

Financial Policy of the Douglas SWCD

Purpose

The purpose of the financial policy is to ensure that the District's financial systems, functions, and controls meet generally accepted accounting and auditing standards. This policy is intended to supplement but not replace any applicable state and federal laws governing financial systems, functions, and controls applicable to nonprofit and charitable organizations.

Fiscal Administration

The board has the following fiscal responsibilities unless task assigned to staff or contracted financial advisor:

- Create and adopt a district budget.
- Manage funds consistent with fiduciary responsibility.
- Maintain accurate and complete financial records and reports.
- Property and assets (e.g., cash, equipment, furniture, vehicles, inventory).
- Manage cash deposits, investments, and other financial holdings.
- Review financial or treasurer's reports.
- Report to appropriate local, state, and federal agencies and governments.

Policies

Public Funds

All funds obtained by a conservation district, regardless of source, are public funds, whether they come from public or private sources. It is unlawful for any public official to expend any moneys in excess or the amounts provided for by law, or for any other of different purposes than provided for by law. Public officials can be held civilly liable for the misuse of public funds. See ORS 294 for more information on this topic.

Accounts

The district maintains its accounts in financial institutions that are federally insured. Federal Deposit Insurance Corporation (FDIC) insured bank. The amount is not to exceed the FDIC insured amount. Funds in excess of the insured amount or that are not required for the day to day operation of the district are deposited in the Local Government Investment Pool (LGIP).

Annual Budget

The District is required by law to prepare an annual budget for district operations. Spending outside this authority is unlawful and subjects public officials to the liabilities outlined in ORS 294.100. To be able to create a budget a Long Range Business Plan was developed to determine strategic goals and guiding principles. The District then does an Annual Work Plan to project workload to estimate time and related costs for the annual budget. The annual budget is approved by the District board prior to the beginning of each fiscal year (July 1) and is reviewed quarterly and adjusted as required.

Internal Financial Controls

General

Although the District board elects a Treasurer each year, fiduciary oversight is the responsibility of all the board members and the appointed staff.

The District segregates duties, whenever possible to minimize opportunities for complete control of any function by a single individual. For example, if one staff or board member prepares a check to be signed, a different staff or board member signs it.

The District utilizes the services of a third party bookkeeper to ensure that the district follows general accounting principles.

Deposits

All checks received by the District will have the checking account number and date written on them, photocopied for the appropriate grant file, scanned for virtual filing, and placed in a secure location until deposited. Cash received will have a numbered cash receipt filled out and used to reconcile with the bank statements. All cash and checks are recorded and deposited within five (5) business days. The photocopied check is used to determine the appropriate fund to credit by the bookkeeper.

Invoices

All incoming invoices are dated and signed by the District Administrator as they arrive. All invoices must be photocopied for physical filing and scanned for virtual filing. Reoccurring bills such as utilities and any other previously approved by the board may be paid immediately without secondary approval. These are bills that have an obvious designation in the pre-approved annual budget. Any invoice that is not easily placed as a line item in the budget must be approved for payment by the board prior to payment.

Receipt of payment must be copied and filed with corresponding invoices. All previous monthly invoices will be added to a running spreadsheet that the board approves at the following monthly meeting (Ex: July's invoices will be reviewed and approved in August). All invoices will be submitted monthly to the bookkeeper for reconciliation with the bank statement and QuickBooks.

Accounts Receivable

All requests for payments under grant agreements will be made in a timely manner. A list of current payment requests that have not been received will be prepared for the monthly board meeting.

Checks

The third party bookkeeper generates all checks for the district except in emergencies as approved by the board Chair or Treasurer.

Annually, at the beginning of each calendar year, the board members and staff that are authorized to sign checks will be approved by motion of the board. Generally the board approves the Chair, Vice-Chair, Treasurer, and District Manager to sign checks.

Before signing any check, the signer will ensure that the invoice payment sheet has been properly filled out and approved. **Under no circumstances is any individual allowed to sign a check made out to themselves, a member of their family, or a business that they are associated with.** Procedures for signing payroll checks are outlined below in the Payroll section.

Check stubs are attached to the invoice and filed with the appropriate grant or other file. Voided checks will have their signature block cut out and will be filed with the appropriate bank statement.

A list of all checks, including voided checks, will be presented as a report to the Board of Directors at their monthly board meeting. The list of checks written will be reviewed and ratified by a motion of the board of directors. This includes all expenses from the previous month as recorded in the designated spreadsheet as well as the QuickBooks Check register and Bank Statement.

Payroll

Time sheets due dates and paycheck availability follow the following schedule:

Regular Staff (District Manager, CREP Technician, Weed Project Manager, etc.):

Seasonal Employees (Weed control, etc.)

All time sheets will be filled out completely with the number of hours for each fund to be billed before submittal for approval. The District Manager will approve seasonal employee time sheets. The Treasurer or other board appointed board member will approve time sheets for all regular staff only after confirming that they have been completed appropriately. Approved timesheets will be submitted to the third party bookkeeper for check generation. Only the Treasurer or other board-approved board member may sign paychecks.

Quarterly Tax Payments

Quarterly tax payments preparation is to be done by the third party bookkeeper and to be reviewed by the District Administrator and Board of Directors before being sent in with corresponding payment. If the payment is completed by the District Admin, the District Admin will inform the Treasurer of the payment. The bookkeeper will ensure that the tax payments are posted in the accounting software so that the balance sheet accurately reflects current tax liabilities.

Yearly Tax Review

Each August, the Treasurer will request proof of payments and account balances from the Oregon Department of Revenue and the Social Security Administration for the previous Fiscal Year (June-July). The Treasurer will report their findings to the board of directors.

Monthly Bank Statements and Reconciliation of Bank Accounts

Bank statements and Credit statements will be shared with the board of directors each month. Reconciliation of each account will be done by both the District Admin and third party bookkeeper, then shared with the board for approval.

A running spreadsheet will also be provided the board each month showing each invoice incurred, how it was paid, and from what funding source it is paid from.

Petty Cash

Petty Cash will not be kept on hand by any member of the board or staff unless approved to do so in a board motion. Any cash received by the district is to be deposited into the main bank account with a district-generated deposit form that is copied and filed appropriately with a receipt from the bank.

Credit Cards

The District Board must approve issuance of all credit card(s). The District does not allow debit cards, as they do not require signatures. The credit card(s) will have a maximum limit of \$5000.00 as set by the board. Documentation of receiving a credit card will be placed in an employee's file.

Before charging amounts over \$50 or charging for any one-time off purchase that isn't explicitly outlined in the Annual budget, staff must get approval from the board of directors. All receipts will be photocopied, scanned, and filed with their invoices and purchase requests. The bookkeeper will make the appropriate entries into the accounting software and prepare the check for payment.

When an employee terminates their employment with the District, the employee must surrender their credit card and it shall be cancelled and destroyed. Documentation of returning the credit card will be placed in their employee's file.

Assets

The District maintains an inventory of all assets.

Indebtedness

Only through full consent of the Board of Directors, by motion or resolution, may the District, through the District Manager, other staff, or board member, incur indebtedness through loans, bonds, or other financial instruments. Additionally, certain types of indebtedness require public hearings as required by statute.

Financial Reports

Monthly Reports

For each monthly board meeting the following reports are prepared at least five days in advance of the meeting by the District Administrator and third party bookkeeper for review by the Board:

1. A profit and loss statement by fund and total funds for the previous month.
2. A balance sheet for the ending date of the previous month.
3. A printout of the check register for the previous month that lists deposits, transfers, and payments.
4. An expenses spreadsheet showing all previous month's expenses incurred and from which fund source they were paid from.

5. Copies of the bank statements and credit statements received during the previous month. Copies of these reports will be made available to the entire board and public at each board meeting. The District Admin will report on their study of the financial statements and board members will be given an opportunity to question the District Admin on financial matters.

The board, at a minimum, will review and approve the checks that were paid the previous month as noted in the check register. The board should acknowledge and approve by motion the entire financial report as presented by the District Administrator.

Quarterly Reports

At the first board meeting of each quarter, the Treasurer and District Admin will present to the board a "budget to actual" report for all funds for the year to date. The board will consider the financial position of the district and make adjustments to the budget as necessary.

Annual Audit

Each fiscal year an annual audit or review is required by law to be submitted by December 31st to the Oregon Secretary of State and the Oregon Department of Agriculture. The annual audit or review is to be conducted by a state approved Certified Public Accountant. At the completion of the audit or review, the board shall request that the auditor attend a board meeting to report their findings. The board will approve the audit or review before submittal to the appropriate agencies and will enact changes to policies and procedures as recommended by the auditor.