

## **Financial Policies and Procedures Manual**

### **1. General Purpose**

The purpose of these policies is to establish guidelines for developing financial goals and objectives, making financial decisions, reporting the financial status of the Authority, and managing the Authority's funds. While these policies will be amended periodically, they will provide the basic foundation and framework for the Authority's financial decisions.

### **2. Financial Responsibilities**

It is the responsibility of the Board of Directors to formulate financial policies and review operations and activities on a periodic basis.

The Board delegates this oversight responsibility to the Treasurer of the Board and the Finance Committee. This responsibility is shared through delegation with the Authority's Administrative Manager.

The Authority Administrative Manager acts as the primary fiscal agent, implementing all financial policies and procedures. The Authority Administrative Manager, with the oversight of the Finance Committee is responsible for the coordination of the following: Annual budget presentation, selection of the outside auditors, approving revenue and expenditure objectives in accordance with the Board approved long-term plans and day-to-day operational responsibility for managing the Authority funds. The Finance Committee has the responsibility to ensure accuracy of the accounting records, internal controls, financial statement preparation, and bank account reconciliation. The Administrative Manager is directly supervised by the Finance Committee for the preparation of the Chart of Accounts, Accounts Payable, Accounts Receivable, Payroll, and all reporting to federal, state and local agencies.

### **3. Conflict of Interest**

Members of the Board of Directors are prohibited from activities that might present conflicts of interest. The powers of directorship may not be used to personally benefit the Director at the Authority's expense. If a Director has a

financial interest in an Authority transaction, the Director must fully disclose the interest and abstain from voting. Loans to employees and Directors are prohibited.

4. **Budgeting Process** *(The entire Board must approve the budget.)*

The finance committee shall be responsible for presenting to the Board an annual budget draft sixty (60) days prior to the end of the fiscal year and thirty (30) days prior to its submission to the Board of Directors.

The finance committee shall review and approve the recommended fiscal year budget revenues, expenditures and cash flow, and submit it for approval to the Board of Directors.

5. **Financial Statements**

The Authority's financial statements shall be prepared on an accrual basis in accordance with Generally Accepted Accounting Principles ("GAAP").

The presentation of the financial statements shall follow the recommendation for the Financial Standards No. 117. "Financial Statements for Not-For-Profit Organizations" (SFAS No. 117).

The Treasurer shall prepare and present monthly financial statements to Board of Directors.

6. **Contingency Account**

A Contingency account of one-quarter of the Authority's annual collections shall be maintained. When fund falls below this minimum, the Finance Committee and Manager shall develop a plan and budget for rebuilding it.

7. **Audit**

The Authority will have an audit of its financial statements annually, within 4 months of the end of the fiscal year. The audit shall be completed by a firm of Independent Certified Public Accountants. The Authority's Administrative Manager shall have direct responsibility in overseeing the implementation of the annual financial audit. The audit should be performed by a firm approved by the finance committee.

The finance committee shall be required to make a presentation to the Board of Directors of the annual audit.

**8. Revenue and Income Procedures**

All Stormwater payments made by residents of the Borough of Dormont shall be used only in conjunction with Stormwater activities, including administrative and operating costs, maintenance of stormwater system and costs to adhere to DEP and EPA regulations.

Deposits of stormwater payments shall be direct ACH by collection agency for current payments. Delinquent payments will be received in the mail in check form from Jordan Tax Service and deposit will be made by Administrative Manager into stormwater bank account.

**9. Recording Receipts**

Mail will be opened by Administrative Manager. Any checks received from collection agency will be deposited into bank account and recorded in accounting system. Bank receipts will be reviewed and verified to bank statement each month by Treasurer.

**10. Expenditures Procedures**

All expenditures shall be approved by the Treasurer prior to payment.

Administrative Manager will maintain accounting records containing all aspects of financial operations. They include but are not limited to: A general ledger, a check register, and a payroll register.

Invoices shall be approved by Treasurer. Following the review and approval, check payment shall be prepared, and invoices attached to checks. Upon payment of a bill, a copy of the check shall be stapled to the invoice. The paid invoices will be filed alphabetically by vendor and a copy kept in a monthly file of paid bills.

**11. Signature Policy**

Checks require two (2) signatures. Signers on bank accounts are to be Treasurer, Chairman and Vice-Chairman.

**12. Compensation and Payroll**

Payroll is executed on a bi-weekly basis for the Administrative Manager and any employees that may be employed by the Authority. Payroll will be offered in check form or direct deposit.

Monthly payroll expenses shall be verified by Board Treasurer against payroll reports and direct deposit reports and reconciled with bank account statement.

**13. Local Travel and Expense Reimbursements**

Travel and expense reports for mileage, hotel, supplies, etc., will be maintained by each employee and then submitted to the Treasurer for approval and payment on a monthly basis. Mileage to and from an employee's residence to place of work will not be paid by Authority. Travel reimbursement will be made in accordance with IRS guidelines.

All parking and other expenditures receipts must be attached to the expense voucher as a condition for payment.

**14. Credit Card Expenditures**

Credit Card will be issued to Chairman and Administrative Manager and may only be used for Authority business. An explanation of credit usage must be attached to bill and submitted to Treasurer for approval. Unauthorized use of credit card will result in disciplinary measures (see personnel manual).

**15. Purchasing**

Any expenditure in excess of \$1,000.00 for a single item must have Board approval. Any expenditure in excess of \$20,000.00 must have three (3) bids from supplier if possible. Bids are reviewed and awarded by Board of Directors. Purchases of less than \$1000.00 may be made at Administrative Managers

discretion. The same spending limits hold for projects except in emergency situations (see bidding policy).

**16. Leases and Other Contractual Agreements**

Leases and other contractual agreements are negotiated by the Administrative Manager and executed with Board approval.

**17. Notes, Loans, Etc.**

All notes, loans and other indebtedness to be contracted in the name of the Authority (except open accounts and all other routine banking transactions), shall require the signature of the Chairman of the Board. Indebtedness must be approved by the Board of Directors.

**18. Bank Accounts**

The Treasurer shall oversee bank accounts. The Administrative Manager shall oversee the day to day financial operations. Several accounts may be maintained by the Authority as follows:

1. Operating
2. Payroll
3. Contingency

These accounts may be changed as the Authority's financial conditions and requirements change.

**19. Operating Account**

All Checks shall be deposited into the operating account by the Administrative Manager and reviewed by the Treasurer. Monies shall be transferred to Payroll and Contingency accounts when necessary. Checks are written weekly to meet obligations and ongoing operational expenditures.

**20. Bank Reconciliations**

Bank Reconciliations shall be completed monthly by Administrative Manager, crossed referenced with deposits and financial statements and reviewed by the Treasurer and presented to the Finance Committee.

**21. Insurances**

Reasonable and adequate coverage will be maintained to protect the Authority's interests as well as the Board of Directors and Authority employees. The following insurance policies shall be kept on a yearly basis: General and Professional Liability, Public Officials Liability, Workman's Compensation, and Employee Life, Dental, Vision and Health.

Insurance Policies shall be carefully reviewed by the Finance committee before renewal each year.

**22. Property and Equipment**

An annual inventory of the Authorities property and equipment will be completed by the Administrative Manager, submitted to the Board and kept on file.

**23. Document Retention**

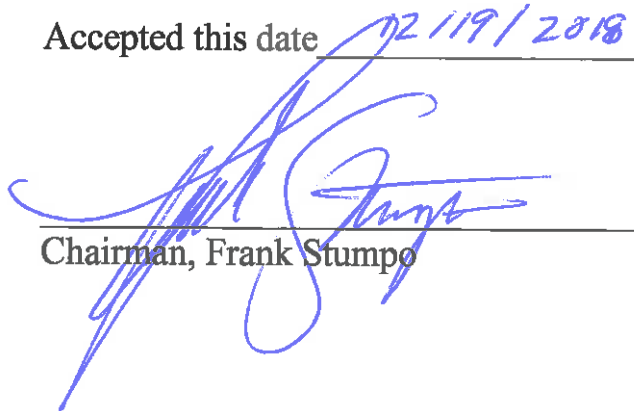
Financial documents are retained for a period of time in keeping with State Law, Open Records Policies, and IRS recommendations.

**24. Tax Reporting**

The Authority is exempt from federal income taxes. Administrative Manager is responsible to prepare, pay and report quarterly and yearly payroll taxes.

Accepted this date

12/19/2018



Chairman, Frank Stumpo



Treasurer, John McLane