

**Approve Amendments to the Sausalito-Marín City Sanitary District Financial Policies:
Internal Controls Section**

Background: The District adopted the Sausalito-Marín City Sanitary District Financial Policies on September 6, 2016. Over the years, policies have been amended to reflect changes in law or to clarify procedures. The proposed amendment reflects changes made to the policy as the District switched financial institutions in order to implement more efficient and effective administrative functions especially with accounts payable. In December 2020, the Board approved Resolution 1059 authorizing the investment of monies and opening bank accounts with Chase Bank. In March 2021, the District began the full transition with Chase and implemented the online bill pay platforms and services.

Once these new online banking procedures were defined, the policy was amended by staff and reviewed by the District's financial consultant, Kathryn Harris, CPA to reflect the new online services. On May 12, 2021 this amendment was presented and reviewed by the Finance Committee where the Committee directed staff to bring the changes to the board for approval.

Recommendation: Approve the Amendments to the Sausalito-Marín City Sanitary District Financial Policies – Internal Controls Section

- Attachments:**
1. Resolution 1059 Authorizing Investment of Reserve Monies in Accounts with Chasse
 2. Amendment to the Sausalito-Marín City Sanitary District Financial Policies – Internal Controls Section (Clean and Edited Copy)



Submitted By: _____
Jeffrey Kingston, General Manager

Segregation of Duties

In implementing this policy and related procedures, District staff shall segregate financial transaction roles, responsibilities, and duties to the extent possible to safeguard assets against the risk of loss, mishandling, misuse, and fraud.

Bank Accounts

The Board shall approve the selection of a federally insured banking institution that would be entrusted to securely handle and transact, at District staff direction, any funds deposited in the District's Bank Accounts. The General Manager shall periodically recommend to the Board the selection, through an evaluative process, of a new banking institution due to changes in the current banking institution's performance, banking market conditions, or for other benefits or advantages to the District. The evaluation shall include, but is not limited to, qualifications associated with banking services provided, fees charged, and financial and administrative benefits for the District. The Office Manager shall develop procedures to manage the daily and routine operations of the Account and its cash balances.

Disbursement Methods & Approvals

Disbursements at the District must be for valid, documented and approved expenses. Disbursement methods include the electronic bill pay platform, manual checks, vendor portals and wires. Approval policies for each method are listed below and staff procedures have been created for the District's Standard and Procedure Manual.

- 1.) Manual Checks: Checks require two signatures and at no time or occasion shall blank checks be signed. The Board shall designate authorized check signers who may include the General Manager, Board members, and District staff. The General Manager shall seek Board authorization to update authorized check signers whenever a previously designated check signer is no longer affiliated with the District.

- 2.) **Electronic Bill Pay Platform:** This platform only allows for one approval; therefore, the General Manager must approve these payments as he/she is the “Administrator” of the account.
- 3.) **Vendor Portals:** The General Manager must approve these payments before processing.
- 4.) **Wire:** A wire document must be signed by the General Manager and one member of the Board.

A list of all disbursements is compiled each month and placed on the Board meeting agenda for ratification.

On-Line Transfers

The District utilizes bank accounts and several investment accounts to properly manage its funds. The General Manager and the Board shall be authorized to transfer funds between these accounts.

Fireproof Secure Storage

District staff shall store vital District financial and administrative records, all cash, blank check stock, processed and voided checks, and spare door keys and access cards in a fire-resistant locked cabinet located in the office area of the Administration building. The General Manager shall designate which Administration staff shall be given possession of the key to the cabinets.

Payments to District and Bank Deposits

District staff shall deposit all payments to the District on a weekly basis based on appropriate financial procedures. District staff shall accept electronic payments for services rendered only after review and approval by the Office Manager.

Deposit of cash receipts shall be performed by designated staff and verified by the Office Manager. Prior to the time in which the receipts are processed for bank deposit, District staff shall store checks and cash in the District fireproof lockable cabinets for the shortest time possible.

Petty Cash

District staff shall securely maintain petty cash funds for small cash transaction purposes. Disbursements from petty cash shall be pursuant to the Purchasing Policy, and associated procedures. An auditable form would be used for all disbursements. At no time or occasion shall checks be cashed out of petty cash currency, or petty cash funds borrowed for any purpose. District staff shall keep petty cash in a locked box in the District office.

FINANCIAL – INTERNAL CONTROLS

Ethics

PURPOSE

The District's Mission Statement promotes achievement of the District's purpose and vision by protecting its assets and investments through sound financial policies and practices. The Board of Directors, General Manager, and District staff shall serve as stewards of the public's resources, trust, and confidence, and thus shall be held to the high standards of ethical fiscal conduct in the public's interest as opposed to personal interests. The purpose of the Ethics Policy is to affirm required standards of conduct and practices with respect to financial roles and responsibilities.

POLICY

I. General

The Board shall establish and maintain financial policies for standards of ethical responsibility. Directors and District staff should understand that improper financial and contractual activities could damage the reputation of, and confidence in, the District and its employees, and could result in serious adverse financial and legal consequences for the District. Each Board member and District staff shall conduct him/herself, in his/her official business dealings, in practice and appearance according to ethical fiscal standards, regulatory requirements, and the upholding of the public's trust. District administrative staff shall develop and implement methods and controls for preventing, avoiding, and reducing potential ethical fiscal improprieties, conflicts, and fraudulent behavior, and to ensure procedures and structures are in place to properly implement this

Segregation of Duties

In implementing this policy and related procedures, District staff shall segregate financial transaction roles, responsibilities, and duties to the extent possible to safeguard assets against the risk of loss, mishandling, misuse, and fraud.

Operating Bank Accounts

The Board shall approve the selection of a federally insured banking institution that would be entrusted to securely handle and transact, at District staff direction, any funds deposited in the District's Bank Operating Fund Accounts. The General Manager shall periodically recommend to the Board the selection, through an evaluative process, of a new banking institution due to changes in the current banking institution's performance, banking market conditions, or for other benefits or advantages to the District. The evaluation shall include, but is not limited to, qualifications associated with banking services provided, fees charged, and financial and administrative benefits for the District. The Office Manager shall develop procedures to manage the daily and routine operations of the Account and its cash balances.

Disbursement Methods & Approvals - Authorized Check Signers

Disbursements at the District must be for valid, documented and approved expenses. Disbursement methods include the electronic bill pay platform, manual checks, vendor portals and wires. Approval policies for each method are listed below and staff procedures have been created for the District's Standard and Procedure Manual.

1.) Manual Checks: District staff shall require that all ~~C~~checks, disbursed from the District's operating account have require [two signatures and be for valid, documented, and approved expenses of the District. ~~a~~At no time or occasion shall blank checks be signed. The Board shall designate authorized check signers who may include the General Manager, Board members, and District staff. The General Manager shall seek Board authorization to update authorized check signers whenever a previously designated check signer is no longer affiliated with the District.

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- 2.) Electronic Bill Pay Platform; This platform only allows for one approval; therefore, the General Manager must approve these payments as he/she is the "Administrator" of the account.
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A list of all disbursements is compiled each month and placed on the Board meeting agenda for ratification.

On-Line Transfers ~~Wire Transfers~~

The District utilizes ~~an bank accounts operating account~~ and several investment accounts to properly manage its funds. The General Manager ~~and the Board Office Manager and District staff appointed by the General Manager~~ shall be authorized to transfer funds between these accounts. ~~District staff shall accept wire transfer payments to its operating account for services rendered only after review and approval by the Office Manager.~~

Fireproof Secure Storage

District staff shall store vital District financial and administrative records, all cash, blank check stock, processed and voided checks, and spare door keys and access cards in a fire-resistant locked cabinet located in the office area of the Administration building. The General Manager shall designate which Administration staff shall be given possession of the key to the cabinets.

Payments to District and Bank Deposits

District staff shall deposit ~~in the Operating Fund bank~~ all payments to the District on a weekly basis based on appropriate financial procedures. ~~District staff shall accept~~ electronic payments for services rendered only after review and approval by the Office Manager.

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