laws of the state of Illinois, including all applicable regulations.

“Covered Contract” means a contract entered into directly with the AHA or a subcontract (including a professional service contract) awarded to a Contractor for work generated by the expenditure of Section 3 Covered Assistance, or for work arising in connection with a Section 3 Covered Project, and includes its plural form, “Section 3 Covered Contracts.”

“Formal Bid” – A bid which must be advertised for a minimum of fifteen (15) days and forwarded in a sealed envelope and be in conformance with a prescribed format to be opened at a specified time and publicly opened and read aloud.

"Minority business enterprise" (MBE) is defined as a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to, African/Black Americans, Hispanic/Latino Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans and Hasidic Jewish Americans who are U.S. citizens.

“Women’s business enterprise” (WBE) is defined as a business that is at least 51% owned by a woman or women who are U.S. citizens and who control or operate the business.

“Noncompetitive Proposal” – Procurement through solicitation of a proposal from only one source or after solicitation of a number of sources, competition is determined inadequate.

“Price Analysis” – An evaluation of price based on comparison to market prices, catalog prices, historical data, or other similar services.

“Procurement” as used in this Policy, includes the procuring, purchasing, leasing, or renting of:

- (1) goods, supplies, equipment, and materials;
- (2) construction and maintenance;
- (3) consultant services;
- (4) Architectural and Engineering (A/E) services;
- (5) social services;
- (6) real estate development services; and
- (7) other services as needed.

“Public Works” means construction including development, demolition, reconstruction (alteration), rehabilitation and other construction-related tasks (including maintenance and non-routine maintenance), whereby payment of prevailing wages are triggered.



“Responsible” - A “Responsible” bidder, offeror or respondent, Contractor or subcontractor is one who satisfies the standards set forth in Section IV. of this Policy.

“Responsive” - A “Responsive” bid or proposal is one that conforms to the essential requirements of the solicitation including, without limitation, specifications, delivery schedule, warranty, and submittal of the required documents.

“Section 3” means Section 3 of the Housing and Urban Development Act of 1968, as amended, codified in 12 U.S.C. 1701u and 24 C.F.R. part 135.

“Section 3 Covered Assistance” means financial assistance received from HUD or any other federal agency, receipt of which triggers the obligations that arise under Section 3.

“Section 3 Covered Project” means a project funded using Section 3 Covered Assistance and includes construction related projects involving the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of asbestos or lead-based paint hazards), and the construction and reconstruction of buildings and improvements and non-construction related projects.

“Simplified Acquisition Threshold” – the Simplified Acquisition Threshold means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The Simplified Acquisition Threshold for the AHA is \$30,000. The AHA Simplified Acquisition Threshold means purchases not exceeding \$30,000 can be authorized and approved by the Contracting Officer or designee.

Procurement Thresholds - The AHA Board of Commissioners shall approve through resolution all Contracts or commitment of funds that exceed the Simplified Acquisition Threshold of \$30,000. The Executive Director or designee is hereby authorized to enter into Contracts or commit funds up to the Simplified Acquisition Threshold of \$30,000.

“Small Purchase Procedures” – As used herein refers to those relatively simple and informal procurement methods for securing services or supplies that do not exceed the Simplified Acquisition Threshold amount of \$30,000.

"Small business" is defined as a business, which is independently owned, not dominant in its field of operation and not an affiliate or subsidiary of a business dominant in its field of

operation. The size standards in 13 CFR 121 shall be used, unless the AHA determines that their use is inappropriate.



“Services” – As used herein means and includes labor, professional services, management consulting services, or a combination of services and supplies, which shall include construction projects.

“Section 3 Business Concern” means a business entity authorized to engage in the type of business activity for which it was formed, and which satisfies one or more of the following criteria: (i) at least 51 percent of the business is owned by one or more Section 3 Residents; (ii) at least thirty (30) percent of its permanent, full-time employees include persons who are currently Section 3 Residents, or were Section 3 Residents within three (3) years of the date such persons were first employment with the business; or (iii) a business that provides the AHA sufficient evidence of its commitment to subcontract more than twenty-five (25) percent of the dollar award of all subcontracts awarded under a Section 3 Covered Contract to Section 3 Business Concerns.

“Supplies” – As used herein means and includes materials, commodities, and equipment.

#### F. AMENDING PROCUREMENT POLICY AND PROCEDURES

The Procurement Policy of the AHA as stated within this document will only be amended through resolution and approval by the Board of Commissioners. The Procurement Procedures of the AHA may be amended at any time at the discretion of the Executive Director, and do not require the Board of Commissioners approval.

#### G. PROCUREMENT THRESHOLDS

The AHA Board of Commissioners shall approve through resolution all Contracts or commitment of funds that exceed the Simplified Acquisition Threshold of \$30,000. The Executive Director or designee is hereby authorized to enter into Contracts or commit funds up to the Simplified Acquisition Threshold of \$30,000.

#### H. CHANGE IN LAW OR REGULATION

In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation shall apply and to the extent inconsistent with this Policy, shall automatically supersede the inconsistent provisions of this Policy.

### II. PROCUREMENT - AUTHORITY AND ADMINISTRATION

A. All procurement transactions shall be administered by the Contracting Officer, who shall be the Executive Director or other individual he or she has authorized in writing. The Executive Director shall issue operational procedures to implement this Policy, which shall be based on the sources identified in the first paragraph of this Chapter, as may be applicable. The Executive Director shall also establish a system of sanctions for violations of the ethical standards described in Section IX below, consistent with state and federal law.



- B. The Executive Director or his/her designee shall ensure that:
1. Procurement requirements are subject to an annual planning process to assure efficient and economical purchasing;
  2. Contracts and modifications are in writing, clearly specifying the desired supplies, services and construction, and are supported by sufficient documentation regarding the history of the procurement, including as a minimum the method of procurement chosen, the selection of the contract type, the rationale for selecting or rejecting offers, and the basis for the contract price;
  3. For procurements other than those that follow the Small Purchase Procedures, public notice is given of each upcoming procurement; responses to such notice are honored to the maximum extent practical; a minimum of 15 days is provided for preparation and submission of bids or proposals; and notice of contract awards is made available to the public;
  4. Solicitation procedures are conducted in full compliance with federal standards stated in 24 CFR 85.36 or as superseded by 2 CFR 200, or State and local laws that are more stringent, provided they are consistent with applicable requirements of 24 CFR 85.36 and 2 CFR 200;
  5. For all solicitations not subject to the Small Purchase Procedures, an independent cost estimate is prepared before solicitation issuance and is appropriately safeguarded for each procurement and a cost or price analysis is conducted of the responses received for all procurements;
  6. For all solicitations subject to the Small Purchase Procedures, either (i) an independent cost estimate is prepared before solicitation issuance and is appropriately safeguarded for each procurement and a cost or price analysis is conducted of the responses received for all procurements, or (ii) other reasonable and prudent means of ensuring price reasonableness are utilized, including, without limitation, securing multiple bids, comparing costs or prices with those paid by other public agencies for similar services or supplies, or comparing costs or prices with previous contracting costs for similar services or supplies.
  7. Contract award is made to the Responsive and Responsible bidder offering the lowest price (for sealed bid contracts) or contract award is made to the offeror whose proposal offers the Best Value to the AHA, considering price (except for those Competitive Proposals made by RFQ, as defined below), technical, and other criteria as specified in the solicitation (for contracts awarded based on competitive proposals); unsuccessful firms are notified within ten (10) days or other time period required by State or local law



- after contract award;
8. There are sufficient unencumbered funds available to cover the anticipated cost of each procurement before contract award or modification (including change orders), work is inspected before payment, and payment is made promptly for contract work performed and accepted; and
  9. The AHA complies with applicable HUD review requirements as provided in the operational procedures supplementing this Policy.
- C. Contracting authority under this Policy shall be vested in the following:
1. Contracting Officer. The Contracting Officer or designee shall have the authority to:
    - a. Approve any procurement up to the Simplified Acquisition Threshold of \$30,000 or less;
    - b. Approve any change order to a construction contract authorized by the Board of Commissioners, pursuant to the provisions of this Policy;
    - c. Approve any change order to a Board authorized contract up to \$30,000 cumulatively;
    - d. Approve any procurement of supplies, materials, services or equipment, without limit as to dollar amount, in the event of an emergency as defined in III.E.1.b.of this Policy, provided that the nature and value of said purchases shall be reported to the Board of Commissioners at a public meeting at the earliest opportunity;
    - e. Reject any bid or offer where the Contracting Officer determines that the price is unreasonably low based upon an Independent Cost Estimate, competing bids or offers, or other reasonable means. Determining a bid price to be unreasonable includes not only the total price of the bid or offer, but the prices for individual items included within the bid or offer; and
    - f. Further delegate this authority in writing to other AHA employees.
  2. Board of Commissioners. The Board of Commissioners reserves to itself the authority to approve all procurements not delegated to the Contracting Officer.
- D. This Policy and any later changes shall be submitted to the Board of Commissioners for approval. The Board appoints and delegates procurement authority to the Executive Director or designee and is responsible for ensuring that any procurement procedures adopted in furtherance of this Policy are appropriate for the AHA.



### III. PROCUREMENT METHODS

#### A. SELECTION OF METHOD

If it has been decided that the AHA will directly purchase the required items, one of the following procurement methods shall be chosen, based on the nature and anticipated dollar value of the total requirement.

#### B. SMALL PURCHASE PROCEDURES

1. **General:** Any purchase not exceeding the Simplified Acquisition Threshold of \$30,000 may be made in accordance with the small purchase procedures authorized in this section. Purchase requirements shall not be artificially divided so as to constitute a small purchase under this section (except as may be reasonably necessary to comply with Section VIII of this Policy). During the procurement planning process, if it is determined that any commodity/services will exceed \$30,000 per year a formal procurement shall be conducted. Small purchases from one vendor will be limited to no more than \$30,000 aggregate in one calendar year.
2. **Petty Cash Purchases:** Small purchases of \$100 each or less that can be satisfied by local sources may be processed through the use of a petty cash account. The Contracting Officer shall ensure that: (i) the account is established in the amount of \$250.00, an amount sufficient to cover small purchases made during a reasonable period (e.g., one week); (ii) security is maintained and only authorized individuals have access to the account; (iii) the account is periodically reconciled and replenished by submission of a voucher to the Finance Officer or designee; and (iv) the account is periodically audited by the Finance Department or designee to validate proper use and to verify that the account total equals cash on hand plus the total of accumulated vouchers.
3. **Micro Purchases of \$3,000 or less:** For purchases of \$3,000 or less only one written quotation need be solicited if the price received is considered reasonable. Such purchases must be distributed equitably among qualified sources. If practicable, a quotation shall be solicited from other than the previous source before placing a repeat order. Notwithstanding the above, nothing contained here shall be understood or construed to preempt the requirements of Davis-Bacon when applicable to contracts exceeding \$2,000.
4. **Small Purchases over \$3,000 but less than the Simplified Acquisition Threshold:** For purchases in excess of \$3,000 but not exceeding the Simplified Acquisition Threshold, no less than three offerors shall be solicited to submit price quotations, which may be obtained orally, by telephone or in writing, as allowed by State or local laws. Award shall be made to the Responsible offeror providing the lowest acceptable quotation, unless justified in writing based on price and other specified factors, such as for legal or other



professional services. If non-price factors are used, they shall be disclosed to all those solicited. The names, addresses, and/or telephone numbers of the offerors and persons contacted, and the date and amount of each quotation shall be recorded and maintained as a public record. The Contracting Officer may also establish procedures, which are more stringent and designed to increase competition among suppliers and service providers.

- a. Pursuant to OMB circular A-87, the Contracting Officer shall approve purchases of memberships and subscriptions as follows:
    - i Cost of governmental unit's membership in business, technical, and professional organizations;
    - ii Costs of the governmental unit's subscription to business, professional and technical periodicals;
    - iii Costs of membership in civic and community, social organizations.
  - b. Federal funds may be used for contributions to civic, community, social and non-profit organizations provided any required HUD approvals are obtained
  - c. If approved by the Contracting Officer, "purchasing cards" issued by an authorized financial institution may be used to execute purchase transactions.
5. Purchases Exceeding the Simplified Acquisition Threshold: A formal solicitation will be issued to procure the services or goods.
- C. SEALED BIDS
- Formal competitive procurement using sealed bids is the preferred method for procuring construction, and supplies and services of a finite nature, amount and/or scope capable of being bid at a fixed cost anticipated to be in excess of \$30,000. Sealed bid procurements shall be awarded to Responsible and Responsive bidders based on lowest cost.
1. Conditions for Use: Contracts shall be awarded based on competitive sealed bidding if the following conditions are present:
    - a. A complete, adequate and realistic specification or purchase description is available;
    - b. Two or more Responsible bidders are willing and able to compete effectively for the work;
    - c. The procurement lends itself to a firm fixed price contract, and the selection of the successful bidder can be made principally on the basis of price.
  2. Solicitations and Receipt of Bids: An invitation for bids shall be issued including specifications and all contractual terms and conditions applicable to the procurement.



The invitation for bids shall state the time and place for both the receipt of bids and the public bid opening. All bids received shall be secured and opened no sooner than the date and time advertised.

3. **Bid Opening:** Bids shall be opened publicly and in the presence of at least one witness. An abstract of bids shall be recorded and the bids shall be available for public inspection.
4. **Award:** Award shall be made based on the most determining the responsible bidder with consideration given to cost, and as provided in the invitation for bids by written notice to the successful bidder. If equally responsible bids are received from Responsible bidders, award shall be made by drawing lots or similar random method, unless otherwise provided by law or stated in the invitation for bids. If only one Responsive bid is received from a Responsible bidder, award shall only be made with HUD approval of the award.
5. **Correction and Withdrawal of Bids Prior to Bid Opening:** Any time prior to the date and time of bid opening, a bidder shall be permitted to correct or withdraw bids by written, faxed, or e-mail notice received in the office designated in the IFB.
6. **Correction of Mistakes in Bids After Opening:**
  - a. After bid opening, corrections in bids shall be permitted only if the bidder can show by clear and convincing evidence: (i) that a mistake of a nonjudgmental character was made, (ii) the nature of the mistake, and (iii) the price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document, but the intended bid is unclear, or the bidder submits convincing evidence that a mistake was made.
  - b. Any decision to allow correction of bid mistakes after bid opening shall be supported by a written determination signed by the Contracting Officer or designee.
  - c. After bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of the AHA or fair competition shall be permitted.
7. **Bonds:** The following bonds (or equivalent as permitted by law) are required for Public Works contracts:
  - a. For Public Works contracts that exceed \$30,000: (i) a bid bond equivalent to 5% of the bid price; and (ii) payment and performance bonds for 100% of the contract price are required.
  - b. For Public Works contracts greater than \$50,000 but less than \$100,000, a payment bond for 100% of the contract price is required. Additionally, the Contracting Officer has the discretion to require a bid bond equivalent to 5% of





the bid price and/or a performance bond for 100% of the contract price for Public Works contracts greater than \$50,000 but less than \$100,000.

There are no bonding requirements for non-Public Works small purchases or competitive proposals; however, the Contracting Officer may require bonds in these latter circumstances when deemed appropriate. Unless otherwise specified in the solicitation, any bond submitted by a bidder pursuant to the above must be issued by a bond surety listed in U.S. Treasury Circular No.570.

#### D. COMPETITIVE PROPOSALS

Formal competitive procurement using competitive proposals is the preferred method for procuring professional services that will exceed the Simplified Acquisition Threshold and where conditions are not appropriate for the use of sealed bidding to procure construction, supply and personal and professional services. Competitive proposals using Requests for Proposals shall be awarded to Responsible and Responsive offerors based on Best Value and other designated rating criteria. Competitive proposals using Requests for Qualifications shall be awarded to the most qualified respondent based on rating criteria outlined in the RFQ.

1. Conditions for Use: Competitive proposals (including turnkey proposals for development) may be used if there is an adequate method of evaluating technical proposals and if the AHA determines that conditions are not appropriate for the use of sealed bids. An adequate number of qualified sources shall be solicited.
2. Solicitation: Competitive proposals shall be solicited through a "request for proposals" (RFP) or a "request for qualifications" (RFQ) issued by the AHA. The competitive proposal shall clearly identify the relative importance of price (except an RFQ which shall not consider price) and other evaluation factors and sub factors, including the weight given to each technical rating criteria. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of offerors, identity of the offerors and the contents of their proposals.
3. Evaluations by Panel: Proposals shall be evaluated only on the criteria stated in the RFP or RFQ. Proposals shall be evaluated by a panel with expertise on the subject matter. The Contracting Officer or designee shall establish criteria for selecting panel members, including standards for ensuring that panelists have no conflicts of interest with past or future work with the AHA or conflicts related to the RFP or RFQ at hand. The Contracting Officer or designee shall ensure that panel members are insulated in their evaluation activities from interference or input from others.
4. Negotiation under Request for Proposals (RFP): The proposals shall be evaluated, rated and ranked in accordance with the technical criteria and price factors specified in the



RFP. If based on the initial evaluation the AHA determines there is a clear winning proposal (or multiple winning proposals), the AHA shall award the contract accordingly.

However, if, after the initial evaluation of proposals, the AHA determines there is a no clear winning proposal, negotiations as set forth in this section shall be conducted. The AHA determines the scope and extent of the negotiations.

- a. Initial Discussions: The Contracting Officer or designated AHA staff shall conduct discussions with all responsible offerors whose proposals have a reasonable chance of being selected for award. These discussions are intended to maximize the AHA's ability to obtain Best Value and will be tailored to each offeror's proposal. The scope of discussions may include a proposal's weaknesses and deficiencies that could, in the opinion of the Contracting Officer, be altered or better explained to materially enhance the proposer's potential for award. The scope of discussions may also include the proposal's price, schedule, technical approach, and contract terms, as well as an offeror's prior contract performance.
- b. Determination of Competitive Range: After initial negotiations are complete, the evaluation panel shall re-evaluate proposals based on the initial discussions and solicitation criteria and re-determine the range of competitive scores.
- c. Best and Final Offers (BAFOs): All offerors with scores within the competitive range following discussions shall be provided an opportunity to revise and/or clarify their proposals, including price, by submitting a BAFO. A common deadline for receipt of BAFOs shall be established. BAFOs shall be evaluated by the entire evaluation panel in essentially the same manner as the initial evaluation of the proposals. The Contracting Officer shall ensure that a full evaluation of BAFOs is conducted sufficient to support an award decision based on Best Value and other designated rating criteria.

While BAFOs are usually requested once during the procurement process, in exceptional circumstances, the Contracting Officer may determine that it is in the AHA's best interest to request a second round of BAFOs. In such cases, invitations for the second BAFO need only be sent to those offerors whose proposals are within the range of competitive scores following receipt of the first set of BAFOs.

- d. Treatment of Offerors: Offerors shall be treated fairly and equally with respect to any opportunity for negotiation and revision of their proposals. No offeror shall be given any information about any other offeror's proposal, and no offeror shall be assisted by THE AHA to bring its proposal up to the level of any other proposal.



5. Negotiations under Request for Qualifications (RFQ): Negotiations conducted under the RFQ differ from negotiations conducted under the RFP in that the AHA first selects the highest-ranked respondent, which is determined based on the proposal's technical factors, and then the parties engage in negotiations concerning price. If the parties cannot reach agreement on a fair and reasonable price and other material terms, the AHA will terminate negotiations and proceed to engage in negotiations with the next-highest rated respondent based on technical factors, again with intentions to reach agreement on price and other material terms. This process continues until the AHA and a responsible respondent reach agreement as to price and other material terms. Once the AHA has terminated negotiations with a respondent due to failure to reach agreement as to price and other material terms, the parties are precluded from engaging in further or additional negotiations.
6. Architect/Engineer Services: Architect/engineer services for federally funded projects shall be obtained by HUD's qualifications-based selection procedures. Under qualifications-based selection procedures, competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to the negotiation of fair and reasonable compensation. Price is not used as a selection factor under this method. Qualifications based selection procedures shall not be used to purchase other types of services, unless the Contracting Officer determines it is in the best interest of the AHA and determines it is permissible under applicable laws and regulations.

#### E. NONCOMPETITIVE PROPOSALS

1. Conditions for Use: Procurements shall be conducted competitively to the maximum extent possible. Procurement by noncompetitive proposals may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids or competitive proposals, and one of the following applies:
  - a. The item is available only from a single source, based on a good faith review of available sources;
  - b. There is an Emergency as defined at Section I.D above;
  - c. HUD authorizes the use of noncompetitive proposals; or
  - d. After solicitation of a number of sources, competition is determined inadequate.
2. Justification: Procurements based on noncompetitive proposals shall be supported by a written justification for using such procedures. The justification shall be approved in writing by the Contracting Officer or designee.
3. Price Reasonableness: The reasonableness of the price for all Procurements based on noncompetitive proposals shall be determined by performing a cost analysis, as



described III F. below.

F COST ANALYSIS

1 The AHA must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the AHA must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional services, consulting services and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

The AHA will negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

2. Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred, or cost estimates included in negotiated prices are consistent with Federal cost principles (see Sec. 85.22). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.

The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

Procurement is based on noncompetitive proposals, or when only one offer is received, or for other procurements as deemed necessary by the AHA (e.g., when contracting for professional, consulting or architect/engineer services) the offeror shall be required to submit:

- a. cost breakdown showing projected costs and profit;
- b. commercial pricing and sales information sufficient to enable the AHA to verify the reasonableness of the proposed price as a catalog or market price of a commercial



product sold in substantial quantities to the general public; or documentation showing that the offered price is set by law or regulation.

3. **Cost Analysis:** Cost analysis shall be performed if an offeror/contractor is required to submit a cost breakdown as part of its proposal. When a cost breakdown is submitted: a cost analysis shall be performed of the individual cost elements; the AHA shall have a right to audit the contractor's books and records pertinent to such costs; and profit shall be analyzed separately. Costs shall be allowable only to the extent that they are consistent with applicable Federal cost principles (for commercial firms, Subpart 31.2 of the Federal Acquisition Regulation, 48 CFR Chapter 1). In establishing profit, the AHA shall consider factors such as the complexity and risk of the work involved, the contractor's investment and productivity, the amount of subcontracting, the quality of past performance, and industry profit rates in the area for similar work.
4. **Price Analysis:** A comparison of prices shall be used in all cases other than those described in the Cost Analysis section above.

#### G. CANCELLATION OF SOLICITATIONS

1. Solicitations may be canceled before offers or bids are due if: the AHA no longer requires the supplies, services or construction; the AHA can no longer reasonably expect to fund the procurement; proposed amendments to the solicitation would be of such magnitude that a new solicitation would be desirable; or other reasons deemed in the best interest of the AHA as determined in its sole discretion.
2. A solicitation may be canceled and all bids or proposals that have already been received may be rejected if: the supplies, services or construction are no longer required; ambiguous or otherwise inadequate specifications were part of the solicitation; the solicitation did not provide for consideration of all factors of significance to the AHA; prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds; there is reason to believe that bids or proposals may not have been independently arrived at in open competition, may have been collusive, or may have been submitted in bad faith; or for other good cause when deemed in the best interest of the AHA as determined in its sole discretion.
3. The reasons for cancellation shall be documented in the procurement file in accordance with 24 CFR 85.36(b)(9) or 2CFR 200, as applicable, and the reasons for cancellation and/or rejection shall be provided upon request to any offeror solicited.



4. A notice of cancellation shall be sent to all offerors solicited and, if appropriate, shall explain that they will be given an opportunity to compete on any solicitation or future procurement of similar items.
5. If all otherwise acceptable bids received in response to an invitation for bids are at unreasonable prices, or only one bid is received and the price is unreasonable, the AHA shall cancel the solicitation and either:
  - a. resolicit using a new invitation for bid with amendment as warranted; or
  - b. resolicit using a request for proposals, provided, that the Contracting Officer or designee determines in writing that such action is appropriate, all bidders are informed of the AHA's intent to resolicit using a request for proposals, and each Responsible bidder is given a reasonable opportunity to submit an offer in response to the new solicitation.

#### H. COOPERATIVE PURCHASING

The AHA may enter into Federal, State or local inter-governmental agreements to purchase or use common goods and services. The decision to use an intergovernmental agreement or conduct a direct procurement shall be based on economy and efficiency. If used, the intergovernmental agreement shall stipulate who is authorized to purchase on behalf of the participating parties and shall specify inspection, acceptance, termination, payment and other relevant terms and conditions. The AHA is encouraged to use Federal or State excess and surplus property instead of purchasing new equipment and property whenever such use is feasible and reduces project costs.

#### I. CONTRACTING WITH RESIDENT ORGANIZATIONS

Notwithstanding the provisions above pertaining to full and open competition in its procurements, the AHA may: (1) use the "alternative procurement process" to limit competition to resident-owned businesses, pursuant to 24 CFR Part 963; or (2) contract on a non-competitive basis with a resident management corporation pursuant to 24 CFR 964, Subpart C.

#### J. CONTRACTING FOR LEGAL SERVICES

1. Contracting for legal services shall be conducted in accordance to all applicable HUD policy guidelines and AHA procedures. The AHA shall not enter into a contract for federally-funded litigation-related legal services to exceed \$30,000



without the prior written concurrence of HUD's Regional Counsel, and shall not enter into a contract for federally-funded litigation services to exceed \$300,000 without the prior written concurrence of HUD's Regional Counsel and the Headquarters Program Associate General Counsel.

2. Additionally, with the exception of litigation involving the AHA acting as a Section 8 private owner, the AHA shall not initiate or enter into the following without prior written concurrence from HUD:
  - a. litigation, including any civil action at law or proceeding in equity involving a program, project, or activity receiving HUD assistance, but excluding administrative and criminal proceedings and litigation relating to routine eviction proceedings;
  - b. appeals from adverse judgments; and
  - c. settlements arising out of litigation.

#### IV. BIDDER QUALIFICATIONS AND DUTIES - BIDDER RESPONSIBILITY

Procurements shall be conducted only with Responsible bidders, offerors, respondents, contractors and subcontractors (collectively, "bidders" or "bidder") who have a satisfactory record of integrity, including without limitation, all licenses required to perform the contract directly and/or with the assistance of a subcontractor as permitted under law, and in good standing with the AHA, as well as applicable licensing and state or local boards or agencies.

1. Standards. A Responsible bidder is one who meets the standards set forth below:
  - a. has adequate financial resources, or the ability to obtain such resources as required during performance of the contract;
  - b. is able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing business commitments;
  - c. has a satisfactory record of performance;
  - d. is otherwise qualified and eligible to receive an award under applicable laws and regulations;
  - e. has the necessary organization, experience, operational controls, and technical skills, or the ability to obtain them; and



- f. has the necessary production, construction, and technical equipment and facilities, or the ability to obtain them.
  2. Evaluation. Evaluation of the responsibility of prospective contractors may be made based upon the following sources:
    - a. a list of debarred, suspended or ineligible firms or individuals;
    - b. from the bidder's submittals, replies to questionnaires, financial data such as balance sheets, profits and loss statements, cash forecasts, and financial histories of bidder and affiliated concerns, current and past production records, list of tools, equipment, and facilities, written statements or commitments concerning financial assistance and subcontracting arrangements;
    - c. Businesses that provide commercial credit rating reports, such as Dun and Bradstreet;
    - d. references from prior contracts, suppliers, subcontractors, banks and financial institutions, other government agencies, purchasing and trade associations, and better business bureaus and chambers of commerce; and
    - e. documented past performance on contracts with the AHA.
  3. Timing of Determination. The Contracting Officer or designee will determine whether a Bidder is Responsible prior to consideration of contract award in the case of sealed bids and small purchase procurements, and prior to the panel's evaluation of proposals in the case of competitive proposals.
  4. Determination of Non-Responsible. Bidders who have previously contracted or performed for the AHA and who are, or have been seriously deficient in contract performance, may be considered to be non-responsible. Documented past unsatisfactory performance may be sufficient to justify a finding of non-responsibility.
  5. Documentation. If a bidder is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the contract file, and the bidder shall be provided an opportunity to appeal the determination in accordance with the AHA's Procedures for Competitive Solicitation Protests.
- B. BIDDER RESPONSIVENESS**
1. Timing for federally-funded Public Works contracts. For federally-funded procurements involving construction and maintenance Public Works contracts





that require a City of Aurora contractor's license to perform, the Contractor must be properly licensed at the time the contract is awarded, or the Contractor will be deemed to be non-responsive and the bid rejected.

2. Timing for non-federally funded Public Works contracts [NOTE – FOR INFORMATIONAL PURPOSES ONLY - GOVERNED BY STATE LAW AND CITY OF AURORA LAW, NOT THIS PROCUREMENT POLICY]. For procurements involving Public Works contracts that are not federally funded and require a City of Aurora contractor's license to perform, the Contractor must be properly licensed at the time the bid is submitted, or the Contractor will be deemed to be non-responsive and the bid rejected.
3. Timing for All Other Procurements. Unless otherwise provided herein, the Contracting Officer or designee will determine whether a bidder is Responsive prior to consideration of contract award in the case of sealed bids and small purchase procurements, and prior to the panel's evaluation of proposals in the case of competitive proposals.

#### C. SUSPENSION AND DEBARMENT

Contracts shall not be awarded to debarred, suspended or ineligible contractors or contractors that are utilizing debarred, suspended or ineligible subcontractors. It is the contractor's responsibility to ensure that its subcontractors meet the above responsibility standards prior to contract bid opening. Contractors may be suspended, debarred or determined ineligible by HUD in accordance with HUD regulations (24 CFR Part 24) or by other federal agencies (e.g., Department of Labor for violation of Secretary of Labor regulations), by Illinois law or by AHA Policies when necessary to protect the AHA in its business dealings.

#### D. QUALIFIED BIDDERS LISTS

Interested businesses shall be given an opportunity to be included on qualified bidders lists. Any pre-qualified lists of persons, firms or products which are used in the procurement of supplies and services shall be kept current and shall include enough qualified sources to assure competition. Firms shall not be precluded from qualifying during the solicitation period. Solicitation mailing lists of potential contractors shall include, but not be limited to, such pre-qualified suppliers.

#### E. ORGANIZATIONAL CONFLICTS OF INTEREST

"Organizational conflict of interest" is defined as a situation in which the nature of the work to be performed under an AHA contract and a contractor's organizational,



financial, contractual or other interests are such that:

1. The contractor possessed an unfair competitive advantage in competing for the contract, which could include those prohibited circumstances identified in 2 CFR 200.319(a);
2. Award of the contract may result in an unfair competitive advantage for future work; or
3. The contractor's objectivity in performing the contract work may be impaired. The AHA shall endeavor to neutralize such conflicts by asking contractors to disclose any such organizational conflicts of interest when they submit their offers and to exclude contractors who provide services relating to studies or specification writing from competing for any subsequent contract which is based on such services.

V. TYPES OF CONTRACTS, CLAUSES AND CONTRACT ADMINISTRATION

A. CONTRACT TYPES

Pursuant to HUD handbook 7460.8 Rev 1 (the "Handbook") and 2 CFR 200 as it may supersede the Handbook, any type of contract which is appropriate to the procurement and which will promote the best interests of the AHA may be used, provided that the cost plus a percentage of cost and percentage of construction cost methods are prohibited. All procurements shall include the clauses and provisions necessary to define the rights and responsibilities of the parties. A cost reimbursement contract shall not be used unless it is likely to be less costly or it is impracticable to satisfy the AHA's needs otherwise, and the proposed contractor's accounting system is adequate to allocate costs in accordance with applicable cost principles [for commercial firms, Subpart 31.2 of the Federal Acquisition Regulation (FAR), found in 48 CFR Chapter 1]. A time and materials contract may be used only if a written determination is made that no other contract type is suitable, and the contract includes a ceiling price or a not to exceed dollar limit that the contractor exceeds at its own risk.

B. OPTIONS

Options for additional quantities or performance periods may be included in contracts, provided that:

The option is contained in the solicitation; The option is a unilateral right of the AHA; The contract states a limit on the additional quantities and the overall term of the contract; The options are evaluated as part of the initial competition; The contract states the period within which the options may be exercised; The options may be



exercised only at the price specified in, or reasonably determinable from, the contract; and the options may be exercised only if (i) determined to be more advantageous to the AHA than conducting a new procurement, and (ii) the contractor's performance has been satisfactory or better based upon a performance evaluation.

C. CONTRACT CLAUSES

In addition to containing a clause identifying the contract type, all federally funded contracts shall include any clauses required by federal statutes, executive orders, and their implementing regulations, as provided in 24 CFR 85.36(i) or as may be superseded by 2 CFR 200. The operational procedures required by section II.A. of this Policy shall contain the text of all clauses and required certifications (such as required non-collusive affidavits and lobbying disclosures) used by the AHA.

D. CONTRACT ADMINISTRATION

The AHA shall maintain a contract administration system designed to ensure that contractors perform in accordance with their contracts. The operational procedures required by section II.A. of this Policy shall contain guidelines for inspection of supplies, services or construction, adherence to insurance requirements, as well as monitoring contractor performance, status reporting on construction contracts, and similar matters. For cost reimbursement contracts with commercial firms, costs are allowable only to the extent that they are consistent with the cost principles in FAR Subpart 31.2.

E. CHANGE ORDERS TO PUBLIC WORKS CONTRACTS

Change orders to Public Works contracts shall be administered in accordance with the following:

**Construction Contingency:** The Board of Commissioners shall delegate to the Contracting Officer contingency authority to approve change orders in connection with the award of Public Works contracts. Said authority shall be established on a job-by-job basis based upon the total cost of the contract, the type of construction services and the length of the contract.

**Change Order Approvals:** Changes to the contract shall be approved by the Contracting Officer or designee. The Contracting Officer shall ensure that proper technical approvals are secured prior to the approval of the change orders.



## VI. SPECIFICATIONS

### A. GENERAL

All specifications shall be drafted so as to promote overall economy for the purposes intended and to encourage competition in satisfying the AHA's needs. Specifications shall be reviewed prior to solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Functional or performance specifications are preferred. Detailed product specifications shall be avoided whenever possible. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase (but see VIII below). For equipment purchases, a lease versus purchase analysis should be performed to determine the most economical form of procurement.

### B. LIMITATIONS

The following specification limitations shall be avoided: geographic restrictions not mandated or encouraged by applicable federal law (except for architect engineer contracts, which may include geographic location as a selection factor if adequate competition is available); unnecessary bonding or experience requirements; brand name specifications (unless a written determination is made that only the identified item will satisfy the AHA's needs); brand name or equal specifications (unless they list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use). Nothing in this Policy shall preempt any State or City of Aurora licensing laws. Specifications shall be scrutinized to ensure that organizational conflicts of interest do not occur (for example, having a consultant perform a study of the AHA's computer needs and then allowing that consultant to compete for the subsequent contract for the computers).

## VII. APPEALS AND REMEDIES

### A. GENERAL

It is the AHA's policy to resolve all contractual issues informally at the AHA's level, without litigation. Disputes shall not be referred to HUD until all administrative remedies have been exhausted by the AHA. When appropriate, the AHA may consider the use of informal discussions between the parties by individuals who did not participate substantially in the matter in dispute, to help resolve the differences. HUD will only review protests in cases of violations of federal law or regulations and failure of the AHA to review a complaint or protest.



B. APPEALS AND REMEDIES

1. GENERAL - It is the AHA's policy to resolve all contractual issues informally at the AHA level, without litigation. Disputes shall not be referred to HUD until all administrative remedies have been exhausted at the AHA level. When appropriate, the AHA may consider the use of informal discussions between the parties by individuals who did not participate substantially in the matter in dispute, to help resolve the differences. HUD will openly review protests in cases of violations of Federal law or regulations and failure of the AHA to review a complaint or protest.

2. BID PROTESTS - Any actual or prospective contractor may protest the solicitation or award of a contract for serious violations of the principles of this Statement. Any protest against a solicitation must be received before the due date for receipt of bids or proposals, and any protest against the award of a contract must be received within ten calendar days after contract award, or the protest will not be considered. All protest shall be in writing, submitted to the Contracting Officer or designee, who shall issue a written decision on the matter. The Contracting Officer may, at his or her discretion, suspend the procurement pending resolution of the protest, if warranted by the facts presented.

3. CONTRACT CLAIMS - All claims by a contractor relating to performance of a contract shall be submitted in writing to the Contracting Officer or designee for written decision. The contractor may request a conference on the claim. The Contracting Officer's decision shall inform the contractor of its appeal rights to the AHA Board of Commissioners.

VIII. ASSISTANCE TO SMALL, MINORITY, WOMEN'S, LABOR SURPLUS AREA, SECTION 3, AND RESIDENT BUSINESS ENTERPRISES

A. REQUIRED EFFORTS

Consistent with Presidential Executive Orders 11625, 12138 and 12432, Title VI of the Civil Rights Act of 1968, and Section 3 of the Housing and Urban Development Act of 1968, as amended, the AHA shall make efforts to ensure that small, minority-owned and woman-owned business enterprises, and individuals or firms located in, or owned in substantial part by persons residing in, the area of a the AHA public housing development are used when possible. Such efforts shall include, but shall not be limited to:

1. Including such firms, when qualified, on solicitation mailing lists;



2. Encouraging the participation of such firms through direct solicitation of bids or proposals whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
5. Using the services and assistance of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce, and other resources as available to identify small, minority-owned and woman-owned business enterprises and small local firms when possible;
6. Including in all contracts funded from sources covered by Section 3, the Section 3 clause prescribed at 24 CFR 135.38, which clause sets forth Section 3 preference requirements and compliance goals for employment and training of public housing residents and for contracting and subcontracting with businesses owned by public housing residents or which otherwise meet the criteria of a Section 3 business concern. Pursuant to 24 CFR 135.36, efforts shall be directed to award Section 3 covered contracts, to the greatest extent feasible;
7. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in 1 through 6 above. Anticipated levels of participation may periodically be established by the AHA for small, minority-owned and woman-owned business enterprises, and business concerns which are located in, or owned in substantial part by persons residing in, the area of the project, in the AHA's prime contracts and subcontracting opportunities.

#### B. IFB BID PREFERENCES FOR SECTION 3 BUSINESS CONCERNS

As authorized under 24 CFR 135 Section 3 Business Concerns bid preferences for awarding IFBs issued for Covered Contracts. This bid preference does not apply to materials-only contracts.

The bid preference requires that the IFB be awarded to the qualified Section 3 Business Concern with the highest priority ranking and with the lowest Responsive bid.

### IX. ETHICS IN PUBLIC CONTRACTING

#### A. GENERAL



The AHA shall adhere to the following code of conduct, consistent with applicable State or local laws.

**B. CONFLICT OF INTEREST**

No employee, officer or agent of the AHA shall participate directly or indirectly in the selection or in the award or administration of any contract if a conflict, real or apparent, would be involved. Such conflict would arise when a financial or other interest in a firm selected for award is held by:

1. An employee, officer or agent involved in making the award;
2. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother or half-sister);
3. His/her partner; or,
4. An organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment, of any of the above.

**C. CLOSELY RELATED ORGANIZATIONS**

The AHA is not prohibited from doing business with closely related organizations (affiliates, instrumentalities, etc.) so long as those organizations adhere to the regulations set forth in PIH-2007-15. Furthermore, any contract award, regardless of size, must undergo review by AHA legal counsel to ensure that the award was made objectively, and the bidding process was fair and free from conflicts of interest. Legal review must occur prior to any contract negotiation or award.

**D. GRATUITIES, KICKBACKS, AND USE OF CONFIDENTIAL INFORMATION**

The AHA officers, employees or agents shall not solicit or accept gratuities, favors or any items of monetary value in excess of \$50 from any contractors, potential contractors or parties to subcontracts, and shall not knowingly use confidential information for actual or anticipated personal gain.

**E. PROHIBITION AGAINST CONTINGENT FEES**

Contractors shall not retain a person to solicit or secure an AHA contract for a



commission, percentage, brokerage or contingent fee.

#### F. FORMER EMPLOYEES

A former AHA employee, officer or agent shall not knowingly act as a principal or agent for anyone other than the AHA in connection with any contract or claim in which said person participated personally and substantially through decision, approval, disapproval, recommendation, rendering of advice, investigation, or otherwise while an AHA employee, officer or agent, where the AHA is a party or has a direct and substantial interest.

A former AHA employee or officer shall not engage in selling or attempting to sell supplies, materials, services or equipment to the AHA for a period of one year after such employment ceases. The terms "sell " means signing a bid or proposal; negotiating a contract; contacting any AHA employee for the purpose of obtaining, negotiating or discussing changes in specifications, price, cost allowances or other terms of a contract; settling contract disputes; or any other liaison activity with a view toward the ultimate consummation of a sale, even if the actual contract is negotiated by another person.





The Aurora Housing Authority™

# Financial Policies and Procedures

## Exhibit

### 4



**BUDGET DEVELOPMENT POLICY**

**BUDGET DEVELOPMENT POLICY**

WHEREAS, the Housing Authority of Aurora strives to provide a healthy balance of programs and services designed to enhance the quality of life of those served by promoting a more decent, safe, sanitary and peaceful community to live; and

WHEREAS, the Housing Authority of Aurora also strives to operate its programs and services in an efficient and effective manner with an objective of being designated a High Performer in its Public Housing, Section 8 Housing Choice Voucher and Capital Fund programs; and

WHEREAS, the development of a reasonable balanced budget contributes to the Authority's ability, on a long term and short timer basis, to achieve the goals as aforementioned; and  
WHEREAS, to facilitate the development of a reasonable balanced budget the Authority must properly plan to determine operating income (revenues) and reasonable operating expenses for any fiscal year; and

WHEREAS, to facilitate the development of a reasonable balanced budget the Authority must properly plan to determine operating income (revenues) and reasonable operating expenses for any fiscal year; and

WHEREAS, the Housing Authority of Aurora has established a Budget Development Policy (Exhibit A) which outlines the process undertaken for fiscal year operating budgets and operating budget revisions.

NOW, THERREFORE, BE IT RESOLVED, the Housing Authority of Aurora Board of Commissioners has reviewed the Budget Development Policy (Exhibit A) and determined same provides an effective process in which to complete fiscal year operating budget and/or operating budget revisions.

BE IT FURTHER RESOLVED, the Housing Authority of Aurora Board of Commissioners directs the Executive Director to implement said policy immediately, from staff on the budget development process and retain the policy on file for future HUD Management Review, IPA Audit or related reviews.



**BUDGET DEVELOPMENT POLICY**

The Housing Authority of Aurora (AHA) strives to provide a healthy balance of programs and services designed to enhance the quality of life of those served by promoting a more decent, safe, sanitary and peaceful community to live. While recognizing the importance of all programs to promote this goal, it is understood that the AHA's ability to provide services can vary according to shifts in Federal, State, County and Local funding. During periods of declining revenues, the AHA's operations emphasis on programs for health and safety and maintaining efficiency of basic operations will continue. During periods of increased funding the AHA will generally work to increase funding for critical programs and services; and improve the balance between different program areas.

This philosophy is illustrated in these eight (8) guiding principles:

- Minimize the cost of operations while at the same time maintaining the highest levels of service levels possible.
- Provide accurate and timely financial information to assist in effective planning and achieving goals/objectives of the Authority.
- Promote sound financial management and initiate strategies to reduce dependency on government resources.
- Minimize financial risk through financial reviews/audits to assure to the maximum extent possible sound financial decisions.
- All AHA decisions should reflect conservative financial management with reasonable projections to efficiently operate.
- Promote and support intergovernmental and public/private partnerships designed to maximize resources that provide programs, services and activities to benefit the AHA and its Residents.
- Policy and administrative decisions should reflect Annual Five (5) Year Agency Plan goals and objectives approved by Housing Authority of Aurora Board of Commissioners and the U.S. Department of Housing and Urban Development. Encourage Resident input through involvement in Agency Plans, Policies, Programs and Services impacting their lives and environment they live in. Budget priorities should enhance the quality of lie of residents and their communities.

**Budget Development Responsibility**

The Housing Authority of Aurora's Executive Director has the responsibility of coordinating the overall preparation and administration of the AHA operating budget. This is achieved by working in cooperation with the Finance and Accounts Manager, Department Supervisors and the Fee Accounting Service. The Executive Director must submit a Balanced Budget which requires total estimated operating income, at minimum, equal to total operating expenses.



**BUDGET DEVELOPMENT POLICY**

Budget Development Policy  
Page2

**Budget Process Input**

The E.D. will request the Deputy Executive Director. Chief Operating Officer -Conventional Public Housing Programs. Chief Operating Officer - Special Assisted Housing Programs and Chief Administrative Officer to the Executive Director provide budget requests for each Amp and Program for budget consideration. In the meeting with their staff each aforementioned Department Director must justify requests and identify the potential funding source to fund said request. The Department Directors will review each request then decide which would be presented for inclusion in the Operating Budget This request wil1 then be submitted to the E.D. and Finance and Accounts Manager for review and budget consideration. Those budget requests should be submitted to the E.D. by March 15 of each fiscal year.

The E.D., Finance and Accounts Manager and Department Directors will draft budget income and expense projections, then submit same to the Fee Accounting Service to be completed and finalized. The operating budget will then be resubmitted to the E.D. for official approval by the Board of Commissioners.

**General Operating Income Policy**

Operating Income forecasts will be neither overly optimistic nor overly conservative. They must be as realistic as possible based on the best available information, with a slight inclination towards caution. Should circumstances occur in the economy, with Government funding, et al, which could result in revenue shortfalls or fewer available resources, the Authority will adjust, via operating budget revisions, in anticipated expenditures to compensate, if necessary.

**General Operating Expenses Policy**

High priority is given to expenditures that will reduce future operating costs, such as, increased utilization of technology and equipment; energy performance contracts; and other proven business initiatives.

There should be an appropriate balance maintained between operating budget dollars provided for direct services and dollars provided to assure good management and legal compliance.



**BUDGET DEVELOPMENT POLICY**

Budget Development Policy  
Page 3

**New Fiscal Year Operating Budget Preparation Schedule**

The Executive Director must begin the budget development process for the next fiscal year, ninety (90) days before the end of the current fiscal year. The AHA's fiscal year begins July 1 and ends June 30, therefore, the budget development process must begin in March of the current fiscal year. Utilizing monthly actual income and expense data for February and/or March of that year, as well as, projections of programs/services cost, the E.D. and Staff will develop a balanced budget for the next fiscal year.

The E.D. must present the next fiscal year's operating budget to the AHA Board of Commissioners no later than thirty (30) days prior to the end of the fiscal year (June 30) or by May 31, of each year.

The AHA Board will have thirty (30) days to review and, if necessary, modify and approve the operating budget during the month of March and prior to the beginning of the next fiscal year (April).

**Current Fiscal Year Operating Budget Revision**

The Executive Director must begin the current fiscal year budget review process no later than one hundred twenty (120) days before the end of the current fiscal year (March 31). In December of the fiscal year the E.D. and Staff will review the latest monthly financial statements to determine line items with budget over runs and/or significant under runs, thereby necessitating a budget revision.

The current operating budget may be adjusted/revised during the fiscal year using one of two methods as outlined:

**Adjustment** - This involves a reallocation of existing resources (income) and does not change the operating budget's bottom line. In essence, adjustments are made to decrease or increase specific budget line items. These adjustments keep operating expenditures/ income at its same level and does not change the bottom line. This type revision/ adjustment between line items does not require AHA Board approval.

**Amendment** - This involves an addition to or decrease of existing income/expense data which results in a change in the operating budget's bottom line. In essence, income and/or expenses increase or decrease where supplemental funding is necessary to meet operating expenses and achieve a balanced budget.

This type revision must be presented to the AHA Board of Commissioners for review and approval no later than January 31 of the fiscal year.



Budget Development Policy  
Page4

### **Emergency Appropriations**

In cases of Emergency which could not have been reasonably foreseen at the time of adoption of the budget, the Board of Commissioners may authorize the expenditure of funds in excess of the budget appropriation adopted at the public meeting. Such expenditure, approved by Resolution, shall set forth the facts concerning such emergency and should be documented in detail in the Board meeting Minutes.

### **Budget Distribution**

Subsequent to Board of Commissioners approval the operating budget will be distributed to Department Directors for administration and monitoring. Specific sections of the operating budget relevant to Amp, Section 8 HCV, et al, will be distributed by the Department Director to those supervisory staff responsible for its administration and monitoring.

### **Operating Budget Meetings**

The E.D. through his/her designee, the Finance and Accounts Manager will hold three (3) operating budget meetings to discuss actual costs versus budgeted costs and associated variances, based on monthly financial statements. Those meetings will be conducted in June, September and December of each fiscal year. Meetings will serve as a means to monitor budgetary expenses and, if necessary, initiate the process for operating budget revisions.



The Aurora Housing Authority™

## Financial Policies and Procedures

Exhibit

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# Aurora Housing Authority

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## CAPITALIZATION POLICY

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### **PURPOSE**

This policy is being established for the purpose of stating the Capitalization criteria in determining, distinguishing, and recording expendable and non-expendable equipment purchased or acquired in connection with the development, management, and maintenance of the Public Housing Projects owned and/or operated by the Aurora Housing Authority.

### **DEFINITIONS**

#### ***Capitalized Equipment***

"Capitalized Equipment" is defined as equipment purchased or acquired by the AHA with a value of \$500 or more which is/are not physically attached to the AHA property and the anticipated life or useful value of said equipment and/or property is anticipated to be more than one year.

#### ***Expendable Equipment***

*"Expendable Equipment" is defined as equipment purchased or acquired by the AHA for less than \$500 but for more than \$20.00 which is/are not physically attached to the AHA property, and the anticipated life or useful value of said equipment and/or property is anticipated to be less than one year. The expendable equipment definition shall include items with an anticipated life or useful value of less than one year, regardless.*

#### ***Non-Capitalized Expendable Equipment***

"Non-Capitalized Expendable Equipment" is defined as the equipment purchased or acquired by the AHA for less than \$20.00 which is/are not physically attached to AHA Property, not commonly considered to be consumable, and the anticipated life or useful value of said equipment and/or property is anticipated to be less than one year. Examples of non-capitalized expendable equipment include staplers, pliers, hammers, and drill bits.



### ***Consumable Supplies***

"Consumable Supplies" are defined as office, maintenance, housekeeping, or other supplies purchased or acquired by the AHA for less than \$20.00 per unit that are subject to consumption, including materials stored and dispensed when needed. Examples of consumable supplies include copy paper, paper clips, glass cleaning fluid, paper towels, nails, screws, and washers.

### **POLICIES**

1. If the initial cost of the equipment is \$500.00 or more and the anticipated life or useful value of said equipment or property is more than one year, the same shall be capitalized and recorded as capitalized equipment and chargeable as a capital expenditure. Capitalized equipment shall require adoption of a formal AHA resolution prior to disposition.
2. If the initial cost of the equipment is less than \$500.00 but more than \$20.00, or its useful life is less than one year regardless of cost, the same shall be treated and recorded as expendable equipment.
3. If the initial cost of equipment is less than \$200 or its anticipated life or useful value is less than one year, the same shall be considered non-capitalized expendable equipment, and shall not be recorded in the AHA's physical property inventory ledgers.
4. If the initial cost of expendable or consumable supplies is less than \$20.00 or its useful life is less than one year, the same shall be considered non-capitalized consumable supplies and shall not be recorded on the AHA's physical property inventory ledgers.
5. The Executive Director is hereby authorized and directed to make determinations upon the purchase of equipment and consumable supplies that are acquired by the AHA in connection with the development, management, and maintenance of the projects owned and/or operated by the AHA, the property that is capitalized, expendable, non-capitalized expendable, and consumable supplies, pursuant to the criteria established in 1. and 2. above and cause the same to be documented in the appropriate records of the AHA and retained for the information and guidance of its personnel and for audit purposes.

The Executive Director is hereby authorized and directed to make determinations on a basis for application of the Capitalization Criteria with respect to the acquisition of non-expendable equipment, in those instances where the dollar value and/or the anticipated useful life is less than reflected in 1. and 2. above, more desirable administrative control over the equipment.

## **PROCEDURES**

### ***Capitalized Equipment***

A record shall be kept of all capitalized equipment purchased or acquired, and this list shall contain an accurate description of expendable equipment in the AHA's inventory. Physical inventories of capitalized equipment shall be performed at least annually, with any discrepancies submitted in writing to the Executive Director.

### ***Expendable Equipment***

A record shall be kept of all expendable equipment purchased or acquired, and this list shall contain an accurate description of expendable equipment on hand., Physical inventories of expendable equipment shall be performed at least annually, with any discrepancies submitted in writing to the Executive Director.

### ***Non-Capitalized Expendable Equipment***

A record shall be kept of all non-capitalized expendable equipment purchased or acquired. Physical inventories of non-capitalized expendable equipment shall be performed at least annually.

### ***Consumable Supplies***

A record shall be kept of all consumable supplies purchased or acquired. Physical inventories of consumable supplies shall be taken at least annually.



The Aurora Housing Authority™

# Financial Policies and Procedures

## Exhibit

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## AURORA HOUSING AUTHORITY CHECK SIGNING AUTHORIZATION POLICY

The Housing Authority of Aurora hereby establishes a policy that identifies those individuals who are authorized to sign and issue checks on behalf of the Housing Authority of Aurora. The purpose of this policy is to advise depositories and/or other related entities that there is a clear understanding regarding who has the authority to sign/execute checks on behalf of the Authority; as well as, assure to the maximum extent possible appropriate internal controls over Agency financial operations are in place to protect against fraud or other criminal acts of a financial nature.

- A. The Housing Authority of Aurora establishes the following policy for issuing and signing checks on behalf of the Authority:
- B. All checks shall bear two signatures, one of which must be the Executive Director of the Aurora Housing Authority.
- C. Pursuant to practice the Executive Director is the preferred signature. However, if he/she is not available any Commissioner may sign the checks.
- D. The second signature may be that of either the Board Chairperson or an AHA designated employee.
- E. The Board Treasurer may authorize the Executive Director utilize his/her signature stamp when he/she is unavailable to provide an original signature; and/or in case and where a significant number of checks must be signed, i.e., Section 8 Housing Choice Voucher checks.
- F. The Executive Director may also authorize specific staff to utilize his/her signature stamp when unavailable to provide an original signature; and/or in cases where a significant number of checks must be signed i.e., Section 8 Housing Choice Voucher checks.
- G. The incumbents in the positions authorized to sign checks shall be bonded through a blanket bond in the amount of \$100,000.
- H. The supporting data for each check shall be available for the signer to review at the time of signing the check.
- I. The Housing Authority of Aurora authorizes automated signatures for the issuance of payroll checks. Those checks are executed by PAYCHEX, Inc.
- J. The Board of Commissioners shall review a register of all checks issued during each month of operation and shall approve by verbal resolution their concurrence with the issuance of these checks.
- K. A copy of this policy shall be forwarded to all designated depositories and related financial entities of the Housing Authority of Aurora.
- L. This policy rescinds all previous authorization policies and shall become effective upon its adoption.



The Aurora Housing Authority™

# Financial Policies and Procedures

Exhibit

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**INTERNAL CONTROL POLICY**

**PURPOSE**

This Internal Controls Policy for the Aurora Housing Authority is designed to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency; and encourage compliance with adopted policies and Federal and State regulations.

**General Policy Guidelines**

The Executive Director (ED) and all Division/Department Supervisors are responsible for performing their duties in a manner consistent with good internal control. Supervisory and Non-supervisory Staff responsible for administering Housing Authority funds are expected to:

- Ensure the AHA's policies and procedures are available to and understood by those carrying out financial transactions.
- Comply with AHA policies; Federal, State, County, City, Grants, Agreements, ACC Contracts, et al, conditions and restrictions on the use of funds.
- Ensure, to the maximum extent practical, there is a proper separation of duties in performing financial transactions and functions.
- Ensure that appropriate reviews and monitoring take place, including a monthly review of transactions for reasonableness and necessity, and conduct a periodic review of operating reports.
- Explain to Staff they are accountable for their actions or inactions when reviewing financial records and processing transactions.
- Communicate financial information properly and in a timely manner, and assure accessibility of financial information for appropriate review, audit, et al, purposes.
- Protect assets including data, equipment, supplies, inventory and cash from unauthorized access or theft.
- Set a tone within the Housing Authority for ethical conduct and integrity.



**INTERNAL CONTROL POLICY**

Internal Control Policy

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**General Principles**

All financial activity advances the purpose of the Aurora Housing Authority, either for program activity or general and administrative support.

Staff members responsible for tasks relating to financial transactions have a level of training and experience that enable them to exercise the level of skill and judgment required by the most critical aspects of the responsibility, duty or task.

No person makes commitments for the organization beyond their level of authority and if and when that commitment occurs it is consistent with the Aurora Housing Authority's Procurement Policy and/or related requirements.

More than one person reviews and approves every financial transaction through the purchase requisition and/or related process.

An assessment is made of additional separation of duties and rotation of responsibilities to minimize opportunities for fraud, abuse and related activities.

Care is taken to ensure that closely related individuals are not in a position of reviewing or authorizing each other's transactions.

There is no significant period of time in which tasks relating to financial transactions are not performed. In fact, financial transactions, especially reconciliation activities, should, if practical, occur on a monthly basis.

**Delegation Of Authority**

The Executive Director (ED) is responsible for the promulgation of policies and procedures directed towards Good Internal Control. He/she, however, depends upon and directs the Division/Department Supervisors, i.e., Director of Public Housing, Director of HR and Payroll, Director of HCV and Director of Maintenance to the ED, et al, to comply with all procurement and related functions/policies as approved by the Aurora Housing Authority Board of Commissioners.

The Aurora Housing Authority engages an Independent Public Accountant (IP A) to perform a financial audit of organization fiscal year-end financial statements on an annual basis. The AHA issues a Request for Proposals (RFP) on an annual or bi-annual basis for Audit Services. The Audit Contracts are reviewed and approved by the AHA Board of Commissioners.



INTERNAL CONTROL POLICY

Internal Control Policy  
Page 3

The Board retains the Authority to authorize other audits to review activities not included within the scope of a financial audit.

**Responsibility to Verify the Accuracy and Reliability of Financial Data**

The Fee Accountant has the major responsibility of reviewing financial statements to verify accuracy and reliability of financial data; then providing them to the ED for review and presentation to the Board of Commissioners at its Regularly Scheduled Board Meetings.

During the ED's review Supervisory Staff will review statements and seek resolution of any questionable transactions or balances immediately. If modifications are required then same will be presented to the Executive Director for adjustments, then returned to the ED for presentation to the Board of Commissioners at its next Regularly Scheduled Board Meeting.

The reliability of information retrieved from the financial statements is dependent on the timely recording of all transactions. Vouchers, travel expense reimbursement vouchers, billings, receipts, personnel/payroll actions and any other financial transactions must be immediately forwarded to the appropriate financial and accounting office for processing.

**Financial Statements Submission Requirements**

The Executive Director shall submit monthly financial statements to the Supervisory Staff and to the Board of Commissioners at the regularly scheduled Board Meetings. There shall be no greater than a two-month lag in the financial statement reporting. The Board of Commissioners shall be presented with statements that are prepared using Fund Accounting that will include a Balance Sheet, Income Statement and Statement of Cash Flows. Project-based accounting should provide the ability to track financial performance at the project-level.

The Executive Director shall submit unaudited financial statements electronically to HUD through REAC within 60 days following the fiscal year end (March 31). The Executive Director working in conjunction with the contracted Audit Firm shall submit the Audited Financial Statements within nine months following the fiscal year end (December 31).

**Responsibility to Review and Reconcile Accounts Periodically**

The Executive Director and/or designee is responsible for ensuring each account is reviewed and reconciled to departmental records on a monthly basis, and that all transactions placed in suspense projects are also resolved monthly. Divisions/Departments are responsible for maintaining source documentation for all transactions in accordance with established records





INTERNAL CONTROL POLICY

Internal Control Policy  
Page 4

retention and distribution schedules. Divisions/Departments are also responsible for providing source documentation, in a timely manner, at the request of the Executive Director who is responsible for monitoring and reconciling the activity of accounts.

**Month End Procedures -Bank Reconciliations**

The Fee Accountant must assure all monthly bank account reconciliations are timely and accurately performed. Bank reconciliations should be completed by the 15th business day following the month end. When reconciling the bank accounts, the procedures performed should include, but is not limited to the following:

- A comparison of dates and amounts of weekly deposits on the bank statement to Weekly Deposits.
- A comparison of inter-organization bank transfers to ensure that both sides of the transaction have been recorded.
- An investigation of items rejected by the bank (i.e. returned checks or deposits).
- A comparison of wire transfer dates received, and dates sent.
- A comparison of voided checks.
- Verification of appropriate check sequences from month to month and within the month.

Upon completion of the bank reconciliation, Fee Accountants should prepare all general ledger adjustments and provide the adjusting entries and bank reconciliation to the Executive Director for review and approval.

**Allowance for Doubtful Accounts**

The Finance Department shall ensure that all uncollectible and past due accounts are reported to the Executive Director. When AHA is unable to collect an accounts receivable, the Finance Department shall initiate a claim for further collection processing in accordance with HUD rules and regulations and AHA' s approved Admissions and Occupancy Plan.

Account Receivables are reported in the financial statements at their net realizable value. New realizable value is gross amount of receivables less an allowance estimated for accounts that may become totally or partially uncollectible. An allowance should be calculated for accounts receivable greater than \$2,500 and/or deemed uncollectible.



**INTERNAL CONTROL POLICY**

Internal Control Policy

Page 5

Allowance for doubtful accounts should be calculated using the following percentages:

Days Past Due	% Uncollectible
0 – 120	10%
121 – 240	90%
360+ days	100%

**Month-end Financial Statement Review**

BDO PHA Finance and any other hired parties shall submit month-end financials to the Finance/Accounting Department for review. These month-end financials should be provided no later than the tenth (15th) business day after the end of the month. The Executive Director or his/her designee should review the month-end financials.

The Finance/ Accounting Department should review the month-end financials based on the review criteria outlined for each program.

**Grant Management -Types of Grants**

**Capital Fund Grants**

Capital Funds are awarded to Public Housing Agencies (PHA's) annually for the development, financing and modernization of public housing developments and for management improvements.

**ARRA Grant**

The ARRA Grant was a one-time Federal Grant awarded to all PHA's in 2009. The ARRA Grant monies aide in funding the development, financing and modernization of public housing developments.

**Replacement Housing Funding (RHF Grants)**

The Replacement Housing Funding (RHF Grant) is a Federal Grant awarded to PHA's annually (in 5-year increments) to be utilized as funding to provide replacement housing for tenants vacated from a PHA site that has or will be demolished.



**INTERNAL CONTROL POLICY**

Internal Control Policy

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**Other Grants**

From time to time the AHA is awarded grants from other agencies such as the Illinois Housing Development Authority, other State grants and Affording Housing grants in connection with redevelopment activities.

**Operating Subsidy Grants**

Operating subsidy funds pay for PHA's operating costs that exceed the rent PHA's collect. Operating costs include resident services, employee salaries and benefits, and utilities. Eligible sites receive an annual operating subsidy amount that is approved by HUD. Each month the eligible sites receive 1/12 of the total annual operating subsidy for which it is eligible.

**Drawdown of Operating Subsidy Funds**

The Finance Department is responsible for requesting operating subsidy funds within LOCCS. Each month, the Finance Department requests the appropriate amount of operating subsidy funds based on the approved operating subsidy amount awarded to each site. Once the funds are requested from LOCCS, they are automatically credited to AHA's general fund account.

**Grant Administration (Duties of Grant Accountant)**

The Executive Director or designee is responsible for monitoring grant activities including utilization and compliance with the grant agreement. The Finance Director or designee is ultimately responsible for tracking obligations, expenditures and for the preparation of reports in accordance with the requirements of the grants.

**Grant Award Recognition**

Grants should be recorded as follows:

- Upon receipt of the grant, the Executive Director or designee will enter the budget by line item into the Grant Module for budget tracking purposes. No journal entries will be recorded at this time.



INTERNAL CONTROL POLICY

Internal Control Policy

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- During the year, when cash is received for expenses incurred, the appropriate journal entry will be prepared to record the asset or expense and record the cash as grant income.

**Grant Receivables**

A grant receivable is the amount due to AHA from HUD and/or other State/Local governmental entities. Once grant expenditures are incurred by AHA the expenditures are eligible for reimbursement from the appropriate grantor and are considered grant receivables. The Fee Accountant should prepare a month-end accounts receivable accrual for all outstanding receivables. The Finance/Accounting Manager shall prepare the necessary journal entry and auto-reversing journal entries in the general ledger with all supporting documentation which shall be submitted to the Executive Director for review and approval in the system.

**Financial Monitoring of Grants**

Financial monitoring is an important element to ensuring full utilization and timely reimbursement of grants. The Executive Director should perform the following to ensure grants are properly monitored:

- Monitoring grant revenues to ensure grant awards are fully utilized -The terms of a typical grant agreement generally include an expiration date (i.e. the date by which AHA must spend the awarded amount) and all unspent funds are forfeited. Therefore, comparing revenues earned to the award amount to ensure full utilization.
- Monitoring grant receivables to ensure all reimbursement requests are submitted and received - Outstanding receivables represent amounts due to AHA from HUD. Receivable balances should be reviewed to ensure AHA has completed reimbursement requests and received payment for all amounts due.



**INTERNAL CONTROL POLICY**

Internal Control Policy  
Page 8

**Deferred Grant Revenue**

At the time a grant agreement is signed and awarded, a receivable and deferred revenue entry is recorded. When payments are received from the awarding agency, the receivable is reduced. Grants awarded in excess of obligations incurred are recorded as deferred grant revenue.

**Non-Federal Receivables (Program Income)**

Non-Federal Receivables usually represent proceeds from insurance claims, reimbursements due AHA from other sources and/or proceeds from the sale of Real Estate Property, etc. and are recorded when measurable and realizable.

**Landlord Receivables**

In the instance that a landlord has been overpaid, a receivable is due to AHA. When it is identified that a landlord has been overpaid, the Section 8 Housing Choice Voucher Department should create a receivable and generate a credit memo to be sent to the landlord requesting payment. These payments should be received by the Housing Choice Voucher (HCV) Department and provided to the Finance Department who is responsible for applying the payment to the landlord's account, preparing the deposit, and depositing the payment into AHA's HCV checking account.

The completed deposit should be provided to the Fee Accountant or designee the day following the deposit of the cash payment. The Finance Director or designee should review the bank account online and verify the bank account reflects a deposit of the same amount at the Daily Deposit. The Finance Director or designee shall approve the Daily Deposit and include same in the monthly bank account reconciliation.

**Responsibility to Safeguard Personal Financial Information**

The AHA will ensure the security and confidentiality of customer records, such as, names, addresses, phone numbers, bank and account numbers, income and credit histories and Social Security numbers. The AHA's security program must:

- Ensure the security and confidentiality of personal financial information;
- Protect against any anticipated threats to the security or integrity of such information; and
- Guard against the unauthorized access to or use of such information that could result in substantial harm or inconvenience to any client, vendor, et al, conducting business with the AHA.



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**Responsibility to Promote Operational Efficiency Thru Organization and Training**

- The AHA is committed to achieving a high level of efficiency and effectiveness in the use of personnel and other resources.
- The achievement of an acceptable level of operational efficiency is dependent on a proper organizational plan and sufficient training of employees.
- Organizational plans must be designed to segregate duties to that no one employee controls all phases of a transaction.
- New employees must be trained adequately for their responsibilities to ensure efficiency and accuracy.
- Human Resources are responsible for the development and delivery of broad training programs and for specific training in financial responsibilities. Specific job training and assignment of job responsibilities are the responsibility of the ED and Division/Department Supervisors.

**Adherence to AHA Policies and Procedures**

The AHA's policies and procedures are a primary means of establishing internal controls. In addition to conforming to certain State and Federal regulations, these controls allow the Authority to fulfill the dictates of prudent management. All individuals who deal with financial and administrative matters must be familiar with and adhere to these policies and procedures. Failure to adhere to the Authority's policies and procedures may be considered misconduct and subject to disciplinary action.



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**Monitoring of Internal Controls by the Executive Director**

The Executive Director is an integral part of the internal controls system. He/she will monitor and evaluate internal controls as part of the periodic review. Weaknesses in internal controls will be commented on by the Executive Director in his/her reports.

The appropriate department or activity head must make a written response to any findings of inadequate internal controls and take prompt corrective action as recommended.

**Documenting Division/Departmental Operations**

Divisions/Departments should document all unique operations with internal policies and procedures. Such departmental policies/procedures not only document current operating practices, but also enhance management's communication to employees, help produce consistency of efforts during periods of turnover, and provide a training aid for new employees.

**Recordkeeping**

Transactions are recorded in the accounting system of the AHA as close as possible to the time when they occur.

**Internal Control Policy**

Transactions are classified and recorded accurately based on objective criteria and consistent treatment of similar transactions.

Copies of checks deposited and cash receipts for cash deposited are attached to the financial institution's deposit record and maintained in the AHA office.

Documentation of accounting transactions is clear and legible.

The media on which documentation is recorded remains readable until the time when the record is destroyed.

Special care is taken to identify and to record accurately non-cash financial transactions, whether they result in income, expense, assets or liabilities.

Activities are not recorded on a net basis. When an activity includes transactions that increase and decrease a financial account, the increase and decrease transactions are recorded separately.



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**Cash Disbursements**

The purpose of each expense transaction is documented at the time of the transaction, through either a purchase requisition completed or a copy of an invoice, with explanation of the expense.

Documentation with each transaction provides adequate explanation for an independent reviewer unfamiliar with the details of the transaction.

Reconciliation of accounts occurs on a monthly basis.

All cash disbursements are made by AHA checks and such checks require authorized signatures.

Care is taken to prevent duplicate payment for the same goods or services.

Settlement of any claims against the AHA are reviewed and approved before payment.

**Personnel**

Payment for employee compensation or benefits is made only on behalf of bona fide employees for services performed as authorized and documented in employee time and attendance records.

Personnel additions, employment contracts, separations, wage rates, salaries, deductions, and severance payments are authorized and documented in the accounting records.

There are written personnel policies and procedures made available and applied equitably to all employees that provide for consistency in recruitment, compensation, discipline, separation and termination of employees.

Employees are hired, compensated and separated in compliance with applicable Federal and State laws, as well as, contracts and restricted grants.

Employee leave balances are tracked and regularly verified.

**Internal Reporting**

As much as possible, internal financial reporting is on a basis consistent with external financial reporting.

Financial statements present adequate information to serve as the basis for informed review.





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**Accounting Information Systems**

Accounting records are organized to facilitate retrieval of documents when needed.

Accounting records are retained until the time designated for destruction and they are destroyed when that time arrives.

Legal documents (such as executed contracts) and personnel records are kept separate from accounting records.

Other systems that provide information to the accounting system are identified. Special care is taken to ensure reconciliation of balances and continuity of an audit trail between the accounting system and other systems to ensure that the records in the other system are retained as appropriate for accounting records.

Special care is taken to ensure the integrity of computerized accounting records. An on-line back-up system is used to maintain the accounting system.

Care is taken to ensure that technical support is available for accounting systems and other systems that provide information to the accounting system.

Internal Control Policies are maintained during transactions in computerized accounting systems and other systems that provide information to the accounting system.



The Aurora Housing Authority™

# Financial Policies and Procedures

## Exhibit

# 8



## **TRAVEL POLICY**

### **PURPOSE**

The purpose of this policy is to provide consistent travel regulations and reimbursement. It is the intent of the Aurora Housing Authority (the “Authority”) Board of Commissioners to establish a policy that provides fair and equitable treatment to all individuals traveling on Authority business at Authority expense.

### **ENFORCEMENT**

The Executive Director (E.D.) of the Authority or the designee of the E.D. shall be responsible for the enforcement of these travel regulations.

## **TRAVEL POLICY**

- A. In the interpretation and application of this policy, the term “traveler” or “authorized traveler” means any appointed Authority officer or employee, including members of the Authority’s board of commissioners and committees appointed by the board, and the employees of such boards and committees who are traveling on official Authority business and whose travel was authorized in accordance with this policy. “Authorized traveler” shall not include the spouse, children, other relatives, friends, or companions accompanying the authorized traveler on Authority business, unless the person(s) otherwise qualifies as an authorized traveler under this policy.
- B. Authorized travelers are entitled to reimbursement of certain expenditures incurred while traveling on official business for the Authority. Reimbursable expenses shall include expenses for transportation; lodging; meals; registration fees for conferences, conventions and seminars; and other actual and necessary expenses related to official business as determined by the E.D..
- C. Authorized travelers can request either a travel advance for the projected cost of authorized travel, or advance billing directly to the Authority for registration fees, air fares, meals, lodging, conferences and similar expenses.  
Travel advance requests are not considered documentation of travel expenses. If travel advances exceed documented expenses, the traveler must immediately reimburse the Authority. It will be the responsibility of the E.D. to initiate action to recover any undocumented travel advances.
- D. Travel advances are available only for special travel and only after completion and approval of the travel authorization form.
- E. The travel expense reimbursement form will be used to document all expense claims.
- F. To qualify for reimbursement, travel expenses must be:
  - Directly related to the conduct of Authority business for which travel was authorized;
  - Actual, reasonable and necessary under the circumstances;
  - Approved by the E.D., if the travel does not require an overnight stay; and

Expenses considered excessive will not be allowed.

- G. Claims of \$5 or more for travel expense reimbursement must be supported by the original paid receipt for lodging, vehicle rental, phone call, public carrier travel, conference fee(s), meals and other reimbursable costs.
- H. Any person attempting to defraud the Authority or misuse Authority travel funds is subject to legal action for recovery of fraudulent travel claims and/or advances.
- I. Mileage and motel expenses incurred within Aurora are not ordinarily considered eligible expenses for reimbursement, except that mileage within Aurora is a reimbursable expense if a pool car is not available for use.

### **TRAVEL REIMBURSEMENT RATE SCHEDULES**

Authorized travelers shall be reimbursed according to the federal travel regulation rates. The Authority's travel reimbursement rates will automatically change when the federal rates are adjusted.

The Authority may pay directly to the provider for expenses such as meals, lodging and registration fees for conferences, conventions, seminars and other education programs.

### **ADMINISTRATIVE PROCEDURES**

#### TRAVEL REQUESTS

To ensure reimbursement for official travel, an approved travel authorization form is required. Lack of pre-approval does not prohibit reimbursement, but it does assure reimbursement within the limits of the Authority travel policy. All costs associated with the travel should be reasonably estimated and shown on the travel authorization form. An approved authorization form is needed before advanced expenses are paid or travel advances are authorized. A copy of the conference program, if applicable, should be attached to the form. If the program is not available prior to the travel, submit it with the reimbursement form.

#### TRAVEL DOCUMENTATION

It is the responsibility of the authorized traveler to

1. Prepare and accurately describe the travel;
2. Certify the accuracy of the reimbursement request;
3. Note on the reimbursement form all direct payments and travel advances made by the Authority; and
4. File the reimbursement form with the necessary supporting documents and original receipts.

The reimbursement form should be filed with the finance department within 10 days of return or at the end of the month, whichever is more practical.

## TRANSPORTATION

All potential costs should be considered when selecting the modes of transportation. For example, airline travel may be cheaper than automobile when time away from work and increased meal and lodging costs are considered. When time is important, or when the trip is so long that other modes of transportation are not cost beneficial, air travel is encouraged.

If the traveler goes outside the state by means other than air, the reimbursement will be limited to air fare at tourist or economy class, ordinary expenses during the meeting dates, and one day's meals and motel before and after the meeting. The traveler will be required to take annual leave for any additional time taken beyond the day before and the day after the meeting dates.

Exceptions: When the traveler extends the trip with personal time to take advantage of discount fares, the reimbursement will be limited to the lesser of the:

1. Actual expenses incurred; or
2. Amount that would have been incurred for the business portion only. The calculations for the business portion of the trip must be made using the least expensive rates available.

All expenses and savings associated with extending the trip must be submitted with the expense reimbursement form.

### A. Air

When possible, the traveler should make full use of discounts for advance airline reservations and registration. The traveler should request conference, government, or weekend rates, whichever is cheaper, when making lodging or rental car reservations. The Authority will pay for tourist or economy class air travel. The traveler should get the most affordable, least expensive and reasonable fare and take advantage of discount fares. Airline travel can be paid by direct billing to the Authority.

Mileage credits for frequent flyer programs accrue to the individual traveler. However, the Authority will not reimburse for additional expenses — such as circuitous routing, extended stays, layovers to schedule a particular carrier, upgrading from economy to first class — for travelers to accumulate additional mileage or for other personal reasons. The Authority will not reimburse travel by private aircraft under any circumstances.

### B. Rail or Bus

The Authority will pay for the actual cost of a rail or bus fare ticket.

### C. Vehicles

Automobile transportation may be used when a common carrier cannot be scheduled, when it is more economical, when a common carrier is not practical, or when expenses can be reduced by two or more Authority employees traveling together.

The use of a personal, Authority, or rental vehicle is governed by the AHA Vehicle Operations Policy.

- Fines for traffic or parking violations incurred by an authorized traveler using a personal, Authority, or rental vehicle will not be reimbursed by the Authority.
- Reasonable tolls will be allowed when the most direct travel route requires them.

### CI. Taxi, Limousine and Other Transportation Fares

When an individual travels by common carrier, reasonable fares will be allowed for necessary ground transportation. Bus or limousine service to and from airports should be used when available and practical. The Authority will reimburse mileage for travel to and from the local airport and parking fees, provided such costs do not exceed normal taxi/limousine fares to and from the airport. Receipts are required and shall be submitted with the Authority's travel reimbursement form.

For travel between lodging quarters and meetings, conferences, or meals, reasonable taxi fares will be allowed. Remember, original receipts are required for claims of \$5 or more. Transportation to and from shopping, entertainment, or other personal trips is the choice of the traveler and not reimbursable by the Authority. Reimbursement claims for taxis, limousines, or other ground transportation must be listed separately on the expense form, claiming the destination and amount of each fare.

#### **Lodging**

The amount allocated for lodging shall not ordinarily exceed the maximum per diem rates authorized by the federal or state rate schedule, whichever is chosen by the Authority.

- A. If the Authority reimburses using the federal rates, the Government Services Administration provides guidelines for determining the maximum that can be reimbursed for lodging. These amounts are available on line at <http://www.gsa.gov>. The rates are the maximum reimbursable rates for hotel rooms plus appropriate taxes.
- B. Original lodging receipts must be submitted with the reimbursement form. Photocopies are not acceptable.
- C. If a traveler exceeds the maximum lodging per diem, excess costs are the responsibility of the traveler.
- D. If the best rate is secured, and it still exceeds the maximum lodging per diem, the E.D. may authorize a higher reimbursement amount. Even if it costs more, travelers may be allowed to stay at the officially designated hotel of the meeting; however, more moderately priced accommodations must be requested whenever possible. It will be the traveler's responsibility to provide documentation of the "officially designated meeting site" room rates, if these rates are higher than the normal reimbursable amounts.
- E. If two or more Authority employees travel together and share a room, the lodging reimbursement rate will be the maximum of two single rooms. If an employee shares a room with a non-employee, the actual cost will be allowed up to the maximum reimbursable amount. The receipt for the entire amount must be submitted with the expense form.

### **Meals and Incidentals**

Receipts are not required for meals and incidentals. The authorized traveler may be reimbursed the daily amount based on the rate schedule and the authorized length of stay. The per diem meal amounts are expected to cover meals, tips, porters and incidental expenses. The authorized traveler will not be reimbursed more than this.

Whether meals may be claimed depends on when the traveler leaves and returns to the official station. The traveler's official station is home or work, whichever produces the least cost to the Authority. Under the state travel regulations, reimbursement for meals is not permitted for one-day travel status with no overnight stay.

Regardless of which reimbursement rate the Authority uses, the amounts include tip, gratuity, etc. The hour and date of departure and return must be shown on the expense reimbursement form.

The excess cost of an official banquet may be allowed provided proper documentation or explanation is submitted with the expense reimbursement form. If a meal is included as part of a conference or seminar registration, or is included with the air fare, then the allowance for that meal should be subtracted from the total allowance for the day. For example, if a dinner is included as part of the conference fee, the maximum meal allowance for the day should be reduced by the allowed dinner amount.

**PLEASE NOTE:**

The Authority has selected to reimburse travelers at the federal travel regulation rates. The Authority's rates will automatically change when the federal rates are adjusted.

**Miscellaneous Expenses**

- A. Registration fees for approved conferences, conventions, seminars, meetings and other educational programs will be allowed and will generally include the cost of official banquets, meals, lodging and registration fees. Registration fees should be specified on the original travel request form and can include a request for pre-registration fee payment.
- B. A \$5 allowance will be reimbursable for hotel/motel check-in and baggage handling expenses.
- C. Laundry, valet service, tips and gratuities are considered personal expenses and are not reimbursable.
- D. For travel outside the United States, all expenses claimed must be converted to U.S. dollars. The conversion rate and computation should be shown on each receipt.



### **TRAVEL RECONCILIATION**

- A. Within 10 days of return from travel, or by the end of the month, the traveler is expected to complete and file the expense reimbursement form. The reimbursement form must be certified by the traveler that the amount due is true and accurate. Original lodging, travel, taxi, parking and other receipts must be attached. If the Authority provided a travel advance or made advanced payment, the traveler should include that information on the expense form. In the case of advances, the form should have a reconciliation summary, reflecting total claimed expenses with advances and Authority prepayments indicated. The balance due the traveler or the refund due the Authority should be clearly shown below the total claim on the form or in a cover memo attached to the front of the form.
- B. The E.D. will address special circumstances and issues not covered in this policy on a case-by-case basis.

### **DISCIPLINARY ACTION**

Violation of the travel rules can result in disciplinary action for employees. Travel fraud can result in criminal prosecution.

**Aurora Housing Authority  
Travel Reimbursement Request**

I hereby request reimbursement from the Aurora Housing Authority for travel on official Authority business to the destination on the dates and for the purpose indicated below.

Date	City & State	Hotel Address	Purpose of Trip

Accompanied By

Employee Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature \_\_\_\_\_

Total Cost of Travel Expenses \$

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**APPROVAL** (Please note: Approval of travel requests by the signatory below indicates that adequate funding is provided in appropriations to cover the estimated costs of this travel.)

Signature \_\_\_\_\_

Department Head

Signature \_\_\_\_\_

Finance Department



The Aurora Housing Authority™

## Financial Policies and Procedures

Exhibit

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**VEHICLE OPERATIONS POLICY**

Employees whose essential job function requires they drive must always keep their Illinois Driver's license in good standing. Employees who drive as part of their essential duties may be assigned an agency vehicle. This vehicle is to be used for AHA business only. Employees who participate in "on-call" duties are the only employees who are expected to routinely take the company car home overnight. Employees will be reimbursed for any expenses related to purchasing gas for the agency vehicle upon turning in original receipts on an approved expense form.

When an agency vehicle is not available to provide essential business-related transportation, employees may use their personal vehicle and shall be reimbursed for mileage at the rate authorized by the IRS.

In the case of a motor vehicle accident, the local Police Department should be notified immediately to investigate the accident. Accidents which result in personal injury to either the employee or other party must be reported to the Department Supervisor immediately or as soon as is practical (within 24 hours). Any employee driving conducting business of AHA must conform to all driving rules of the State. If an agency-owned vehicle is involved in an accident an accident report must be completed and sent within

24 hours to the Executive Director (or his/her designee) with the following information:

1. License and registration, number of vehicles involved
2. Names and addresses of all occupants of vehicles involved and witnessed
3. Statement of how the accident occurred
4. Name, address, insurance policy number and insurance company of drivers of the other vehicles involved
5. Police report

No passengers are permitted to travel in an agency-owned vehicle unless associated with authorized AHA business.

**Eligible Drivers:** Only approved drivers as determined by our Automobile insurance carrier shall be authorized to drive for the AHA. It is mandatory that Maintenance Staff and Property Managers have valid Illinois driver's license and carry automobile insurance coverage to perform his/her essential job duties.



**VEHICLE OPERATIONS POLICY**

VEHICLE OPERATIONS POLICY

Page 2

An approved driver shall:

1. Have a valid Illinois driver's license
2. Has no more than three (3) chargeable accidents and/or convictions for moving violations in the last three (3) years
3. Has no more than one (1) chargeable accident and/or conviction for moving violation in the last year
4. Has never been found guilty of a Class A misdemeanor traffic violation or felony traffic crime (reckless driving, driving with a suspended or revoked license, leaving the scene of an accident, driving under the influence or fleeing or attempting to elude a police officer)

Each employee has the duty of reporting court dispositions and chargeable accidents that affect their ability to legally operate a motor vehicle within twenty-four (24) hours after occurrence/disposition. Failure to report may be grounds for disciplinary action up to and including termination of employment.

Any employee who receives a ticket for a traffic violation while operating the agency owned vehicle must report that traffic violation to his/her Department Supervisor within twenty-four (24) hours of the incident. Such employees shall be directly responsible for the payment of tickets or fines whether on Authority business or not. This policy includes but is not limited to: speeding, failure to obey traffic control devices (which includes red-light and speed camera tickets), failure to wear a seatbelt, using a cell phone and/or parking violation(s).

Employees who do not pay tickets and/or fines due to a violation which affect the title or registration of an agency owned vehicle may be subject to disciplinary action up to and including termination of employment.