

Redmond Area Park and Recreation 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:
 - Be able to provide collateral pool certificates.
 - 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, if the district has an account with the LGIP.
 - Provide annual audited financial statements.
- All district bank accounts must be authorized and approved by the 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 to the district. Invoices are due within 30 days of billing date.
- The district will charge a fee of \$20 on all checks that are returned for insufficient funds.
- The district will send accounts that are 90 days past due and over \$500 to collections, with board approval.

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 budget officer will prepare an annual general fund cash flow budget for the district for approval by the board of directors.

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 budget.
 - The Executive Director or Board Chairman 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 Executive Director is authorized to request departments within the district to provide financial reconciliation when deemed appropriate by the Executive Director.

- 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.
- Receipts should always be verified prior to paying an invoice. Procedures should be developed for checking receipts or packing slips to determine the merchandise or services have been received before payment.
- 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 accounts receivable officer, district manager, and board of directors at the following levels:

| | |
|-----------------|-----------------------------|
| \$0 to 50 | Accounts Receivable Officer |
| \$51 to 200 | District Manager |
| \$201 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 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 5 consecutive working days. Job rotation or independent audit of function should be implemented when week vacations are not practical.

Authorized Personnel/ Security

- The Executive Director is authorized to open demand deposit accounts as may be required by the district, after board approval.
- Checking accounts require two manual signatures.

- 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 Executive Director is responsible for maintaining a current signature card with the appropriate financial institution.

Audits/ Auditors

- The district will conduct an annual audit in September of each year.
- 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.

PURCHASE APPROVAL POLICY

Purpose

To provide a process for documenting approval guidelines and authorization levels for staff in making purchases. This procedure will provide an accurate method of tracking individual purchases, provide purchase approval documentation, assign accountability to individual employees, and improve staff's awareness of the district's financial position in relation to budgeted line items.

Procedure

- Analyze product availability, competitive pricing, product quality, delivery, and installation and/or service factors when considering available vendor sources.
- Review district's operating budgets to determine if item is budgeted and to determine remaining budget availability for related expense account(s).
- If item under consideration is not specifically budgeted, or if insufficient account budget funds remain unavailable; employee will obtain prior approval from the executive director in concurrence with board of directors before implementing the purchase process Capital equipment purchases over \$500 will require prior approval. In addition, some unbudgeted items may require board approval prior to purchase. In such cases, employee should make a request using the purchase approval document. The document requires the signature of executive director and board chair.

Documentation

- When a purchase decision is initiated, employee will retain ordering and/or shipping information. Employee will also fill out a purchase order. This documentation will be provided to accounting for reconciliation to the item's invoice.
- Employee responsible for the purchase will approve the invoice prior to issuance of a vendor's payment. Approving employee will date and initial the invoice and confirm the correct expenditure account number(s) for the charge.
- The executive director or and appropriate staff member will review and approve normal on-going budgeted operating invoices such as utility, postage, or storage bills.

- Employees will follow prudent purchasing practices when utilizing procurement cards such as Visa Or MasterCard. In addition to ensuring budget authorization and availability, card users will provide accounting with all receipts and/ or shipping statements associated with card charges. When ordering by telephone and internet, employee will provide accounting with accompanying credit card ordering documentation. This documentation is required by the bookkeeper to reconcile the monthly bankcard statements and to allocate charges to the appropriate expense account(s). In addition, credit card users will note the purpose of the expenditure on the receipt submitted to accounting.

Security Policy

Purpose: The purpose of this policy is to safeguard the District's checks, facsimile stamps, financial records, payroll records, petty cash, change funds and other District assets.

Check Stock: All general, payroll and other checks will be locked in filing cabinet. This includes both signed and unsigned checks. Checks and cash will be locked in a drawer at all times. The keys are to be kept in the possession of the assigned personnel and not left on the premises.

Outgoing payroll and accounts payable checks are not to be left in the mailroom unattended, but will be held until entrusted to the mail carrier. Payees, not personally known to District employees, who pick up checks, must show identification.

Facsimile Signature Plates and Stamps: All facsimile signature plates and stamps are to be locked in filing cabinet during non- business hours. During business hours they are to be kept in a secure location.

Petty Cash/ Change Funds: During business hours, petty cash/ change funds entrusted with the authorized staff will be monitored at all times, and will not be left unattended. During non-business hours, the petty cash/ change funds will be locked in a filing cabinet. Authorized staff are:

Cash Register: Receptionists, Administrative Services Manager and Executive Director

Petty Cash Executive Director

Bank Deposits: The accounting staff will not collect or deposit cash/checks. Personnel making deposits and deposit times will be varied so as not to create a routine pattern.

General Security: The District office will be locked at the end of the business day by the district manager, or appointed designee.

Changes to this policy will be approved by a majority vote of the district board of directors.

Policies Adopted: November 12, 2019