

Policies and Procedures

Policies are clear, simple statements of how the organization intends to conduct its business. They are a set of guiding principles adopted by the Board of Directors.

Procedures describe how policies are put into action. They can take the form of instructions or checklists adopted by the organization's management.

Differences Between Policies and Procedures

Policies guide top management in decision making, while procedures guide employees in their actions.

Policies reflect the mission and objectives of an organization, while procedures are practical applications of the policies.

Policies are made by the Board of Directors, while procedures are made by management.

Policies are generally not subject to change, while procedures are subject to change as circumstances change.

SEMSWA BOARD ADOPTED FINANCE-RELATED POLICIES

Policies Adopted by Resolution

Asset Capitalization Threshold Policy – 08-41

Credit Policy and Grant Program – SDF's ECF's – 11-13

GESC Permitting Policy – 12-20

Open Records Policy – 14-14

Private Property Maintenance Policy – 08-34

Purchasing Card Policy - 35-07

Review-Permit Fee Reduction Policy – 10-25

SDF-ECF Calculation Policy – 10-49 and 10-50

SDF-ECF Policy – 10-49 and 10-50

Transportation Funding Participation Policy – 13-13

Stormwater Fee Delinquency and Collection Policy - 13-40

Building Loan – 13-22 and 14-17

Bank Authorized Signers, authorization of checking account – 08-32

Budgeting for Outcomes (budget resolutions)

Policies Adopted by Motion or Consensus

\$30,000 Expenditure Limit

Budgeting for Outcomes

Contiguous Parcel Policy

\$1 million Reserve Policy and Emergency Spending Policy

Authorized Investments

SEMSWA

Summary of Recommended Financial Policies

Recommended by Staff

1. The Board approves the monthly financial report.
2. The Board approves the year-end financial statements after they have been audited and opined on by the external auditors.
3. The Board must approve any investments beyond those options already approved.
4. The Board selects the public accounting firm which will perform the year-end financial audit.
5. The Board approves the annual budget.

Recommended by the Financial Policy Committee

1. The Board adopts the records management and retention requirements outlined in state statutes.

SAMPLE GENERIC ACCOUNTING POLICY MANUAL

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1.00 ACCOUNTING PRINCIPLES

SEMSWA follows all applicable state statutes. It is not necessary to state that as a policy or procedure. SEMSWA receives no federal funds and there are no IRS rules that are applicable other than for payroll.

The accounting principles of Client X will be consistent with all applicable laws: all applicable Generally Accepted Accounting Principles (GAAP) and all applicable accounting and IRS rules applicable the entity, including those for federal awards.

2.00 CASH DISBURSEMENTS

The Board has addressed the check signing by Resolution 08-32. Procedures have been addressed by Management Control System Procedures I.Cash.

The positions authorized to sign checks are; Executive Director, Board President, Board Vice-President and Board Treasurer. Only one signature will be required on checks. Anyone signing a check must review and initial the supporting invoice or other documentation. Individuals may not sign a check payable to themselves.

All invoices will be approved by the appropriate party and indicated by a dated signature that the good or service has been received in acceptable condition and the amount charged is appropriate.

The Accountant will maintain the accounts payable system. Prior to payment, the Accountant will code each invoice, prepare the checks and organize and retain the documentation.

The Accountant will determine payroll amounts based on timesheets and authorized rates. The Accountant will prepare the payroll checks.

(A payroll service is highly recommended. Payroll rules are very complex and constantly changing and there can be significant consequences for errors.)

3.00 CASH RECEIPTS

SEMSWA tried an outside payroll service in 2007 and it was a disaster. SEMSWA's CFO has the necessary expertise to handle payroll with no errors.

The Office Assistant will receive and open the mail in the presence of (program person A) in order to maintain dual control over receipts.

The Office Assistant will restrictively endorse all checks when received in front of the program person A who is observing.

The bank deposit will be made daily by the Office Assistant.

If the Office Assistant is unavailable to perform these duties, the Executive Director will assign an employee other than the Accountant to carry them out.

Cash receipts are addressed by Management Control Systems Procedures I.Cash.

Pre-numbered receipts will be used for any monies received directly from an individual or for any cash transactions.

4.00 BANK RECONCILIATION

Bank reconciliations are addressed by Management Control Systems Procedures I.Cash.

The bank statements are forwarded to the Executive Director unopened.

Upon opening the statements, the Executive Director reviews the checks for unusual items or changes. The Executive Director compares selected deposits on the bank statement to the copy of cash receipts logs and reviews any account transfers. If any discrepancies are found, the Executive Director will forward them to the Accountant for reconciliation and will follow-up that appropriate action has been taken.

The bank statements are to be reconciled by the Accountant on a monthly basis no more than one week after receipt of the statement. The general ledger and the reconciled bank statements will be adjusted to agree monthly.

5.00 END OF MONTH ACCOUNTING POLICIES

The Accountant prepares the monthly financial statements

The Executive Director approves the financial statements before being sent to the Board of Directors. The financial statements should be submitted to the Executive Director at least two days prior to the mailing of Board packets in order to facilitate this review.

The Board of Directors approves the monthly financial statements.

We recommend that the Board adopt the following policy: *The Board approves the monthly financial report.*

6.00 END OF YEAR ACCOUNTING POLICIES

The Accountant prepares the year end financial statements.

The Accountant is responsible for preparing for the annual financial audit and for working with the external independent auditors to complete the audit.

The Executive Director approves the financial statements before being sent to the Board of Directors. The financial statements should be submitted to the Executive Director at least one week prior to the mailing of the Board packet in order to facilitate his or her review.

The Board of Directors approves the year end financial statements after they have been audited and opined on by the external independent auditors.

We recommend that the Board adopt the following policy: *The Board approves the year-end financial statements after they have been audited and opined on the external auditors.*

The Accountant will arrange to move all records from the year which is closing, including all supporting documentation, to secure storage online and any paper copies should be scanned and included in the secure online storage.

7.00 INVESTMENTS

Cash not needed for immediate working capital will be transferred to interest-bearing investments, unless the funds are designated for a particular account.

Client X will maintain collateralization of the total at any one bank in excess of the FDIC coverage. If this is not deemed to be practical or cost effective, a second bank will be used.

The Board of Directors must approve any investments beyond the options approved.

We recommend that the Board adopt the following policy: *The Board must approve any investments beyond those options already approved.*

8.00 INTERNAL CONTROLS AND FINANCIAL AUDIT

The review of internal controls and the annual audit are two of the most important procedures the Board has for fulfilling its fiduciary responsibilities to (Client X).

Internal controls pertaining to the accounting records are established by the Executive Director and Board Treasurer in consultation with the Accountant.

The Board of Directors selects the public accounting firm which will perform the year end financial audit. The financial audit report is presented to the Board of Directors who has the authority to approve the audit.

We recommend that the Board adopt the following policy: *The Board selects the public accounting firm which will perform the year-end financial audit.*

9.00 BUDGETING

The Board of Directors is responsible for guiding the budget process and for approval of the annual budget.

We recommend that the Board adopt the following policy: *The Board approves the annual budget.*

The Executive Director and Accountant will be responsible for preparing the proposed budget.

10.00 COMPUTER AUTHORIZATION AND BACKUP

Only the Finance Director utilizes the accounting system. The accounting system is backed up daily.

The accounting computer and software will have access controlled by passwords. The Executive Director will control the master password. The Accountant will be given a complete system password and will control which other personnel will be given passwords.

The accounting computer will be backed up regularly. The Accountant is responsible for carrying out this backup.

The Accountant is responsible for maintaining the disaster recovery plan for the accounting software and for periodically testing the plan.

11.00 ACCESS TO RECORDS AND RECORD RETENTION

The records of (Client X) are generally open to public inspection due to IRS rules, open records laws and the spirit of public service. However, certain information is not open to public examination and may only be released with the permission of the Executive Director. Questions in this area are to be resolved by the Executive Director. If the answer to a request is unclear the Executive Director may contact (Client X)'s attorney for a consultation.

Record retention will be maintained in accordance with applicable rules, statutes of limitations, IRS regulations and common sense. Certain documents must be retained indefinitely; others for 7 years, while others may not be required after a year. As a general rule, unless specifically required to keep longer, all records will be maintained for at least 7 years.

Records management is governed by state statutes. Nevertheless, the Financial Policy Committee recommends that the Board adopt a records management and retention policy.

12.00 MAINTENANCE OF ACCOUNTING POLICIES MANUAL

The accounting policies and procedures manual is critical to the accounting function of (Client X).

The Accountant is responsible for maintaining the manual.

All proposed changes must be approved by the Accountant and by the Executive Director.

The policies and procedure manual will be dated with the date of each approved revision.

The Management Control Systems Procedures are developed and approved by the Executive Director and Finance Director and are adequate.

Southeast Metro Stormwater Authority Management Control System Procedures



Dated: October 15, 2015



Objectives

The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Management's Responsibilities

Management is responsible for establishing and maintaining effective internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls ¹.

We have reviewed and hereby approve SEMSWA's Management Control System Procedures and believe that SEMSWA's internal controls fulfill Management's Responsibilities as outlined above.

David C. Agee

Director of Finance and Administration signature

Date - 10/15/2015

John A. McCarty

Executive Director signature

Date - 10/15/2015

1. The Committee of Sponsoring Organizations ("COSO") of the Treadway Commission

SEMSWA
Management Control System Procedures

	N/A	Yes	No	Comments
I. CASH				
A) SEGREGATION OF DUTIES				
1) Are responsibilities for collection and deposit preparation functions adequately segregated from those for recording cash receipts and general ledger entries?		X		
2) Are responsibilities for cash receipts functions adequately segregated from those for cash disbursements?		X		
3) Are responsibilities for disbursement preparation and disbursement approval functions adequately segregated from those for recording or entering cash disbursements information on the general ledger?		X		
4) Are responsibilities for the disbursement approval function adequately segregated from those for the disbursement, voucher preparation, and purchasing functions?		X		
5) Are responsibilities for entries in the cash receipt and disbursement records adequately segregated from those for general ledger entries?		X		
6) Are responsibilities for preparing and approving bank account reconciliations adequately segregated from those for other cash receipt or disbursement functions?		X		Roxi reviews bank reconciliations with a separate checklist.
7) If EDP is used, is the segregation of duties principle maintained within processing activities?		X		
B) PROCEDURAL CONTROLS				
1) Do collections procedures provide for the following?				Annual Fees billed by Arapahoe County are collected by the County and remitted in total to SEMSWA by wire transfer. Annual fees billed by SEMSWA are collected at a lockbox. The only revenues collected by SEMSWA are development related.
a) Timely deposits of all receipts?		X		
b) Controls to assure timely deposit and accurate recording of collections?		X		
(i) Mail opening of receipts segregated?		X		Receptionist opens the mail.
(ii) Amounts of currency contained in each item of mail verified by a second person?	X			SEMSWA does not receive currency.
c) Restrictive endorsements placed on incoming checks as soon as received?		X		
2) Do disbursements procedures provide for the following?				

SEMSWA
Management Control System Procedures

	N/A	Yes	No	Comments
a) Furnishing invoices and supporting documents to the signer prior to signing the check to help assure funds are disbursed only for authorized purposes?		X		
b) Requiring two signatures on warrants or checks over a stated amount?		X		This was eliminated in 2015.
c) Prohibiting the drawing of checks to "cash" or "bearer"?		X		
d) Controls to ensure all payments are made on a timely basis and in accordance with all purchase orders and contracts?		X		
e) Controls to ensure duplicate payments are not made?		X		Computer prevents payment of duplicate invoices.
(i) Are invoices totaling the amount of the disbursement attached to each voucher?		X		
f) Controls to ensure each cash disbursement is properly approved?		X		
3) Do custody procedures provide for the following?				
a) Maintenance of controls over the supply of unused and voided checks?		X		
b) Proper authorization of bank accounts?		X		Board authorizes bank accounts.
c) Maintenance of adequate fidelity insurance coverage?		X		
4) Do detail accounting procedures include the following?				
a) Procedures ensuring collections and disbursements are recorded accurately and promptly in the correct fund or account?		X		
5) Do general ledger procedures provide for the following?				
a) Delivery of bank statements and electronic copies of paid checks in unopened envelopes directly to someone other than the employee preparing the reconciliation?		X		
b) Procedures for steps essential to an effective reconciliation, particularly considering the following?				
(i) Comparison of checks in appropriate detail with disbursement records?		X		
(ii) Accounting for numerical sequence of checks used?		X		

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	N/A	Yes	No	Comments
(iii) Comparison of book balances used in reconciliations with balances in general ledger accounts?		X		
(iv) Comparison of deposit amounts and dates with cash receipt entries?		X		
c) Review and approval of all reconciliations and investigation of unusual reconciling items by an official not responsible for receipts and disbursements, including recording evidence of the review and approval, by signing the reconciliation?		X		Roxi approves.

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Management Control System Procedures

	N/A	Yes	No	Comments
II. REVENUE AND RECEIVABLES				
A) SEGREGATION OF DUTIES				
1) Are responsibilities for billing for services and fees adequately segregated from those for collection and accounting?		X		
2) Are responsibilities for billing adequately segregated from those for collection and general ledger posting?		X		
3) Are responsibilities for collection and deposit of funds activities adequately segregated from those for maintaining accounting records?		X		
4) Are billing rolls maintained by individuals not engaged in any accounting or collection function?		X		
5) Are responsibilities for entries in the cash receipts records adequately segregated from those for general ledger entries?		X		
6) If EDP is used, is the principle of segregation of duties maintained within processing activities?		X		
B) PROCEDURAL CONTROLS				
4) Do procedures for enterprise and other service revenues include the following?				
a) Controls to provide assurance customer database and, where appropriate, usage records are accurately maintained to ensure amounts due are billed?		X		Billing is done in GIS
C) BILLING/REMITTANCE VERIFICATION				
4) Do procedures for enterprise and other service revenues include the following?				
5) Do general procedures include the following?				
a) Prompt billing of service fees?		X		
b) Procedures designed for other revenue areas ensuring timely payment of amounts due?		X		
c) Periodic review and approval by the board of directors of the rates of fees?		X		
d) Procedures providing for timely notification to the accounting department at the time billings or claims are prepared and rendered?		X		
e) Prompt investigation of disputes with billing amounts by an individual independent of receivables record keeping?		X		
6) Do collection procedures include the following?				

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	N/A	Yes	No	Comments
a) Placing a restrictive endorsement on incoming checks as soon as received?		X		
b) Controls providing reasonable assurances interest and penalties are properly charged on delinquent fees?		X		
c) Controls surrounding the collection, timely deposit, and recording of collections in the accounting records?		X		
7) Do accounts receivable record keeping procedures include the following?				
a) Controls in system to ensure individual receivable records are posted only from authorized source documents?		X		
b) Reconciling the aggregate collections on accounts receivable against postings to individual receivable accounts?		X		
8) Do general ledger procedures include the following?				
a) Regular preparation of trial balances of individual receivable accounts?		X		

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	N/A	Yes	No	Comments
III. CAPITAL ASSETS				
A) SEGREGATION OF DUTIES				
1) Are responsibilities for initiating, evaluating, and approving capital expenditures, and maintenance or repair projects adequately segregated from those for project accounting, property records, and general ledger functions?		X		
2) Are responsibilities for initiating capital asset transactions adequately segregated from those for final approval, or committing government resources?		X		
3) Are responsibilities for the project accounting and property records functions adequately segregated from those for the custodial function?		X		
4) Are responsibilities for the periodic physical inventories of capital assets assigned to responsible officials having no custodial or record keeping responsibilities?		X		
B) PROCEDURAL CONTROLS				
1) Do authorization procedures and controls include the following?				
a) Identification of those individuals authorized to initiate capital asset transactions and clear definition of their authority?		X		
b) Preparation of a separate capital projects budget?		X		
2) Do executive- or legislative-approval procedures include the following?				
a) Required written executive or legislative approval for all significant capital asset projects or acquisitions?		X		All projects exceeding \$30,000.
b) Procedures for approving decisions regarding financing alternatives and accounting principles, practices, and methods?		X		
c) Procedures for obtaining approval, if required, for the use of funds furnished by other entities for capital asset acquisitions?		X		Shared projects with other entities.
d) Requiring supplemental authorizations, including, if appropriate, those of other entities, for expenditures in excess of originally approved amounts?		X		
3) Do project accounting procedures and controls include the following?				
a) Engaging a qualified employee or independent firm to inspect and monitor technically complex projects?		X		

SEMSWA
Management Control System Procedures

	N/A	Yes	No	Comments
b) Establishing and maintaining project cost records for capital expenditure and repair projects?		X		
c) Reporting procedures for in-progress and completed projects?		X		
d) Procedures to identify completed projects, so timely transfers to the appropriate account can be made?		X		
e) Review of the accounting distribution to ensure proper allocation of charges to capital asset and expenditure projects?		X		
f) If construction work is performed by contractors, procedures to provide for and maintain control over construction projects and progress billings?		X		
g) Exercising the right to audit contractor records during project performance?		X		
4) Do asset accountability procedures and controls include the following?				
a) Detail property records for all significant self-constructed, donated, purchased, or leased assets?		X		
b) Accountability for each asset?		X		
c) Physical safeguards over assets?		X		
d) Ensuring purchased materials and services for capital expenditure and repair projects are subjected to the same levels of controls as exist for all other purchases (receiving, approval, checking, etc.)?		X		
e) Periodically comparing detail property records with existing assets?		X		
f) Ensuring capital assets are adequately insured?		X		
g) Carrying fully depreciated assets in the accounting records as a means of providing accounting control?		X		
5) Do general ledger procedures include the following?				
a) Periodic reconciliation of the detail property records with the general ledger control accounts?		X		
b) Accounting records, controls, and procedures to:				
c) Distinguish between capital-projects fund expenditures and operating budget expenditures?		X		
d) Identify operating budget expenditures to be capitalized as capital assets?		X		

SEMSWA

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	N/A	Yes	No	Comments
e) Appropriate depreciation methods and practices?		X		
f) Are the accounting records adjusted promptly (both the asset and related allowance for depreciation) when items of plant and equipment are retired, sold, or transferred?		X		At year end.

SEMSWA
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	N/A	Yes	No	Comments
IV. PROCUREMENT AND PAYABLES				
A) SEGREGATION OF DUTIES				
1) Are responsibilities for the requisitioning, purchasing, and receiving functions adequately segregated from those for the invoice processing, accounts payable, and general ledger functions?		X		
2) Are responsibilities for the invoice processing and accounts payable functions adequately segregated from those for the general ledger functions?		X		
3) Are responsibilities for the disbursement approval functions adequately segregated from those for recording cash disbursements and general ledger entries?		X		
5) Are responsibilities for the disbursement approval function adequately segregated from those for the disbursement preparation function?		X		
B) PROCEDURAL CONTROLS				
1) Are requisitioning procedures adequate?		X		
2) Do purchasing procedures and controls include the following?				
a) Use of competitive bidding procedures?		X		
b) Issuing purchase orders and contracts under numerical or some other suitable control?		X		Use of purchase orders is rare. However, contracts are routinely prepared for engineering and construction services.
c) Considering bid and performance bonds if construction contracts are to be awarded?		X		
d) Predetermining selection criteria for awarding engineering or construction contracts and requiring adequate documentation of the award process?		X		
e) Subjecting changes to contracts or purchase orders to the same controls and approvals as the original agreement?		X		
3) Do receiving procedures and controls include the following?				
a) Taking steps to ensure goods received are accurately counted and examined, to ensure they meet quality standards?		X		
b) If a receiving department is not used, adequate procedures to ensure goods for which payment is to be made have been received; and they meet quality standards?		X		

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	N/A	Yes	No	Comments
4) Does invoice processing include the following?				
a) Receiving all invoices from vendors in a central location?		X		Receptionist.
b) Review and comparison of contractors' requests for progress payments under long-term contracts to contractors' efforts and results?		X		
c) Procedures for processing invoices not involving materials or supplies (for example, lease or rental payments, utility bills, etc.)?		X		
d) Procedures to ensure accurate account distribution of all entries resulting from invoice processing?		X		
e) Procedures for submission and approval of reimbursement to employees for travel and other expenses?		X		
f) Review of the distribution of charges in the accounting department by a person competent to pass on the propriety of the distribution?		X		
g) Review and approval of invoices (vouchers) for completeness of supporting documents and required clerical checking by a senior employee?		X		
h) Reviewing the program and expenditure account to be charged for propriety and budget conformity?		X		
5) Do disbursements procedures and controls include the following?				
a) Checks to be signed after disbursement has had final approval?		X		
b) Invoices and supporting documents available to the signer prior to signing the check?		X		
c) Two signatures required on checks over a stated amount?		X		This requirement was eliminated in 2015
d) Prompt recording of signed and issued warrants, sight drafts, and checks?		X		

SEMSWA
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	N/A	Yes	No	Comments
V. EMPLOYEE COMPENSATION				
A) SEGREGATION OF DUTIES				
1) Are responsibilities for supervision and time-keeping functions adequately segregated from personnel, payroll processing, disbursement, and general ledger functions?		X		
2) Is payroll preparation done by employees, as follows:				
a) Who are not responsible for hiring or firing employees?		X		
b) Who do not approve time reports?		X		
3) Are responsibilities for initiating payments under employee benefit plans adequately segregated from accounting and general ledger functions?		X		
B) PROCEDURAL CONTROLS				
1) Do personnel procedures and controls include the following?				
a) Properly authorizing, approving, and documenting all changes in employment (additions and terminations), salary and wage rates, and payroll deductions?		X		
b) Promptly reporting notices of additions, separations, and changes in salaries, wages, and deductions to the payroll processing function?		X		
c) Maintaining appropriate payroll records for accumulated employee benefits (vacation, pension data, sick leave, etc.)?		X		
d) Interviewing, by the personnel department, of terminating employees, as a check on departure and as a final review of any termination settlement?		X		
e) Written personnel handbook?		X		
2) Do supervision/time-keeping procedures and controls include the following?				
a) Review and approval, by the employee's supervisor, of hours worked, overtime hours, and other special benefits?		X		
b) Procedures for time keeping and attendance records?		X		
c) Review for completeness and for the employee's supervisor's approval of time cards or other time reports?		X		
d) Procedures for authorizing, approving, and recording vacations, holidays, and sick leave and for approving and controlling compensatory time?		X		

SEMSWA
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	N/A	Yes	No	Comments
3) Do payroll processing procedures and controls include the following?				
a) Controls over payroll preparation?		X		
b) Review and approval of completed payroll registers before disbursements are made?		X		
c) Balancing the payroll summary with payroll registers?		X		Roxi balances payroll with a separate checklist comparing the payroll summary with the bank report and the bank statement.
4) Do payroll disbursement procedures and controls include the following?				
a) Employees receive payroll disbursement through "direct deposit" to their bank account?		X		
5) Do general ledger procedures and controls include the following?				
a) Adequate account coding procedures for classification of employee compensation and benefit costs, so such costs are recorded in the proper general ledger account?		X		
b) Proper recording or disclosure of accrued liabilities for unpaid employee compensation and benefit costs?		X		At year end.