

## **RIVANNA RIVER BASIN COMMISSION**

### **Accounting Policies and Procedures**

#### **1.0 MISSION STATEMENT**

The Rivanna River Basin Commission is an independent local entity without political subdivision status established to provide guidance for the stewardship and enhancement of the water and natural resources of the Rivanna River Basin.

#### **2.0 COMMISSION RESPONSIBILITY FOR FINANCIAL POLICIES**

The ultimate responsibility for the financial management of the Commission rests with the Commission. It is the policy of the Commission to maintain a Finance Committee to enable the Commission to fulfill this role. The Finance Committee is comprised of the Treasurer, one additional commissioner, the Executive Director, and other members on an *ad hoc* basis. Specific tasks related to the management of the Commission's financial affairs may be delegated to the Director, and in turn, to a bookkeeper and other support staff. The responsibility for the management of the financial affairs embraces all aspects of RRBC's financial operations. This includes:

- safeguarding corporate assets
- maintaining and assuring internal financial controls
- monitoring financial operations
- maintaining stewardship of all grant/pledge funds
- maintaining adequate cash flow
- approving the annual budget and solicitation of funds from grants and other sources

#### **3.0 BUDGETING AND GRANT ACCEPTANCE**

##### **3.1 Preparation of an annual operating budget.**

The annual operating budget is prepared by the Executive Director, with key input from the staff and Commission. The Commission approves the Annual Operating Budget prior to the beginning of each fiscal year. The Annual Operating budget includes detailed revenue projections as well as detailed expenditure projections. The Annual Operating budget is prepared using the accrual basis of accounting. The Annual Operating Budget is balanced.

##### **3.2 Grant acceptance.**

The Executive Director requests approval from the Commission prior to applying for grant funding, prior to accepting grant funds, and prior to finalizing contract, sub-award, or transfer of funds to partners, sub-grantees, or the member localities or partners.

Funding received by the Commission after the annual budget has been approved is shown as an increase in income and described in the quarterly Report Narrative.

#### **4.0 MONITORING/REPORTING FINANCIAL STATUS**

It is the policy of the Commission to perform an on going monitoring of the financial activities of the corporation through the following activities. In addition, a Memorandum to File is prepared for each financial decision made by the Commission and kept in a separate file reserved for documenting the history of decisions.

##### **4.1 Quarterly reports made to the Commission by the Director and monthly reports to the Treasurer.**

Quarterly and monthly reports include (1) Statement of Financial Position and (2) Profit Loss (Budget vs. Actual). The bookkeeper provides these to the Treasurer and the Executive Director on a monthly basis. The bookkeeper provides quarterly reports to the Treasurer and Executive Director. The Treasurer reviews these reports and provides them to the Commission for review and approval at the quarterly meetings. Quarterly reports are typically in summary form.

##### **4.2 Completion and filing of all reports required by funding sources.**

The Executive Director maintains a separate file for each grant and funding source and maintains a schedule of report filing requirements. Status of these requirements is provided to the Commission on a quarterly basis.

##### **4.3 Maintaining a current record of the draw down of all grant funds.**

The Executive Director maintains a current record of the draw down of all federal and state grant funds and, if applicable, includes the balance of grant funds remaining. The balance remaining is included in the financial reports.

##### **4.4 Documenting Commission Fiscal Decisions.**

The Executive Director maintains a file of all decisions made by the Commission regarding grant application and funding approvals, contracting, and accounting policies and procedures.

#### **5.0 ACCOUNTING PROCEDURES**

##### **5.1 ACCOUNTING SOFTWARE**

The RRBC accounting software (QuickBooks) is password protected with the password being known to the Executive Director and the independent bookkeeper (who may be an RRBC staff person or a for-hire accountant).

##### **5.2 REVENUE RECEIPT AND ENTRY PROCEDURES**

###### **5.2.1 Mail received and sorted.**

Mail is delivered to a box at the physical location of the office. The Executive Director picks the mail up from the box on a daily basis.

Checks and associated correspondence regarding revenue are separated out from the balance of the mail. Checks received are stamped with a restrictive bank stamp. The Executive Director fills out a deposit slip and makes a copy of checks and the deposit slip. Check copies and deposit slip copy are stapled together. Checks are kept in a locked file cabinet in the Executive Director's office until deposited.

### **5.2.2 Bank Deposits.**

Bank deposits are made by the Executive Director or bookkeeper on a weekly basis at the local bank branch, unless there is a large deposit, in which case such deposit is made within one or two days of receipt. The bank receipt is compared to the original deposit slip and then stapled to the back of the deposit slip/check copies, which are then filed.

### **5.2.3 Acknowledgement and Thank you Letters and Entry into Individual Contributions Database.**

Soon after receipt of revenue, the Executive Director enters the contribution information into an Individual Contributions Database and sends a thank you to the donor.

### **5.2.4 Restriction of Contributions and Other Requirements Imposed by Donors.**

If any contribution has a restriction or other special requirement related to expenditure of the contribution, that restriction is communicated to the bookkeeper and the Treasurer and recorded as such.

### **5.2.5 Notification of Major Grants Received.**

The Executive Director notifies the Chairman when any major grant or donation is received.

## **5.3 CONTRIBUTION RESTRICTIONS AND RESTRICTED FUNDS**

### **5.3.1. Monitoring of Reporting Requirements Imposed by Donors**

The Executive Director is responsible for tracking reporting requirements imposed by donors, grantors, or regulators. After receipt of a restricted contribution or grant, the Executive Director documents the stipulations of the contribution or grant in the form of a memo and forwards this memo to both the Treasurer and the bookkeeper for reference.

### **5.3.2. Restricted Funds**

Restricted funds that are held by the organization will be assigned to a net asset appropriate to their net asset designation, e.g. temporarily restricted, permanently restricted (endowment). Fulfillment of the restriction of funds is tracked by the Executive Director and the bookkeeper and documented in a file for the restricted fund.

## 5.4 ACCOUNTS PAYABLE RECEIPT AND ENTRY PROCEDURES

### 5.4.1. Bank accounts.

Bank accounts are authorized by the Commission. The Commission Chair, the Executive Director and the Treasurer are authorized to sign checks on behalf of the RRBC.

### 5.4.2 Single signature limit.

The established limited for a single signature check is fifteen hundred dollars (\$1500). Checks written that are over \$1500 require two signatures.

### 5.4.3. Invoice payment.

Invoices are received primarily via mail and e-mail. The Executive Director approves all invoices that are consistent with the approved budget, or, in the case of an item that is not explicitly in the approved budget, with the approval of the Treasurer.

### 5.4.4. Staff reimbursements.

All reimbursements to staff or Commission require proper documentation, including receipts or other explicit documentation of the expense.

### 5.4.5 Check writing.

The Executive Director or the bookkeeper writes checks on at least a monthly basis using the QuickBooks software. All required accounting information (including assignment to grants and restricted funding) is noted on the approved invoice, and invoices are filed in the office.

## 6.0 PAYROLL PROCEDURES

The Commission sets the salary for the Executive Director, and this salary is communicated in writing to the Executive Director and the bookkeeper. The Executive Director is paid a regular salary through ADP Payroll Services (ADP). Payroll is directly deposited in the Executive Director's bank account on a monthly basis. The Treasurer and the bookkeeper confirm that the correct salary is paid to the Executive Director by reviewing ADP reports. ADP files all taxes for the organization.

## 7.0 CONTRACTS AND PROCUREMENT

The Executive Director is authorized to sign contracts consistent with the Commission-approved budget or contracts that are specifically approved by the Commission, and in accordance with the Commission's Procurement Guidelines<sup>1</sup> and the Executive Director's duties as outlined in the Executive Director's Employment Agreement, the Duties and Responsibilities of the Executive Director,<sup>2</sup> and the Commission's Bylaws. These policies are derived from the Virginia Public Procurement Act and are specified in the Procurement Guidelines.

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<sup>1</sup> To be developed.

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## **8.0 CREDIT/DEBIT CARD USE**

The Commission may authorize the Executive Director to open a credit card account and/or establish a debit card in the name of the Rivanna River Basin Commission with the Executive Director as the sole owner of the account. Use of this card is restricted according to the Procurement Guidelines. Online purchases may be made in accordance with the Purchasing Guidelines. The Executive Director is authorized to spend up to \$1,500.00 for one transaction using the debit card without obtaining Commission approval.

Credit card payments are allocated to budget categories monthly. Debit card expenses are entered into the check register as they occur. Receipts for all credit and debit card purchases are required to be submitted to bookkeeper. The statements are reconciled every month when the bank is reconciled.

## **9.0 CREDIT ACCOUNTS WITH VENDORS**

The Executive Director may establish credit accounts with specific vendors that are frequently utilized by the Commission, such as office supply stores. These accounts are approved by the Treasurer and are established in the name of the Rivanna River Basin Commission with the Executive Director as the sole owner of the account. Use of these accounts is restricted according to the Procurement Guidelines. Online purchases with these vendors may be made in accordance with the Purchasing Guidelines.

## **10.0 STAFF TRAVEL EXPENSE POLICY**

Staff travel expenses are reimbursed with a completed expense sheet and accompanying documentation. Mileage is reimbursed at the currently published federal mileage rate. Accommodation and meals are reimbursed on a cost basis. Expenses (and reimbursements) are allocated to budget categories monthly. Travel expenses for entertainment are not reimbursed.

## **11.0 DONATIONS OF GOODS AND SERVICE**

Donations of services or goods are tracked in both the donations database and QuickBooks accounting program. In the donations database, the payment type reflects that the donation is either a good or service (non-cash). In the accounting program, the donation is reflected as both a donated service/good in the income category and a donated service/good in the expense category.

## **12.0 MATCHING CONTRIBUTIONS FOR GRANTS**

The Executive Director tracks matching contributions of in-kind services and use of equipment and facilities in accordance with grant agreement requirements and provides accounting to the granting agency as required by that funder.

### **13.0 FIXED ASSET TRACKING**

All purchases of equipment and furniture over \$5,000 will be capitalized. All equipment and furniture below this capitalization threshold will be expensed. Appropriate depreciation of capitalized equipment and furniture will be made on a quarterly basis.

### **14.0 MONTHLY ACCOUNTING PROCEDURES**

#### **14.1 Review and Reconciliation of Monthly Bank Statements.**

The Treasurer and the Executive Director have access to the Commission's on-line banking, including authorization to transfer funds and make on-line payments. The bookkeeper has access to view on-line banking transactions and reports. The Executive Director reviews the checking account on-line periodically throughout the month.

The Treasurer is directly sent all the monthly bank statements from the bank.<sup>3</sup> The Executive Director or the bookkeeper downloads the bank statements on-line at the end of the month. The bookkeeper reconciles all bank accounts.

#### **14.2. Review and approval of monthly bank statements.**

The Treasurer downloads or receives each monthly bank statement. The Treasurer reviews each statement within a month of its issuance. If there are no questions, the Treasurer provides written signature approval on the statements. Discrepancies are reviewed with the Executive Director and/or the bookkeeper within the month of statement issuance. The Treasurer gives all of the statements to the Director at the end of the year for filing in the office.

#### **14.3 Financial Reports to Commission**

The bookkeeper prepares the financial reports (Statement of Revenue and Expense; Balance Sheet) on a monthly basis and submits these to the Executive Director and to the Treasurer. The Treasurer presents these statements to the Commission on a quarterly basis.

### **15.0 INVESTMENT POLICIES**

Currently, the assets of the organization do not warrant the need for an investment policy.

### **16.0 COMPUTER FILE BACKUP PROCEDURES.**

The Bookkeepers data is backed up both on an external drive and using an online, secure service. The Executive Director has access to the bookkeeper's backup data for the Commission.

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<sup>3</sup> Or, the Treasurer views monthly statements online and the paper copy is sent to the Commission's office.