

Terrebonne Sanitary District Financial Management Policy

Objectives

- To ensure that all financial systems, functions, and controls meet generally accepted auditing standards.
- Preserve capital through prudent banking and cash management activities.
- To achieve the most productive use of cash, minimize operating costs, and to control receipts and disbursements.
- To maintain competitive and good working relations with financial institutions.
- To provide safety to employees.

Banking Services

- Banking services shall be solicited at least every five years on a competitive basis, and banks submitting proposals must meet the following minimum criteria:
 - Verify that the bank you want to use is on the list of qualified depositories on the State Treasurer's website at:
<http://www.oregon.gov/treasury/Divisions/Finance/LocalGov/Pages/Qualified-Depositories.aspx>
 - Be insured by the Federal Deposit Insurance Corporation
 - Be able to facilitate transfers to and from the Local Government Investment Pool managed by the Oregon State Treasurer.
 - Provide annual audited financial statements.
- All district bank accounts must be authorized and approved by the **district manager board of directors**.

Billing and Receipts

- The district will invoice all vendors for amounts due on a current basis. An accounts receivable age schedule will be prepared and monitored to ensure amounts due the district. Invoices are due within 30 days of billing date. Interest of one and one half percent (**1 1/2%**) per month will be charged on all balances over 30 days.

- State Funds/State Grants. If stage agency/grantor is willing and it is feasible, funds will be received via the Local Government Investment Pool.

Accounts Payable

- The district will maintain a system to age accounts payable. Invoices will be analyzed to take advantage of any discounts available.
- All obligations paid to the district will be reviewed to ensure proper documentation is attached and that all district requirements are met.

Cash Forecasting

- Each fiscal year, the **district manager budget officer** will prepare an annual general fund cash flow budget for the district for approval by the board of directors.
- Each month the cash flow statement will be adjusted to reflect the current month's actual cash flow and revise the remaining estimated cash flow schedule.

Debt

- If feasible, the district may enter into long-term lease obligations or issue bonds to finance capital acquisitions upon approval of the board of directors.
- Before issuing any debt, the district will consult with appropriate internal and/or external financial advisors.
- All leases, as reported in the district's annual financial report, will be limited as follows.
 - Annual leases will be limited to the economic life of the equipment or facilities to be purchased, and in no case, shall be extended beyond 20 years or as otherwise authorized by Oregon Revised Statutes.
 - Lease purchases of equipment and facilities will be limited to fit within the district's stated mission, goal or government role.
 - All lease-purchase payments must be included in the originating department's approved budget.
 - The district manager or elected **official treasurer** shall respond in writing to all external audit reports stating what actions have been taken to address the findings contained in the audit.

Internal Controls

- Duties will be assigned to individuals in such a manner that no one individual can control all phases of collecting cash, recording cash, and processing transactions in a way that permits errors or omissions to go undetected.

- The district manager is authorized to request departments within the district to provide financial reconciliation when deemed appropriate by the district manager.
- Deposits should be received by a person other than the depositor of the funds to ensure that funds are placed in the proper district accounts.
- All accounting computer records must be kept secure. Persons authorized to edit or review the records must be given passwords which only enable them to access the system. More than one person should be trained on the system. Accounting records should be backed-up on a regular basis.
- The person that does the reconciliation of district accounts should not be the same person that writes the checks. If it is not possible to have separate functions, then the books must at least be reviewed regularly by the board of directors or someone who does not write the checks.
- All large purchases should be authorized by someone other than the signer of the checks.
- Receipts should always be verified prior to paying an invoice. Procedures should be developed for checking receipts or packing slips to determine that merchandise or services have been received before payment.
- Cash transactions should always involve more than one individual to ensure that cash is properly recorded and deposited.
- A procedure should be developed for writing off bad debts. The policy should specify the persons responsible for writing off the bad debt and their level of authority.

Example: Authorization for writing off bad debt shall be given to the accounts receivable officer, district manager, and board of directors at the following levels:

\$ 0 to 10	Accounts Receivable
\$11 to 100	Officer District Manager
\$101 and above	Board of Directors

- Petty cash funds should require full documentation, including the purpose of the expenditure and who received the petty cash funds.
- More than one district employee or board member should be required to sign checks. ORS 198.220 requires that any officer or employee of the district who is charged with the possession or control of district funds and properties be bonded or have an irrevocable letter of credit issued by a commercial bank.
- Require individuals in high-fidelity risk areas to take mandatory annual vacations of at least 10 consecutive working days. Job rotation or independent audit of function should be implemented when two-week vacations are not practical.

Authorized Personnel/Security

- The district manager or finance director assignee is authorized to open demand deposit accounts as may be required by the district after board approval.
- Checking accounts require two manual signatures or stamps.
- Checkbooks are to be in a secure place at all times during business hours and locked in a filing cabinet during non-business hours.
- The district manager is responsible for maintaining a current signature card with the appropriate financial institution.

Investments

- The district will have a written investment policy adopted annually by the board of directors.

Audits/Auditors

- The district will conduct an annual audit on during September of every year in accordance with ORS 297.
- District employees are to cooperate with all auditors, external and internal, regarding any records maintained for or by the district.
- All external and internal audit reports are to be sent to the board of directors, district auditor, and the district manager.

APPROVAL: _____
District Manager Board President

Date

Finance Manager Board Treasurer

Date