

Accounting Policies and Procedures

1.1 Finance Committee

The Finance Committee membership shall be comprised of: the Chair, Vice-chair, Chair emeritus, Secretary/Treasurer; and up to two Group 1 and 2 Group 2 members at large to be selected at the discretion of caucus chairs at the December Plenary. Committee members will be announced by January for the first meeting of the year. The application for the at large members will be distributed at the same time as Board Election Nominee announcement (August, for the September Plenary). Committee meetings will be held separately from the Governance Committee, later in the month to allow staff to receive and reconcile the bank statements; and prepare an up-to-date financial statement for the Committee's review and approval.

(Approved by the Steering Committee February 25, 2004, revised by the Steering Committee February 7, 2007, revised by the Plenary September 16, 2011)

1.2 General Ledger and Financial Statements

The Council shall maintain an automated cash accounting system based on generally accepted accounting principles that shall be inspected by an auditor annually. Detailed records shall be kept and financial statements shall be produced and reviewed monthly by the Council Treasurer and/or Finance Committee. Detailed ledger sheets showing actual expenses versus budget financials shall be presented monthly to the Finance Committee. Modified budget Financials shall be sent to the Board of Directors and Plenary at least quarterly. Audited financial statements shall be presented to the Board of Directors annually.

(Approved by the Steering Committee November 7, 2001)

1.3 Receipt of Revenue

Upon receipt by the Council, checks shall be restrictively endorsed, photocopied, and deposited by the Council staff in a timely manner (generally within two working days). For cash received, receipts shall be provided. The deposit data shall be entered into the accounting system, and a deposit slip written, in duplicate. The actual deposit shall be made by the Executive Director or a specified designee.

Administrative Policies

California Urban Water Conservation Council

(Approved by the Steering Committee November 7, 2001)

Administrative Policies

California Urban Water Conservation Council

1.4 Issuance of Council Checks

Invoices shall be checked for accuracy upon receipt of goods or services prior to a Council check being issued. Invoices shall be forwarded to the Executive Director for payment approval. Any monthly vendor statements shall be reconciled upon receipt.

Checks shall be batched for processing at least bi-weekly. After the checks are generated from the accounting program they shall be photocopied and the original approved invoice stapled on the photocopy, sent to the Executive Director and/or a Council Officer for signature, and mailed to the vendors.

(Approved by the Steering Committee November 7, 2001)

1.5 Reconciliation Procedures

Upon receipt of the Council's monthly bank statement, the statement envelope shall be stamped as received but shall not be opened unless in the presence of the Executive Director and the Office Manager. The check signatures, endorsements and printing shall be reviewed for authenticity, and the bank statement shall be signed and dated by the Executive Director. The bank statement balance shall then be reconciled with the account book balance. The completed reconciliation shall be reviewed by the Executive Director.

(Approved by the Steering Committee November 7, 2001)

1.6 Internal Controls

A system of internal controls shall be established and documented in writing. The controls shall be designed to prevent losses of funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets or imprudent action by employees or officers of the Council. Controls deemed most important include: control of collusion, separations of duties and administrative controls, separating transaction authority from accounting and record keeping, custodial safekeeping, clear delegation of authority, management review and approval of investment transactions, specific limitations regarding securities losses and remedial action, written confirmation of telephone transactions, minimizing the number of authorized investment officials, documentation of transactions and strategies, and code of ethic standards. The Treasurer will establish an annual process of independent review by an external audit firm. This review will provide assurances of strong internal controls by reviewing compliance with previously established policies and procedures.

(Approved by the Steering Committee November 7, 2001)

Administrative Policies

California Urban Water Conservation Council

1.7 Audit Subcommittee

The Council shall have an audit committee consisting of at least three members of the Board of Directors, and may include nonvoting advisors. No employee of the Council may serve on the audit committee. Board of Directors members who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the Council may not serve on the audit committee. The audit committee shall perform the duties and adhere to the guidelines set forth in the Council's audit committee charter as amended from time to time by the Board of Directors. Such duties include, but are not limited to:

- (a) Assisting the Board of Directors in choosing an independent auditor and recommending termination of the auditor, if necessary;
- (b) Negotiating the auditor's compensation;
- (c) Conferring with the auditor regarding the Council's financial affairs; and
- (d) Reviewing and accepting or rejecting the audit

Members of the audit committee shall not receive compensation for their service on the audit committee in excess of that provided to the directors, if any, for their service on the Board of Directors. A majority of the members of the audit committee may not concurrently serve as members of the finance committee, and the chair of the audit committee may not serve on the finance committee. The membership of Audit Committee shall be reviewed and renewed or replaced by the Board of Directors at the first Board meeting following the adoption of the previous year's financial audit.

(Approved by the Plenary June 8, 2011)

Financial Policies

2.1 Budget

The Executive Director shall prepare a proposed annual budget for consideration by the Finance Committee. The Finance Committee shall recommend a proposed budget to the Board of Directors. The Board of Directors shall review the budget at a meeting immediately preceding the December Plenary. The Board of Directors shall approve and recommend a budget to the December Plenary for final approval.

(Revised by the Steering Committee May 7, 2002)

2.2 Budget Reserve Policy

It shall be the policy of the Council to strive for an optimal budget reserve equivalent to six months of operating expenses. At no time should the budget reserve decrease below three months of operating expenses. Reserves shall consist of unrestricted cash and equivalents. No funds shall be expended from reserves without the budget review and recommendation of the Finance Committee and authorization by the Board of Directors.

(Revised by the Steering Committee May 7, 2002)

2.3 Budget Restricted Funds

Money collected for specific studies or projects shall be accounted for separately to ensure such funds are expended only on that project. Restricted Fund Projects will not be undertaken unless funds are in hand or unless funds are committed to in writing by a contributing agency. If restricted funds are not used or carried over into the next fiscal year, the contributing agencies shall have the option of a refund.

(Approved by the Steering Committee November 7, 2001)

Administrative Policies

California Urban Water Conservation Council

2.4 Check Writing Limits

Council Checks shall require two authorized signatures for amounts above \$10,000. Those authorized to sign checks are the Convener, Vice Convener, Secretary, Treasurer, and Executive Director.

(Revised by the Steering Committee August 6, 2003)

2.5 Council Credit Card Policy

Council staff may charge non-recurring expenses such as travel, meeting costs and miscellaneous office supplies where a regular established credit account is not available. Charge card purchases are restricted to California Urban Water Conservation Council expenses only; personal expenditures may not be charged to the Council. The credit card should have a maximum limit of \$10,000. Credit card purchases are subject to the same limits as the Executive Director expenditure authority. Upon receipt of the monthly credit card statement, reconciliation of the credit card statement shall occur with expenditure receipts prior to issuing payment. The Convener or Vice-Convener shall review and co-sign all Executive Director expense reimbursement requests.

(Approved by the Steering Committee November 7, 2001)

2.6 Credit Card Policy for Merchant Transactions

A Merchant Credit Card Agreement has been established with the Council's regular bank (Union Bank of California as of July 1, 2001), to allow the sale of publications by credit card. Only appropriate Council activity may be sold through this agreement.

(Approved by the Steering Committee November 7, 2001)

2.7 Expenditure Authorizations

The Executive Director may expend amounts up to \$10,000 where budgeted and up to \$5,000 for unbudgeted Council expenses as necessary. Any unbudgeted expenses above \$5,000 or budgeted expenses above \$10,000 will require prior Board of Directors approval. Unbudgeted expenditures are to be reported at the next Finance Committee meeting. For expenditures related to inventory purchases for resale, the Executive Director may expend amounts up to \$30,000 where pre-orders exist or where orders are immediately anticipated to recover these funds. All such expenditures must be reported to the Finance and Board of Directors.

(Approved by the Steering Committee November 7, 2001)

Administrative Policies

California Urban Water Conservation Council

2.8 Expenses Incurred on Council Business

2.8.1 Expense Reimbursement for Officers

Reasonable and necessary expenses incurred on Council business shall be reimbursed for all elected officers of the Board of Directors (Convener, Vice-Convener, Secretary, and Treasurer). Original expense receipts must be submitted and approved by the Executive Director prior to payment. Allowable expenses are listed in Section 2.8.6.

2.8.2 Expense Reimbursement for Group 2 Members

Reasonable and necessary expenses incurred on Council business shall be reimbursed for any Group 2 member, exclusive of meals and tips. Original expense receipts must be submitted and approved by the Executive Director prior to payment. Allowable expenses, exclusive of meals and tips, are listed in Section 2.8.6.

2.8.3 Expense Reimbursement for Staff

Reasonable and necessary expenses incurred on Council business shall be reimbursed for staff. On a monthly basis, staff shall submit a detailed statement of expenditures chargeable to the Council. Original receipts shall be attached to the statement. The statement shall indicate the travel advance, if any, and the net amount due or the amount to be refunded to the Council. All staff expense statements must be approved by the Executive Director prior to payment. Allowable expenses are listed in Section 2.8.6.

2.8.4 Expense Reimbursement for Executive Director

Reasonable and necessary expenses incurred on Council business shall be reimbursed for the Executive Director. On a monthly basis, the executive director shall submit a detailed statement of expenditures chargeable to the Council. Original receipts shall be attached to the statement. The statement shall indicate the travel advance, if any, and the net amount due or the amount to be refunded to the Council. The Executive Director's expense statement shall be approved by the Convener or Vice Convener and the check for such reimbursement shall be co-signed. Allowable expenses are listed in section 2.8.6.

2.8.5 Convener Monthly Stipend

Any current Council convener may receive a monthly stipend, equal to 1/12 of the budgeted amount. Each month the convener shall submit to the Council a list of activities, meetings and other time spent on Council activities.

Administrative Policies

California Urban Water Conservation Council

2.8.6 Allowable Expenses

1. Mileage is to be reimbursed at the current IRS allowed automobile usage rate, but not more than the most economical airfare. Air transportation expense will be limited to the cost of coach travel.
2. Lodging will be reimbursed for single occupancy only unless both occupants are eligible for Council reimbursement. A receipted bill stating occupants and length of stay shall be submitted with the claim for expense reimbursement. Lodging costs in excess of \$150 per night shall require approval of the Executive Director prior to travel. Lodging costs in excess of \$150 per night for the Executive Director shall require approval of the Convener or Vice Convener prior to travel.
3. Allowed expenses while attending authorized meetings shall include, in addition to transportation and hotel, all meals, tips, telephone expense, stenographic expense, printing and reproduction expense, auto parking, taxi and disbursements on behalf of the Council such as filing fees for legal documents. No reimbursement shall be made of expenditures for personal services or needs. A suggested per diem guideline for meals is \$50.

(Approved by the Steering Committee November 7, 2001)

2.9 Fiscal Oversight

The Finance Committee will have authority for fiscal oversight of Council affairs, including the expenditure and reporting of funds within the limits of the total budget adopted annually by the Plenary. Should it be necessary for the Council to obtain a line of credit from a bank or other lending institution, the Finance Committee shall evaluate the terms and the Board of Directors shall approve such application, which shall be co-signed by the Convener, Vice-Convener, and Executive Director. Additionally, the Finance Committee shall approve each individual time the line of credit is accessed.

(Amended by the Steering Committee August 7, 2001)

2.95 Fiscal Reimbursement

The Council shall charge a minimum administrative fee of 5% for all future agreements for pass-through funding through the Council, subject to legal restrictions. For cost-sharing projects among Council members, a reimbursement pledge form designed by the Council shall be signed and returned to the Council office by each participant in the project for their proportionate share of the project expenses prior to the project being undertaken.

(Approved by the Steering Committee May 7, 2002 and amended on August 7, 2002)

Administrative Policies

California Urban Water Conservation Council

3.0 Mailing of Council Materials

The Council staff shall email a meeting notice and shall post on its web site (www.cuwcc.org) at least two weeks in advance of the meeting date the agenda and any supporting materials pertaining to the Board of Directors or Plenary meetings. In addition, the Council shall mail, by first class mail, the agenda and any supporting materials pertaining to Board of Directors or Plenary meetings to any member desiring such notice.

The Council staff shall post on its web site (www.cuwcc.org) the agenda notice and available supporting materials for Committee meetings at least two weeks in advance. Notice may also be given by first class mail, email or by fax.

(Approved by the Steering Committee November 7, 2001)

4.0 Sponsorships

The Council may consider sponsoring an event, not to exceed the budgeted amount, according to the following principles:

1. The event shall be consistent with the Council's mission.
2. Sponsorship of the event shall not be detrimental to the Council in any way.
3. The Sponsorship may not benefit one signatory to the detriment of another.
4. The Executive Director may approve non-financial sponsorships, provided they meet the first two principles listed above.
5. All financial sponsorships must be approved by the Board of Directors in advance.
6. Adequate notice of the requested sponsorship shall be given in the Board of Directors or Plenary packet at least ten working days in advance of the vote.

(Approved by the Steering Committee November 7, 2001)

Insurance Policies

5.1 Officers and Directors Liability

The Council shall maintain officers and directors liability insurance at all times. Minimum coverage shall be one million dollars annually.

(Approved by the Steering Committee November 7, 2001)

5.2 Health Insurance

The Council shall provide a health insurance benefit for its full-time employees of \$450 per month per employee toward a health benefit plan of the employee's choice. The Council will also enroll in a suitable HMO program as a default option. The monthly benefit may be used to cover spouses and dependents, but must be used for health benefits only and may not be refunded to the employee as cash. Any additional deductions for health insurance benefits required from any Council employee shall be deducted through Council payroll. For purposes of this section, full-time employee is defined as any employee regularly working 32 or more hours per week.

(Approved by the Steering Committee August 7, 2002)

5.3 Property Insurance

The Council shall maintain insurance coverage for real property and equipment sufficient to cover the fair market value of the real property.

(Approved by the Steering Committee February 7, 2007)

Investment Policies

6.1 Introduction

The Budget Reserve Policy of the California Urban Water Conservation Council (see Section 2.2) states that a budget reserve of 3-6 months of operating expenses shall be maintained. Because these funds provide security from unexpected occurrences, including budget shortfalls, unusual expenses, or other cash flow problems, it is important that the funds be maintained in financial instruments that provide safety and liquidity.

Accordingly, any funds available for investment shall be maintained in either money market funds or certificates of deposit. The Council shall seek the highest rate of return available from these sources, while meeting the above objectives.

6.2 Investment of Excess Reserves

If the Council develops reserves that are in excess of the six-month target discussed above, investments with a longer-term outlook and possible higher risk and rate of return may be considered. In such instance, the Finance Committee shall prepare an addendum to the policy at Section 6.1 to address those options. The recommendations of the Finance Committee shall be submitted to the Board of Directors for approval.

6.3 Delegation of Authority

The investment of Council idle monies is delegated to the Treasurer by the Board of Directors. The Treasurer may delegate the day-to-day operations of investing to the Executive Director.

6.4 Reporting

The Treasurer/Executive Director will submit a quarterly investment report to the Finance and Board of Directors. This report will include: fund reconciliation, amount of deposits, period disbursements, current yield and interest earned.

A memo documenting all transactions in the portfolio shall be completed by the Executive Director or the Treasurer. The memo shall document what the transaction was and why the transaction was made.

(Approved by the Steering Committee November 7, 2001)

Purchasing and Contracting Policies

7.1 Contracting Policy

Any contracting performed by the Council, above the project limit of \$25,000, whether in the area of construction, professional or other services, materials, supplies or equipment, will be accomplished through a fair and open competitive RFP procurement process designed to encourage competition. Between the project limit of \$10,000 and \$25,000, an abbreviated RFP process may be used but must include a minimum of three solicited bids. Excluded from this policy are those contracts negotiated with state or federal agencies or universities for professional services. Any further exclusions shall be approved by the Board of Directors.

7.1.1 Procurement Policies and Procedures

- a) The Council shall implement the following procurement procedures for solicitations for goods and services:
 - i. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition;
 - ii. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals;
 - iii. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards;
 - iv. The specific features of “brand name or equal” descriptions that bidders are required to meet when such items are included in the solicitation;
 - v. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement;
 - vi. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient. Special consideration shall be given in the selection of recycled

Administrative Policies

California Urban Water Conservation Council

paper products even if the cost of such products moderately exceeds the cost of a non-recycled product.

- b) Positive efforts shall be made to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible and shall undertake the following steps to further this goal:
 - i. Ensure that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable, and in accordance with California law;
 - ii. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises;
 - iii. Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises;
 - iv. Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually;
 - v. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms and women's business enterprises;
 - vi. Requiring contractors to take steps in paragraphs (i) through (v) of this section.
- c) The Council shall utilize the following procedures to ensure commitments to expend funds are neither wasteful nor duplicative:
 - i) Assign one staff person responsible for all office supply purchases (excluding equipment and furniture); such office supply purchases shall not exceed the amount allocated for this expense in the budget;
 - ii) For any excess office supplies and other expendable property whose expense has been charged against a federal or state grant or contract, the value of the excess shall be credited back to the project's available funds or refunded to the federal or state entity as appropriate;
 - iii) For all office equipment, furniture and lease agreements in excess of \$10,000, Council staff shall conduct a lease versus purchase analysis when appropriate. This analysis shall compare at least three different suppliers and select the

Administrative Policies

California Urban Water Conservation Council

supplier based on a comparison of price, services, features, and other characteristics as needed;

- iv) Purchase of unnecessary items will be avoided;

(Approved by the Steering Committee August 7, 2007)

7.1.2 Procedures for Use of Federal Funds

The following conditions apply to all federal grant accounting procedures unless otherwise specified in writing between the granting federal agency and the Council:

- a) Reimbursable Funding: In order to minimize the time elapsing between the transfer of funds from the United States Treasury and the Council's payout of funds, the Council shall issue checks for payment against project expenses prior to requesting the funds for Federal assistance program purposes.
- b) Expenditure of Funds in Excess of \$10,000: For tasks exceeding \$10,000 and requiring external contractors, the Council shall select a contractor based on a competitive process unless otherwise agreed upon in writing between the granting federal agency and the Council.
- c) Property and Equipment: Real property and equipment shall neither be acquired nor leased with federal funds.
- d) Intangible Property: All intangible property (e.g. research, data, reports, analysis, models) developed with federal funds shall be publicly accessible and shall be delivered to the granting federal agency in electronic and/or print media at the conclusion of the project. The granting federal agency shall be acknowledged in all published materials.
- e) Records: Procurement records and files shall include the following at a minimum: Basis for contractor selection; justification for lack of competition when competitive bids or offers are not obtained; and basis for award cost or price. For equipment purchased or leased with federal funds, procurement records shall be maintained with the description of equipment, data, price of acquisition, and a physical inventory will be conducted every two (2) years. All procurement records for purchases or contracts paid for with federal funds shall be available to the granting federal agency or its representative upon request.

(Approved by the Steering Committee August 7, 2007)

Administrative Policies

California Urban Water Conservation Council

7.2 Contract Documents

The contract documents shall consist of such documents as the Executive Director may deem necessary in addition to those required by law. These documents may consist of, but are not limited to:

1. *Competitively Bid Contracts.* Request for proposals, request for qualifications, notice inviting bids, contract agreement, scope of work, compensation schedule, activity schedule, performance bond, payment bond, specifications, drawings, indemnification requirements, insurance requirements and insurance certificates, and emerging business enterprise documents.
2. *Negotiated Contracts.* Agreement, scope of work, compensation schedule, activity schedule, insurance requirements and certificates, and emerging business enterprise documents.

7.3 Contract Authority

The Executive Director shall have contracting authority where authorized by the Board of Directors and within the approved annual budget. Whenever a contractual award is made by the Board of Directors, the Executive Director shall be authorized to carry out the provisions described in the contract.

The Executive Director shall have authority to negotiate and execute professional contracts for services that have been duly budgeted and approved in concept by the Board of Directors.

7.4 Exceptions to the Competitive Procurement Process

Procurement of the following materials, supplies, services and equipment is not subject to competitive procurement provisions, even if above the \$10,000 threshold:

1. Utility services such as telephone, gas and electric, and water, where rates or prices are fixed by legislation or by federal, state, county or municipal regulations.
2. Work performed by a utility for the installation and/or relocation of utilities.
3. Contracts for services with any public or quasi-public entity including but not limited to permit, plan check and inspection fees.
4. Advertisements in newspapers or other publications.

Administrative Policies

California Urban Water Conservation Council

5. Membership in professional organizations or associations.

7.5 Noncommittal Clause

The issuance of a bid package or Request for Proposals or Qualifications does not commit the Council to award a contract, to defray on behalf of contractors, consultants or vendors any costs incurred in the preparation of bids or proposals or to procure or contract for work. The Council reserves the right to cancel, in whole or in part, any bid package or request for proposal or qualification, or to reject all bids or proposals for any reason. Language essentially stating this shall be included in all bid or proposal solicitations.

7.6 Award of Contract

All contracts for materials, supplies, services and equipment, except as otherwise provided in this section, in an amount of \$15,000 or more, shall be reviewed and approved by the Board of Directors. Contracts for materials, supplies, services and equipment in an amount of less than \$15,000 may be reviewed and approved by the Executive Director.

7.7 Modifications to Contracts

Modifications to negotiated contracts will be made by amendment. The Executive Director is authorized to issue modifications to contracts up to 10% of the amount of the contract as contingency. Any modifications above the 10% contingency must be approved by the Finance and Board of Directors. At project completion, a report will be presented to the Board of Directors summarizing all modifications of the contract.

7.8 Promulgation of Contract Procedures

The Executive Director is authorized to promulgate the necessary administrative procedures to implement the above policies.

(Approved by the Steering Committee November 7, 2001)