

West Ouachita Public Transit

Financial Policies and Procedures

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Financial Policies and Procedures

BASIC POLICY STATEMENT

The West Ouachita Public Transit (WOPT) is committed to responsible financial management. The entire organization will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of WOPT.

The policy and procedural guidelines contained in this handbook are designed to:

1. Protect the assets of WOPT
2. Ensure the maintenance of accurate records of WOPT's financial activities.
3. Provide a framework of operating standards and behavioral expectations; and,
4. Ensure compliance with federal, state, and local legal and reporting requirements.

INDEMNITY POLICY

To the full extent permitted by the WOPT's Directors and Officers Insurance policy, WOPT shall indemnify, hold harmless, and defend any past, present or future Director, Employee, or Agent of WOPT against all costs, expenses, and liabilities, including attorney's fees, and necessarily incurred by, or imposed upon them, in connection with or resulting from their involvement with WOPT.

No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their gross negligence or willful misconduct as determined either by a court of competent jurisdiction or, in the absence of such a determination, by WOSC acting on the advice of counsel.

WOPT shall purchase and maintain insurance on behalf of any person who is or was serving at the request of WOPT, as a Director, Manager, or Employee against any liability asserted against him or her incurred by him or her in any such capacity, or arising out of his or her status as such.

GENERAL FINANCIAL POLICIES

GENERAL INVESTMENT GUIDELINES

- The investment objectives of WOPT are to preserve and protect its assets by earning a total return for each fund appropriate to each fund's time horizon, liquidity needs, and risk tolerance.
- WOPT's Finance Committee shall have primary responsibility for the administration of the investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).
- Investment of monetary donations (memorials, wills/estates) will follow Louisiana State Law governing investment by public entities.

UNRESTRICTED NET ASSETS RESERVES

- The reserve should ideally contain at least 3 months, but not more than 6 months, of operating expenses (including agency disbursements) as its balance.
- Ideally a minimum of \$30,000 a year should be held in reserve each year until the 3-month minimum is achieved, after which the Finance Committee will recommend an amount.
- The City of West Monroe provides funds for meeting the emergency needs of WOPT.

CASH RESERVES

If a cash balance has been consistently maintained at a level sufficient to provide 3 months of operations and allocations, investments will be made at the direction of the Finance Committee.

PURCHASING POLICY

WOPT uses the City of West Monroe purchasing system. Designated department employees enter a purchase requisition into the system and the department head or designee then approves the requisition. There are two levels of approval for purchase requisitions.

1st level – Purchases greater than \$100 must be submitted for approval to the Director or Treasurer.

2nd level – Purchases for any Capital Item or any purchases charged to a capital account must also be approved by the Director or Treasurer.

After the requisition, has been approved by the Director, then Transit Manager converts it to a Purchase Order. The PO must be signed by the department head or designee and then issued to the vendor. When the purchase is received, the department head or designee generates a

receiving report to verify that all items on the Purchase Order were received. The completed receiving report along with a copy of the Purchase Order and the vendor's invoice are sent to Treasurer for payment. The only exception to this is regarding the annual United Way FEMA award for West Ouachita needy families. The designee for these Purchase Orders must be a Transit Manager or the Director.

REIMBURSEMENT

- Staff members will be reimbursed for preapproved budgeted expenditures upon presentation of a signed voucher form with receipts attached detailing the purchase.
- Reimbursement of expenses for any preapproved budgeted expenditure for the Director must be approved by the Treasurer.
- Staff members attending out-of-town conferences may be advanced the appropriate per diem amount for meals and miscellaneous expenses. Staff members must retain all receipts and submit an expense voucher upon return. Travel expense reports must be submitted to the employee's supervisor for approval within two weeks after returning from a trip. Expenses for out-of-town travel must comply with the WOPT Personnel Policies and Procedures for out-of-town travel.

POLICIES ON DISBURSEMENTS

- The Director has expenditure approval up to the parameters set by the annual operating budget as approved by the Board.
- Any expenditure requests outside of those listed in the annual budget must be initiated in writing for the Treasurer's approval prior to the expenditure being made with supporting documentation within specified authority by the Director.
- Purchase Orders or payment requests with support documents must be presented to authorized check signers for their signatures (information on checks is compared to support for accuracy).
- All disbursements, except petty cash, are made by check or Public Transit credit card and are accompanied by substantiating documentation.
- All checks are accounted for monthly.
- The check stub or copy of the check is filed with support by vendor and all checks are accounted for monthly.
- All voided checks must be marked "void" and retained in numerical file order.
- No checks may be written to "cash" or "bearer".
- An "imprest" petty cash account is used. The amount of the petty cash account is \$50.

- Vouchers and signatures are required for all petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished monthly.
- The Treasurer and one volunteer community partner are the two signatures that are required on all checks. If the President is absent, two volunteers' signatures are required.
- Blank checks must never be signed in advance.

POLICIES ON CASH RECEIPTS

Pre-numbered three-part receipts are issued for all payments received at the West Ouachita Public Transit. Receipt books are maintained at City Hall and are issued to the West Ouachita Public Transit when a completed book is turned in. The books are controlled by serial numbers and before a new book can be issued, the completed book with the immediately preceding receipt numbers must be turned in.

Copies of the receipts are turned in to City Hall Cash Receipts Clerk along with a transmittal report that totals all the payments received in that batch. The receipts issued in that batch must be in sequential order.

APPROPRIATE USE OF CREDIT ACCOUNTS

The West Ouachita Public Transit, as an in-kind service from the City of West Monroe, uses the City's procurement card system. A Master Card procurement card is issued to the Transit Manager needing the ability to make small purchases for the Public Transit. The card is issued in the name of the employee and the employee is responsible for the security and control of the card. The card may only be used to make small purchases for official business of the cardholder must comply with the cardholder agreement signed prior to the issuance of the card. The cardholder must maintain all receipts and complete and file a monthly procurement statement with the Accounts Payable Manager. The monthly statement is reviewed and the cardholder's department head prior to submission to the Finance Department.

ACCRUAL ACCOUNTING

WOPT uses accrual basis of accounting.

CAPITALIZATION POLICY

Equipment, furniture, fixtures and computer software with a cost (including delivery and installation) of \$5,000 or more and a life of more than one year are capitalized. All purchases are tax exempt.

DEPRECIATION POLICY

Items capitalized are depreciated over their useful lives on a straight-line basis.

DOCUMENT RETENTION

Document retention is the responsibility of every employee in accordance with the Document Retention Schedule made part of the Financial Policies and Procedures Handbook (see appendix - Document Retention table).

CASH DEPOSITS

Procedures for all cash deposits:

- All cash received by Public Transit and all cash receipts are completed by Public Transit. (Triplicate copies)
- Two staff members review transmittals of cash and cash receipts. All cash receipts for deposit are then reviewed and approved by the Director.
- All Public Transit cash and cash receipts are sent to the Deputy Clerk office located at City Hall.
- The Deputy Clerk records the receipts and makes a bank deposit ticket.
- The Deputy Clerk takes the deposit ticket and the cash to the bank for deposit.
- A receipt of the deposit is returned to the Public Transit's Transit Manager.
- The Transit Manager keeps all receipts of deposit in chronological order. These are retained for three years.

FINANCIAL CONTROLS AND OPERATING PROCEDURES

OPERATING PROCEDURES

The **Treasurer** will also function as Accountant with primary responsibility for designing and maintaining the accounting system. Bookkeeping support may be provided by other staff as designated. The Treasurer will review monthly financial statements and donation/grant summaries with the Director and Board prior to review with the Audit Committee.

The **Director** will be required to include the following monthly financial reports to the Treasurer and the Board:

- 1) budgeted versus actual financial statements,
- 2) campaign collections summary.

The **Audit Committee** will review monthly financial statements, donations/grants summaries, investment reviews, and annual reviews of the adequacy of insurance coverage.

The **Board of Directors** will be required to secure an independent audit annually.

SEPARATION OF DUTIES

As per the sequence of events described above for Cash Deposits, the responsibility for recording the deposits in the General Ledger System and the responsibility for the actual deposit are done by two different Finance Department employees. The Cash Receipts Clerk records the deposits in the ledger system and another department employee transports the deposits to the bank and returns the deposit receipts to the Cash Receipts Clerk for verification of actual deposit.

The West Ouachita Public Transit uses the City of West Monroe purchasing system. Designated department employees enter a purchase requisition into the system and the department head or designee then approves the requisition. There are two levels of approval for purchase requisitions:

- 1st level – Purchases greater than \$100 must be submitted for approval to the Director or Treasurer.
- 2nd level – Purchases for any Capital Item, or any purchase charged to a capital account must also be approved by the Director or Treasurer.

After the requisition, has been approved, the department head or designee then converts it to a Purchase Order. The PO must be signed by the department head or designee and then issued to the vendor. When the purchase is received, the department head or designee generates a receiving

report to verify that all items on the Purchase Order were received. The completed receiving report, along with a copy of the Purchase Order and the vendor's invoice, are sent to the Finance Department for payment.

BUDGET

Budget Review

- The Director is charged with maintaining a cost-effective day-to-day operation within the parameters of the approved budget.
- To ensure a balanced budget, the Treasurer provides a quarterly budget report for Board approval.

FINANCIAL REPORTING

- Annual budgets are prepared by the Treasurer and approved by the Board.
- The annual operating budget for the fiscal year will project income and expenses necessary for successful delivery and administration of community supportive services.
- The Fiscal Period for the organization shall be July 1 to June 30.
- A Chart of Accounts is available and used to code receipts and disbursements to the proper accounts.
- Nonstandard journal entries or capital purchases are discussed with the Treasurer, when necessary, to ensure proper accounting treatment.
- Annual audits will be conducted by an independent CPA at the close of each fiscal year.
- The Audit Committee will meet with the auditors prior to and after the completion of the audit to discuss the findings, recommendations, or address any requests for additional information.
- Copies of the annual audit and IRS Form 990 shall be available for public inspection.
- The Director and the Treasurer will review Form 990 before it is submitted to ensure it is accurate, complete, and filed on time.

BIDDING

- Staff members responsible for expenditures for printing, marketing, fixed assets, and professional services more than \$9,999 but less than \$30,000 must obtain at least three quotes before purchasing. If the cost is \$30,000 or more, written bids must be solicited in accordance with State Law.
- Bids are awarded based not only on price, but on quality and timeliness and must be approved by the Treasurer.
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SAFEGUARDING ASSETS

- The Treasurer shall have primary responsibility for ensuring that proper financial management procedures are maintained and that the policies of the Board are carried out.
- The Audit Committee shall provide fiscal oversight in the safeguarding of the Assets of the Organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.
- A proper filing system will be maintained for all financial records.
- Revenue and expenditures will be compared to the budget monthly.
- Bank statements will be promptly reconciled monthly.
- Appropriate insurance for all assets will be maintained.
- Asset records are maintained on computer. They are backed up nightly on two different servers located off site. A backup disc is also maintained in a vault off site each night.

PAYROLL CONTROLS

All West Ouachita Public Transit employees are paid through the City of West Monroe's payroll system (an in-kind service). Employees are encouraged to sign up for direct deposit of their payroll checks (an in-kind service).

COMPUTER CONTROLS

- The Treasurer is responsible for inputting the financial data, payroll data, and budget information into the computer for generating financial reports. Only the Treasurer will have access to the security level required to log onto the Financial System.
- Batch totals are calculated prior to input and compared to batch totals calculated by the system. Any errors made during the inputting of information will be corrected.
- Detailed printouts of cash receipts and cash disbursements are to be obtained. The Treasurer is responsible for comparing the detailed printouts to source documents for accuracy.
- All subsidiary account balances are reconciled to the control accounts monthly.
- A trial balance on the general ledger totals should be obtained and compared to detailed reports for accuracy of balances.
- All computerized files are backed up nightly on two off site servers with a backup tape kept off site in a vault.

DISBURSEMENTS

- All invoices received are stamped with the date received by the Treasurer.
- The Director or Treasurer approves all invoices.
- The Treasurer prepares all checks for the approved expenditures, using pre-numbered checks.
- The checks, with support documentation (i.e. approved invoices), are reviewed by the Treasurer prior to signing. The Treasurer is responsible for obtaining the second authorized signature.
- The Treasurer will file the check stub with supporting documentation attached in vendor order.

PAYROLL

- All changes in employee salaries are approved by the WOPT Treasurer
- The Director and Treasurer maintain all personnel records.
- The Director and Treasurer monitor the usage of vacation and sick time. The Director maintains the attendance records.
- The Director and Treasurer shall prepare the payroll using the approved time records and salary/wage rates for each employee. Direct deposit is encouraged for payroll on all regular employees.

- The direct deposit record, any payroll checks, and payroll register are submitted to the Treasurer. Once signed, the Director distributes the payroll to all employees.
- Electronic payroll tax transfers are prepared at the time payroll is prepared. The payroll taxes are transferred when due.

BANK RECONCILIATIONS

- The Treasurer shall maintain a record of all bank transactions, listing totals of all checks disbursed and totals of all daily deposits. This "Bank Register" shows the current bank balance and is available for review monthly.
- Monthly, the Treasurer will reconcile the bank statements to the "Bank Register" and notify the President of any discrepancies.
- The Treasurer will adjust the "Bank Register" as needed.
- The Treasurer will reconcile the "Bank Register" to the general ledger cash accounts monthly.
- The Treasurer will review bank reconciliations monthly.

BILLINGS AND RECEIVABLES

- All billings for services or goods are approved in advance by the Director.
- The Director prepares all billings and invoices on a timely basis. The monthly billings report will be retained by the Treasurer.
- The Treasurer records the billing/invoice in the account receivable ledger on a timely basis.
- The Treasurer reconciles the accounts receivable ledger to the general ledger monthly. The Treasurer reviews the reconciliation.
- The Treasurer prepares a status report on all outstanding receivables, when requested.
- All receivables records are maintained on computer and backed up on two different off-site servers nightly with a nightly backup tape kept off site in a vault.

ACCOUNTS PAYABLE

- All approved invoices are submitted to the Treasurer promptly upon approval.
- All WOPT invoices are reviewed by the Director for approval.
- All payments are immediately recorded in the account payable ledger by the Treasurer.
- The accounts payable ledger is reconciled with the general ledger by the Treasurer monthly.

MAIL

Any finance related mail, insurance, and IRS letters must not be opened except by the Treasurer or the Director. All bank documents or statements must be opened only by the Treasurer, and the information is available for review by the Director and Board.

SOFTWARE AND TECHNOLOGY

The West Ouachita Public Transit uses the City of West Monroe's system wide governmental accounting and financial management software system – an iSeries-based system by Sungard Public Sector, Inc. (an in-kind service). The system is a fund-based accounting system which includes modules for Purchasing, Cash Receipts, Cash Disbursements, General Ledger, Accounts Receivable, Community Service, Payroll and Grants Administration, as well as Public Safety and Justice.

CASH DISBURSEMENTS

The West Ouachita Public Transit uses the City of West Monroe's cash disbursement system as follows.

1. To be processed for payment, the Purchase Order, receiving report and invoice are attached together for the Accounts Payable Clerk.
2. The clerk checks for errors on all three and makes sure the three matches.
3. The AP Clerk then invoices the PO into the system.
4. PO's go into a "To Be Paid" batch.
5. An "Expenditure Approval List" (EAL) is created showing what needs to be paid per the date to be paid input by the Accounts Payable Clerk.
6. When the invoices are selected for payment, a preliminary check register is produced.
7. This is compared to the EAL to ensure that they match each other.
8. Once matched, the checks are run.
9. Vouchers are run when checks are run and then all backup is scanned.
10. Accounts Payable inserts the checks into envelopes and then sends them to the mailroom for postage to be mailed to the vendors.

Checks are written on a computer system that prints all information on the check itself. Two laser printers containing special magnetic ink are set up specifically for check writing purposes. Blank check stock is kept in the safe

TRANSIT CASH COLLECTION POLICY

The following controls will be implemented and executed over cash received by the transit drivers:

1. Drivers will be assigned a cash bag with a predetermined amount of cash as change and a predetermined number of tickets available for sale, per the assessed need as determined by the Transit Manager.
2. Color coded and sequentially numbered tickets will be issued for each type of fare and fare amount.
3. Before the bags are issued to drivers, the Transit Manager will issue each driver the appropriate number of each type of ticket and log the sequentially numbered tickets issued on a Cash Fare Talley Sheet.
4. At the end of each day, the drivers will turn their bags in to the Transit Manager, or other approved personnel (per the instruction of the Executive Director) and the bags will be stored in a secure, locked location.
5. A third-party (other than the Transit Manager) will retain possession and control of the security of the locked bags overnight. This duty will be assigned to a specific member of personnel, per the instruction of the Director. In the event of his/her absence, another appropriate authority will be assigned per the instruction of the Director.
6. When the cash receipts threshold, as determined by the Transit Manager, is reached, the Transit Manager will count the cash collected by each driver and reconcile the cash collected to the number of tickets sold.
7. The Transit Manager will deposit the cash collected by each driver. A ledger shall be maintained which shows the detail and frequency of deposits made by each driver. This ledger showing deposits made by each driver shall be submitted to the Director for review and approval no less than once per month, or per the frequency desired by the Director.
8. In the event of a driver being terminated, that driver's bag should be emptied immediately, their cash counted and deposited, and their tickets destroyed so they cannot be reissued.