

UNRBA POLICY AND PROCEDURES MANUAL

Revised and Approved by the UNRBA Board of Directors, January 19, 2022

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UNRBA POLICY AND PROCEDURES MANUAL

Approved by the Board of Directors, November 16, 2016

Updated and readopted by the Board _____

Introduction

Maintaining meaningful and well-considered policies and procedures are critical in establishing a strong financial management system. Policies and procedures are used to identify and implement an organization's internal controls and to ensure compliance with applicable regulatory standards. Documenting the organization's fiscal policies also serves as an important tool for clarifying roles and responsibilities and ultimately for ensuring that the organization's financial data is an accurate and reliable basis for decision making.

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

- Protect the assets of the organization
- Ensure accurate records of the organization's financial activities are maintained
- Provide a framework for the organization's financial decision making;
- Establish operating standards and behavioral expectations;
- Serve as a training resource for members and the organization's contractors; and
- Ensure compliance with federal, state, and local legal and reporting requirements.

A **policy** is any organizational requirement or set of requirements that describes or guides standard operational action. A policy should be designed to promote the conduct of authorized activities in an effective, efficient and economical manner and should provide a satisfactory degree of assurance that the resources of the organization are safeguarded. A **procedure** is the method employed to carry out activities in conformity with prescribed policies.

Changes to the policies and associated procedures require approval from the UNRBA's Board of Directors.

1. General Financial Management

1.1 Financial Policy Change Control

Procedures:

1. The UNRBA Board shall appoint an Audit Committee consisting of at least three individuals selected from member representatives. The committee members may be Directors, Alternates or other member representatives as identified by the Board. Committee Members will serve until another representative is appointed.
2. All financial policies and procedures will be reviewed by the Executive Director and Audit Committee at a minimum every three years.
3. It is the responsibility of the Executive Director and/or the Audit Committee to communicate the need for a new policy or changes to existing policies to the Board of Directors.
4. The Executive Director and the Audit Committee will oversee the process of developing recommendations for new policies and changes to existing policies.
5. All financial operating procedures will be established in accordance with applicable regulations of governing and administrative agencies, including, but not limited to Generally Accepted Accounting Principles (GAAP). The Board of Directors must approve all policies.
6. It is the responsibility of the Executive Director and/or the Executive Director's designee to implement and maintain operating procedures in accordance with approved policies. The Executive Director shall not delegate any of the responsibilities under this policy without the prior approval of the Board in an open meeting. In addition, the Board must approve to whom the delegation is made. If the Executive Director becomes disabled or is disqualified from discharging the duties and authorizations in these policies, the Chair, after consultation with the Executive Committee, may assume the responsibilities, or designate another UNRBA contractor or Board director to assume the duties and authorizations until the next meeting of the Board.

1.2 Cost Management

Procedures:

1. Annual spending in excess of any program category or fund in the approved annual operating budget must be authorized by the Board of Directors. Spending will be monitored based upon monthly bank account records and a report prepared by the Treasurer or at the Treasurer's request that documents expenditures to date and fund balances ("Treasurer's Report").
2. The Treasurer will provide a financial report at every regularly scheduled Board meeting.

2. Accounting

2.1 Accounting System

Procedures:

1. UNRBA's fiscal year runs from July 1 to June 30 unless changed by the Board.
2. UNRBA will maintain its accounting records according to a cash basis accounting system.
3. Records may be maintained as electronic files.
4. Bank accounts will be reconciled monthly through preparation of the monthly Treasurer's Report.
5. The Executive Director has final responsibility for the proper use and maintenance of the operational accounting system.

2.2 Chart of Accounts

Procedures:

1. Account tracking will be structured to facilitate data collection and completion for reports required by any grants or contracts.
2. For ease of preparation of reports, account designations will be designed to segregate the individual funding source's associated revenue and expenses, as required.
3. The list of accounts will be reviewed annually by the Executive Director and a report on each account shall be included in the Treasurer's Report to the Board.

2.3 Allocations

Procedures:

1. UNRBA will use a direct allocation methodology for charging expenses to various functions when possible. For those expenses which cannot be directly assigned to a function, UNRBA will select an appropriate allocation basis for charging such expenses to various functions.
2. Expense allocation methods will be reviewed by the Executive Director annually and revised when necessary to reflect significant changes in the nature or level of the organization's current activities. The Board must be advised of any such changes at its next regular meeting and may alter changes as it determines appropriate.
3. The UNRBA will maintain a tracking system to accurately capture and assign costs and report expenses.

2.4 Financial Records

Procedures:

1. Access to accounting records will be controlled, at a minimum and as necessary, through

the use of passwords and user access privileges for computerized records and appropriate physical measures for hard-copy records.

2. The financial data will be backed up on a periodic basis and back-up file copies will be stored separately from working data that are maintained on computers. Back-up file media will be retained for the longer of three years or the time required for compliance with the laws and policies applicable to the member local governments and SGWASA.
3. All records will be held in compliance with the State of North Carolina's records retention policy.

2.5 Monthly Reconciliations

Procedures:

1. Bank statements shall be reconciled on a monthly basis by the Executive Director or designee and reported on the monthly Treasurer's Report. The reconciliation shall be reviewed and approved by the Treasurer.
2. All funds are reconciled monthly by the Executive Director or designee.
3. The Treasurer's Report shall be presented at each regularly scheduled Board meeting.

2.6 Audit Preparation

Procedures:

1. The Executive Director or designee shall prepare the monthly books and shall review them for accuracy on a regular basis.
2. All bank statements and subsidiary ledgers shall be reconciled.
3. A detailed list of accounts payable and accounts receivable shall be available for an audit.
4. The auditor or an audit committee comprised of representatives of member jurisdictions ("Audit Committee") shall be provided access to all Treasurer's Reports.
5. A detailed list of all capital assets bought and sold during each fiscal year will be available.
6. The auditor or the Audit Committee will be provided with paperwork on any loans and balances for all existing loan obligations.
7. Current leases or contracts will be made available for the auditor's or the Audit Committee's review.
8. Board meeting minutes will be posted on the website and available for review.
9. Invoices are to be filed with the reconciled monthly bank statement.

2.7 Audit Procedures

Procedures:

1. The UNRBA will issue a request for proposal of external audit firms to conduct the financial

audit as specified in the Bylaws. The Executive Director will review and identify a list of qualified firms.

2. The Board of Directors will select an auditor after considering the recommendation made by the Executive Director.
3. An audit will be conducted every three (3) years in accordance with the UNRBA bylaws. The audit will be conducted in accordance with all state and federal requirements.
4. Upon completion of the audit, the audit report will be presented to the Board. The Board will review and if appropriate accept the audit report.
5. The UNRBA will select an appropriate firm or individual to prepare the 990 tax return.
6. The 990 tax return will be provided to the Board prior to submission to the IRS.

3. Internal Controls

3.1 Conflict of Interest

Purpose:

The purpose of the conflict of interest policy is to protect the UNRBA interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, Board Member or Alternate or contractor. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Procedures:

1. Upon or before election, or appointment, Board members and alternate Board members must follow the conflict of interest requirements in effect for its local government organization and federal and state law. Board Members and Alternates acting on behalf of a Board Member must not participate in an action that would benefit them financially. Contractors must disclose any interests in a proposed transaction or decision that may create a conflict of interest or result in financial benefit to them or their organization.
3. Board Members or alternates acting on behalf of a Board Member during a Board Meeting should identify any potential conflict of interest on any agenda item prior to discussion or action on the item.
4. Should there be any dispute as to whether a conflict of interest exists:
 - a. The Executive Director or any Board Member or Alternate shall identify any potential conflict of interest believed to exist, and report this to the Chair and Vice-Chair.
 - b. Based on review and consideration of the Chair and Vice-Chair, the matter will be referred to the Board of Directors and it shall determine whether a conflict of interest exists for the Executive Director or a member of the Board or alternate, and shall determine the appropriate action.

3.2 Whistleblower Policy

The UNRBA requires directors, officers, and its agents to observe high standards of professional ethics in the conduct of their duties and responsibilities on behalf of the UNRBA. As representatives of the UNRBA, we must practice honesty and integrity in fulfilling

our UNRBA-related responsibilities, following the policies and procedures as established by this document, and complying with all applicable laws and regulations.

It should be noted that this policy is limited to the operational activities of the UNRBA. It is understood that Board Directors, Alternates, and representatives of the member organizations are subject to the ethics policies of their organization.

Reporting Responsibility:

This Whistleblower Policy is intended to encourage and enable directors and others to raise concerns internally so that the UNRBA can address and correct unprofessional conduct and actions. It is the responsibility of all board members, officers, and agents to report concerns about deviations from the UNRBA's established policies and procedures or suspected violations of law or regulations that govern the UNRBA's operations.

No Retaliation:

It is contrary to the values of the UNRBA for anyone to retaliate against any board member, officer, or agent who in good faith reports a possible deviation from the UNRBA's established policies and procedures or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or a suspected violation of any regulation governing the operations of UNRBA.

Reporting Procedure

The UNRBA has an open-door policy and suggests that everyone report any questions, concerns, suggestions, or complaints with a Board Officer. If an individual is not comfortable speaking with an Officer or is not satisfied with a response, they are encouraged to speak with the Executive Director, or other Board Member. Board members are required to report complaints or concerns about suspected deviations from the UNRBA's established policies and procedures or suspected violations of law or regulations that govern the UNRBA's operation in writing to the Executive Director. The Executive Director will investigate complaints or concerns provided by Board Directors or those reported directly to the Executive Director and report the results to the UNRBA's Whistleblower Policy Compliance Officer, who is responsible for reviewing the results of the investigation and making a recommendation for appropriate action to the Board.

If a complaint concerns the Executive Director, the complainant or the Board Director receiving the complaint will provide information directly to the Compliance Officer. If a complaint concerns the Compliance Officer, the initial report will be provided to the Executive Director and the results of the investigation will be presented to the Executive Committee. Consideration of the complaint and any recommendations for action will be reviewed and acted upon by the Board of Directors.

Compliance Officer:

The UNRBA's Chair is designated as the UNRBA's Whistleblower Compliance Officer and is responsible for ensuring that all complaints about possible failure to follow established policies and procedures or potential illegal conduct are properly investigated and resolved. As appropriate, the Compliance Officer will consult with the Executive Director in response to the report reviewing a complaint and advise the Executive Director of any additional investigation needed and report the final results of an investigation and make recommendations for action

to the Board of Directors. The Compliance Officer will report at least annually to the Executive Committee (all elected officers of the UNRBA Board) on compliance activity relating to any complaints or concerns filed under this policy.

Accounting and Auditing Matters:

Relative to complaints or concerns raised about financial matters, the Executive Director will immediately notify the UNRBA's Compliance Officer and begin investigating the concerns raised. The Executive Director will work to complete the investigation as quickly as possible and report the results to the Compliance Officer. The Compliance Officer will schedule and convene a meeting of the Executive Committee and present recommendations on the validity of the complaint and actions needed. The Executive Committee shall report to the Board of Directors at the next scheduled Board Meeting or if circumstances warrant, call a special meeting of the Board to take appropriate action.

Acting in Good Faith

Anyone filing a written complaint under this policy must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a deviation from the UNRBA's established policies and procedures or a suspected violations of law or regulations that govern the UNRBA's operations. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious matter that will be referred to the Board for consideration.

Confidentiality

Complaints may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential, to the extent possible under current law and regulation, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The UNRBA's Executive Director will notify the person who submitted a complaint and acknowledge receipt of the alleged deviations from the UNRBA's established policies and procedures or suspected violations of law or regulations that govern the UNRBA's operations. All reports will be promptly investigated, reported to the Compliance Officer and appropriate action taken as warranted by the investigation.

4. Financial Planning & Reporting

4.1 Annual Budget

Procedures:

1. The Executive Director or designee coordinates the creation of the annual budget.
2. The Executive Director then develops a draft budget for each year by the proceeding January of each fiscal year.
3. The Executive Director presents this draft to the Board and identifies budget challenges where appropriate.
4. A final budget must be reviewed and approved by the Board prior to the beginning of the fiscal year.

4.2 Financial Reporting

Procedures:

1. At every regularly scheduled Board meeting the Treasurer will provide a report listing all expenditures and revenues. Periodically a report will be presented that summarizes the year to date expenditures compared to the budget.
2. The Executive Director or designee will maintain the following information:
 - a. Budget to Actual Reports
 - b. Treasurer's Reports and Bank Statements
 - c. Grant Reports to be submitted to Grantors (as needed)
 - d. Lobbying reports (Quarterly)

5 Revenue & Accounts Receivable

5.1 Invoice Preparation

Procedures:

1. The Executive Director or designee will generate all member invoices for dues and fees for the fiscal year or for any special assessment approved by the Board.
2. All invoices and supporting documentation will be mailed to each member with payment due 30 days from invoice date.
3. An aged accounts receivable report will be generated following the initial 30 days after invoice issuance and additional reports will be prepared as needed. The Executive Director or designee will contact member representatives concerning any past due invoices. An accounts receivable report will be provided to the Board as appropriate.

5.2 Cash Receipts

Procedures:

1. The Executive Director or designee is responsible for implementing and monitoring cash management protocols for the UNRBA.
2. For checks mailed directly to UNRBA, the mail is opened by the Executive Director or designee who separate checks from other material and, as appropriate, forward the other material for distribution.
3. Checks are to be promptly deposited into the UNRBA's accounts. Each check shall be endorsed with a designation "For Deposit Only" with the correct account number on the check.
4. The Executive Director or designee shall reconcile all deposits to the Board approved dues summary.
5. All revenue received will be noted on the monthly Treasurer's Report.

6 Expense & Accounts Payable

6.1 Contractual Commitments

Procedures:

1. As authorized by the Board, the Chair, the Vice-Chair Officer, or Executive Director has the authority to execute agreements and contracts for service, consulting, and other operational contracts on behalf of the UNRBA provided the Board has approved such action.
2. Any contract with a related party or with any potential for a conflict of interest which cannot be mitigated with internal controls must be authorized in advance by the Board of Directors.

6.2 Purchasing

Procedures:

1. The Executive Director has authority to review and approve any purchase under \$1,000.00. Once approved, the requisition form or other appropriate authorization will be returned to the requester to execute their order. Payment will be in accordance with the accounts payable process.
2. The Executive Director or designee will review all invoices and supporting detail prior to payment to ensure appropriate approval was obtained.

6.3 Travel Expenses

Procedures:

1. No travel expenses for Board members or other jurisdictional representatives will be paid unless authorized by the Board in advance of travel.
2. No one may approve his/her own Travel Requisition Form.
3. Following the approved trip, all expenses must be documented by a written description of the expenses with the appropriate itemized receipts. This description shall be submitted for approval through the established accounts payable process.

6.4 Other Business Expense Reimbursement

Procedures:

1. Board members may be reimbursed for approved expenses (other than travel) incurred for UNRBA business purposes.

6.5 Accounts Payable -Checks

Procedures:

1. Officers of the UNRBA, Executive Director, and/or designee are authorized to sign checks.
2. All signatures on checks must be originals. Use of stamped signatures is not permitted.

3. Check stock shall be secured in a location with limited or restricted access.
4. Checks above \$30,000 require two authorized signatures, except for recurring payments to approved contractors/vendors. Approved contractor/vendors are those with established written contracts with the UNRBA where payment procedures have been described within the approved contract/agreement.
5. Checks may never be signed by an individual to whom they are made payable or to a firm in which the individual has an interest. This includes reimbursement and for services provided.
6. All invoices will be forwarded to the Executive Director and/or designee for review and payment recommendation. Upon a positive recommendation for payment the invoice will be forwarded for payment approval by the Chair or Vice-Chair of the UNRBA. Upon approval by the Chair or Vice Chair, the Treasurer shall review and determine if payment is appropriate. Following a finding by the Treasurer that payment is appropriate, he will proceed with payment.
7. Accounts payable will be processed in a timely manner. Every effort will be made to process payments in accordance with the terms agreed to with the vendor.
8. All invoices will be entered into the accounting system after verifying their accuracy.
9. Checks will be approved for payment, signed and issued. All paid invoices and associated supporting documentation, including approval recommendations, will be maintained in electronic or physical files.
10. Any checks not mailed the day they are cut will be stored in a secure, locked place.

6.6 Accounts Payable - Electronic Funds Transfer (EFT)

Procedures:

1. Officers of the UNRBA are authorized to initiate an EFT to cover accounts payable provided a valid invoice has been approved in accordance with the procedures described in 6.6.
2. For all EFTs a Transfer Request and Approval form must be approved including purpose of the transfer, frequency, and the accounts transferred from and to. The form must be approved by someone having check signing authority.
3. Access to UNRBA's online banking is limited to authorized individuals.
4. Duties are segregated so that the individuals approving the EFT are different than the individual processing the EFT.

7 Asset Management

7.1 Bank Accounts

Procedures:

1. UNRBA will maintain separate accounts as needed. All changes to bank accounts must be approved by the Board of Directors.
2. Transfers between UNRBA bank accounts will be approved by the Executive Director or

designee. All such transfers will be properly documented and that information maintained in accordance with this policy document.

3. UNRBA will maintain normal safeguards on checking accounts to prevent fraud. Access to online banking is limited to select authorized users. User rights are assigned based on approved need by the Executive Director and Board Chair.

7.2 Investments

Procedures:

1. The Executive Director or designee will recommend and manage any investments (including cash reserves) responsibly.
2. Investment activity will be reviewed by the Audit Committee on an annual basis to ensure financial assets are appropriately secured, for example: reviewing Federal Deposit Insurance Corporation (FDIC) coverage. The Audit Committee will also monitor the financial strength of the primary bank at which investments are held.
3. All investments will be entitled in the name of Upper Neuse River Basin Association, Inc.
4. The Audit Committee will recommend an investment policy, as needed, which includes a target asset mix, to the Board of Directors for approval.
5. If needed, the Audit Committee will be responsible for identifying and contracting with an investment advisory service as approved by the Board. The investment advisory service shall be evaluated every three years by the Audit Committee.

7.3 Fixed Assets

Procedures:

1. All depreciable fixed assets will be depreciated over their estimated useful lives using the straight line method, without regard to salvage value. The determination of an asset's useful life will be based upon an appropriate reference source as designated by Finance Management.

Common ranges:

- a. Equipment: 3 – 5 years
 - b. Software: 3 years
 - c. Internally developed software (if applicable): Will vary based on software
 - d. Furniture: 3-5 years
1. All individual assets with an initial cost of \$1,000 or greater will be considered capital items and depreciated.
 2. Bulk purchases of related equipment and software items, any leasehold improvements and building up-fit, and under certain circumstances bulk furniture purchases will be considered capital items and depreciated.
 3. All capital equipment will be marked with an identification tag.
 4. A record of capital assets will be maintained on a continuous basis. The record will include

- purchase of new assets and retirement and/or disposal of existing assets.
5. A physical inventory of capital assets will be conducted annually.
 6. Capital assets may only be disposed of (sold or salvaged) with prior approval from the Board of the organization.
 7. Purchase of any single item costing more than \$30,000 requires prior authorization by the Board.

7.4 Reserve Funds

Procedures:

1. The amount or procedure for management of reserve funds will be determined each year as part of the approved annual budget. The status and fund balances will be reported to the Audit Committee and Board of Directors periodically, but no less than annually. The target level of these funds will be established by the Board and revised as approved by the Board.
2. Reserve funds are funded with surplus unrestricted funds. The Board of Directors may from time to time direct that a specific source of revenue be set aside for operating reserves.
3. Use of any portion of the reserve funds will be based on an approved request from the Executive Director to the Board of Directors. The request will include the reason for the transfer and a description of how these transfers would be used. The organization's general goal is to maintain these funds at the levels established during the annual budget setting process. Following any approval of the use of these funds, the Executive Director will present to the Board a recommendation on replenishment of the funds.