

ACCOUNTING POLICIES AND PROCEDURES MANUAL



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Table of Contents

Section 1- Purpose: Financial Policies & Procedures	4
Section 2- Funding the Delray Beach CRA	6
Section 3- Accounting and Finance	7
3.1 Accounts Payable.....	7
Purchase Order and Invoice Processing	7
Purchase Orders Procurement Processes	8
3.2 Accounts Receivable	8
3.3 Petty Cash.....	9
3.4 Issuance of CRA Credit Card.....	9
3.5 Payroll	9
3.6 Bank Reconciliation Process	10
3.7 Bank wire or transfers.....	11
3.8 Journal Entries.....	11
3.9 Debt Service.....	11
Section 4- Budgeting	11
4.1 Overview	11
Preparation	12
Reserves.....	12
Adoption	12
Implementation	12
Evaluation	12
4.2 Requirements	13
4.3 General Fund Carry Forward Report	13
Section 5- Monthly Closing	13
Section 6- Audits	15
6.1 Overview	15
6.2 State Annual Financial Report	15
6.3 Comprehensive Annual Financial Report.....	16
Overview.....	16
Requirement	16
Auditor Selection Process	16

Section 7- Cash Management and Investing..... 17

7.1 Overview17

7.2 Fraud.....18

~~7.3 State Statutes.....19~~

7.4 Resources19

Section 1- Purpose: Financial Policies & Procedures

A well designed and properly maintained accounting system is necessary to be able to provide all data that is needed to allow for the timely preparation of financial statements in conformity with generally accepted accounting principles. The official source of generally accepted accounting principles for local governments is the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board is an independent, not-for-profit organization that establishes and improves standards of financial accounting for local governments.

In addition, Section 218.33, Florida Statutes requires local governments to follow uniform accounting practices and procedures. These requirements are in place to assure proper accounting and fiscal management as well as to provide consistency in preparing local government annual financial reports.

The purpose of the financial policy and procedures manual is to establish the general guidelines for financial activities of the Delray Beach Community Redevelopment Agency. The objective of the policy is to ensure that financial and physical resources are efficiently managed to serve its overall administrative and financial goals. These financial policies and procedures are guided by an accounting concept called internal control. Internal control is defined by the American Institute of Certified Public Accountants as a process "effected by an entity's board of directors, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- a. Reliability of financial reporting
- b. Effectiveness and efficiency of operations, and
- c. Compliance with applicable laws and regulations.

Sound management practices include systems, procedures and methods. Information (reports, memos, data) generated by these practices are used as feedback for other management functions such as planning, organizing and directing so that necessary adjustments can be made. Effective management and control is comprised of the plan of organization to coordinate methods and measures adopted within an organization to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

~~The segregation of functions or duties is an important element in any system of internal control. For accounting control purposes, incompatible functions are those that place any person in a position to both perpetrate and conceal errors or irregularities in the normal course of their job. For example, anyone who records disbursements could either intentionally or unintentionally fail to record a check. If the same person also reconciles the bank account, the omission could be concealed through a false or inaccurate reconciliation.~~

Segregation of duties is critical because it ensures separation of different functions and defines authority and responsibility over transactions. It reduces the risk of both erroneous and inappropriate actions. The fundamental premise of segregated duties is that an individual should not be in a position to initiate, approve, and review the same action. Also, the accounting and reconciling function, and the asset custody should be separated among employees (i.e. maintaining blank check stock, performing bank reconciliations and authorized signer on the account). For proper segregation of duties, an individual should not have access to any two of these functions.

Maintaining segregation of duties is especially challenging for organizations with small numbers of employees. When these functions cannot be separated, more reliance must be placed on administrative oversight. A detailed supervisory review of activities involving finances and other assets is required as a compensating control activity.

Controls ensuring that transactions are carried out as authorized require independent verification that authorization was properly issued and that transactions conform to the terms of the authorization. This may be accomplished by independent comparison of transactions with specific authorization documents. For example, requiring two signatures on a check allows more than one person to review and approve that expenditure.

Accounting controls should also ensure that transactions are: (1) recorded in the proper amounts, (2) recorded in the accounting periods to which they apply, and (3) classified in appropriate accounts.

Limiting access to assets to only those individuals having direct responsibility for assets can be an important control in the safeguarding of those assets. Choosing the personnel to whom asset access is authorized should be influenced by the nature and susceptibility to loss of that asset.

Note: Any changes to the Financial Policies and Procedures manual must be approved by the Board of Commissioners.

Section 2- Funding the Delray Beach CRA

The Community Redevelopment Agency is funded primarily through tax increment financing. The CRA was created in 1985, which is the base year. The City and County continue to collect tax revenues based on the value of properties in the CRA District in that base year (\$245 million). In subsequent years, 95% of the increase in taxes collected annually, usually a result of reinvestment and redevelopment activity, has been applied to the tax increment trust fund. Funding comes from both the City of Delray Beach and Palm Beach County, each contributing based on their respective millage rates.

Annual tax increment funding is calculated as follows:

Take the current assessed ad valorem tax value for property located within the CRA district
LESS: \$245 million (assessed ad valorem tax value for the CRA district in 1985)

= Incremental increase in property values

Multiply that value by the current millage rate (separate calculation for both City and County) to
get the increment income

Multiply that total by 95% (City and County each retain 5% of incremental increase)

Total = CRA tax increment revenues for the year.

The CRA invoices the City and the County for the tax increment revenue via a letter request mailed to each entity in December (see Sample Letter in manual).

Section 3- Accounting and Finance

3.1 Accounts Payable

Delray Beach CRA- Accounts Payable Processing and Check/Funds Disbursements:

Purpose: This procedure is to provide for the conduct of the payment for invoices and payables of the CRA in a timely and uniform manner while complying with proper approval and fiduciary responsibility.

All bills, invoices, statements, check requests, letters and/or any form of a request for payment should be addressed to the Finance Department of the Delray Beach Community Redevelopment Agency.

Purchase Order and Invoice Processing

Purchase order process:

1. Employee prepares a “purchase request form” (along with purchase quote/ or other supporting documentation) and submitted to their immediate supervisor for approval.
2. Once approved the, the “purchase request form” (along with purchase quote/ or other supporting documentation) is submitted to the Finance and Operations Director for approval.
3. The Finance and Operations Director reviews the purchase request form and supporting documents. If the request is approved, the Finance and Operations Director (or delegates other Finance Department Staff) prepares a “Purchase Order” via QuickBooks and enters the proper budgeted general ledger code line item. If the request is not approved, the request form goes back to the staff member that submitted the request for any corrective action for resubmittal.
4. Once the Purchase Order is generated, (1) copy is attached to the purchase request package and retained to be match upon receipt of invoice (2) a copy is given to the staff member placing the request for procurement.

Upon receipt of invoices by CRA

1. Assigned staff independent of the accounts payable process ~~Administrative Assistant~~ opens the mail and stamps invoice with Accounting stamp and date stamp
2. Forward to Finance Department
3. The Finance Department pulls PO or contract and Payment Schedule form if there are multiple payments and attaches to the invoice
4. Finance staff forwards the invoice to the staff member responsible for the contract/PO
5. Staff member must review and sign (Goods & Services Received line) and obtain supervisor signature (Supervisor Review line) on the Accounting stamp
6. Finance staff submits required documents to Finance and Operations Director (or Executive Director or Assistant Director) for authorization to confirm that the financial transaction is appropriate

7. Finance and Operations Director (or Executive Director or Assistant Director) signs the Authorized line on the Accounting stamp and blank checks are provided for processing to the Finance staff
8. Checks are processed with two authorized signers whether manual or through digital signatures ([Executive Director and Assistant Director, if one is not available, the Finance & Operations Director can be one of the signers.](#))
9. Checks require the approval of the financial transaction by two authorized signatures on the Approved line of the Accounting stamp
10. [All checks are to be accounted for \(in sequential order\). Periodic independent follow-up of the serial continuity of checks.](#)
11. [Assigned Staff independent of the check preparation/signing process maintains the blank check stock and the log.](#)
12. [Assigned Staff with no other QuickBooks access will cut the checks](#)
13. Finance staff mails out checks and attaches check stub to invoice
14. [Arrange for regularly scheduled check-signing meetings, preferably immediately after scheduled check runs.](#)
15. Finance staff files in the invoice file (by vendor) ([invoice packet to include approved purchase order, invoice/contract](#)).
16. [Periodic reconciliation and review of Accounts Payable ledgers](#)

Purchase Orders Procurement Processes

[In accordance with Florida Statutes Chapter 112.3142 and s.163.367 \(1\). The Delray Beach CRA-uses the same procurement processes as the City of Delray Beach.](#)

For complete details regarding Purchase Orders refer to the Procurement and Purchasing Procedures Manual.

3.2 Accounts Receivable

Money received into the CRA comes from the following sources:

- TIF Revenue – Tax Incremental Funding
 - The City and County are invoiced annually
 - TIF Revenue invoicing is based on the proposed property value determined by the county
- Property Management (Rental and Lease)
- Sale of Property
- Green Market revenue
- Arts Warehouse revenue
- Reimbursement from the City per Interlocal Agreements
- Other income (public records requests, etc.)

[Incoming cash items listed for subsequent reconciliations to deposits by someone independent of recording or reconciling cash receipts.](#)

[Square Reconciliation-against bank deposits and recorded in appropriate revenue account.](#)

[Periodic reconciliation and review of Accounts Receivable ledgers \(i.e. rental lease payments and billings-reconciled to lease terms and receipts -allocations to proper account\)](#)

3.3 Petty Cash

The Petty Cash account has \$250 available. To spend petty cash funds the following process will be followed:

1. Fill out a Purchase Order and attach the receipt and invoice, when applicable
2. Finance and Operations Director, Executive Director or Assistant Director approves the Purchase Order and sends to Finance staff to disburse payment
3. Complete a line on the Petty Cash Disbursement Form for the applicable reimbursement

To replenish the Petty Cash fund:

1. Complete the Petty Cash Disbursement Form
2. Attach all receipts/invoices collected above
3. Finance and Operations Director signs the form and submits to Finance staff for input into QuickBooks
4. Check is written to Cash and coded to the appropriate GL code

3.4 Issuance of CRA Credit Card

A credit card can be issued to CRA Directors or staff at the discretion of the Executive Director. A credit card acknowledgement form must be completed by CRA staff prior to receiving the credit card which includes guidelines for the use of credit card.

3.5 Payroll

1. Finance staff sends out the Time Sheet on the last day of the payroll period with the required return date of the following Monday
2. Each time sheet is signed by employee, Finance staff (HR Representative) and Executive Director (or designee)(Finance and Operations Director signs off on Executive Director and Finance staff's time sheet)
3. Finance and Operations Director reviews time sheets for accuracy before submitting to Executive Director (or designee) for approval
4. Finance staff enters payroll [on the service providers website](#) for the upcoming Friday
5. Finance staff prints Payroll Report from payroll company Website for review by Finance and Operations Director (or Executive Director or Assistant Director) prior to submittal for processing ([Document approval](#))
6. Finance staff prints Personal Leave Report
 - a. Gross to Net by employee
 - b. PTO with Balance Report
 - c. Invoice from the payroll company

- d. Any modifications to Personal Leave requested by an employee must be submitted in writing to the Finance and Operations Director including details as to the reason for the requested modification. The Finance and Operations Director shall submit a report outlining the basis for the Personal Leave modification to the Executive Director or Assistant Director for approval. Once approved, the Finance and Operations Director shall transmit the approved Personal Leave modification to the payroll company in order for the payroll company to make the necessary adjustments to the employees Personal Leave balance.
7. Finance staff writes Retirement payment check (see Check Process) based on the calculation on the Payroll Entry Form
8. Finance staff reviews for accuracy. It is approved by Executive Director and Finance and Operations Director (or designees) ([Document approval](#))
9. Entire payroll package is submitted to Finance and Operations Director for approval and input into QB. Included in payroll package is as follows:
 - a. Reports from payroll company
 - b. Payroll Entry Form
 - c. Payroll services PTO with Balances Report
 - d. Timesheets
10. Submit entire payroll package in #11 to Executive Director (or designee) for approval ([Document approval](#))
11. Finance staff scans in the payroll packet into a folder (pay date) on the S drive in three sections that include:
 - a. Payroll
 - b. PTO
 - c. timesheets
12. [Finance staff reconciles the payroll tax returns to the general ledger quarterly.](#)

3.6 Bank Reconciliation Process

When the bank statement is received:

1. Executive Director (or designee) opens, reviews, and initials the bank statement and forwards it to Finance and Operations Director for reconciliation

After reconciliation

2. Finance and Operations Director gives to Executive Director (or designee) who reviews and initials the Reconciliation (QB)
3. [In the case when a subsequent correction needs to be made to bank reconciliation, the correction shall be made via an adjusting journal entry \(rather than deleting or posting an item directly in QB\).](#)

3.7 Bank wire or transfers

The Executive Director, Assistant Director, and Finance and Operations Director are authorized to request fund transfers via electronic funds transfer, telephone or email. All transfers are verified by at least two of the three people, and a form is signed by the Finance and Operations Director, the Executive Director or Assistant Director.

3.8 Journal Entries

All adjusting entries will be completed in numeric order and will be signed by Finance and Operations Director and Executive Director (or designee). Also, all JE's are to be printed out, and filed into Audit book with appropriate back-up. ([Document approval](#))

3.9 Debt Service

Debt service funds are used to account for the annual payment of principal, interest, and other expenditures on general long-term debt.

All new debt instruments, irrespective of the amount, must be approved by the CRA Board.

Debt must be accounted for in the Debt Service fund. In accordance with government accounting standards, it is accounted for using the modified accrual basis of accounting. Principal, interest payments are recorded as expenditures of the current period and as per the respective debt payment schedule.

The CRA maintain a separate bank account for any unspent debt proceeds.

For payments that are electronically deducted from the CRA's bank account, the CRA Finance Staff records the payment in QuickBooks.

The amount deducted is compared to the debt service payment schedule for each respective debt instrument to ensure payment is in accordance with the respective debt agreement.

Debt payments made via check or wire transfer are made in accordance with the CRA's normal cash disbursement process outlined above.

Section 4- Budgeting

4.1 Overview

Budgeting is one of the most important activities undertaken by governments. The budget is a plan of financial operation including an estimate of proposed expenditures for a given period and the proposed means of financing them.

The budget serves as the primary tool in allocating financial resources to programs and services. This process should involve all stakeholders – elected officials, governmental administrators, employees, citizen groups, and business leaders – and reflect their overall needs and priorities.

A budget process that is well-integrated with the other activities of the government and involves those stakeholders will lead to a more efficient and accepted government. Specifically, the budget can serve as a policy making tool, a management tool, a financial tool, and a communication tool. *The end result should be a balanced budget that has been well planned and communicated among all stakeholders.*

A brief description of the budget cycle is as follows:

Preparation

- Revenues are estimated to determine how many financial resources will be available to fund operations
- Expenditure requests and forecasts are prepared by the departments
- Staff submits proposed budget that reflects the community needs and desires as outlined in the CRA Plan to the local government governing body for review.
- [Budget components reviewed in detail by someone independent of preparation and review for mathematical accuracy.](#)
- [Periodic review to ensure the use of the most current adopted budget \(Especially, if input in QBs\) verification that budget changes have been recorded.](#)

Reserves

- The CRA's may maintain a reserve (of the CRA Budget) to allow for unanticipated costs or land purchase opportunities. The calculation of the reserves is completed by the Finance and Operations Director in conjunction with the budget process. This may be adjusted periodically as the budget is amended.

Adoption

1. The governing body reviews the proposed budget. [The tentative budget must be posted on the CRA's official website at least 2 days before the budget hearing, held pursuant to Florida Statutes and must remain on the website for at least 45 days.](#)
2. Changes are made according to the governing body's recommendations and public comments
3. The budget is adopted. [The final adopted budget must be posted on the CRA's official website within 30 days after adoption and must remain on the website for at least 2 years.](#)

Implementation

- Revenues are collected and expenditures incurred in accordance with the budget
- The budget may be modified or amended in accordance with procedures established by State law

Evaluation

Internal reports may be prepared as needed for financial data, as well as for performance measurement. Other evaluation is done through internal audits, performance audits and external audits.

4.2 Requirements

Section 166.241, Florida Statutes (Municipalities) and Sections 129.03 – 129.06, Florida Statutes (Counties) provide specific requirements for local governments to follow when adopting annual budgets. Some of those requirements are as follows:

- a) The local government's budget must be adopted by resolution or ordinance, unless otherwise specified in the local government's charter
- b) The amount available from taxation and other sources, including amounts carried over from prior fiscal years, must equal the total appropriations for expenditures and reserves
- c) The adopted budget may be amended at any time during the fiscal year or within sixty (60) days following the end of the fiscal year. If the amendment increases the total amount of expenditures by fund or department, the budget amendment must be adopted in the same manner as the original budget, unless otherwise specified in the local government's charter.

4.3 General Fund Carry Forward Report

Section 163.387(7), Florida Statutes, provides that on the last day of a CRA's fiscal year, any money remaining in the CRA trust fund after payment of expenses described in the CRA plan for such year must be either returned to each taxing authority, used to reduce the amount of any indebtedness to which increment revenues are pledged, deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenue was pledged or appropriated to a specific redevelopment project pursuant to an approved redevelopment plan. The funds appropriated for such project may not be changed unless the project is amended, redesigned, or delayed, in which case the funds must be re-appropriated pursuant to the next annual budget adopted by the board of the CRA. ~~which project will be completed within three years.~~ At the end of each fiscal year and in conjunction with the Audit presentation, the Finance and Operations Director will produce a General Fund Carry Forward Report to document what expenditures those funds will be committed to. ~~This report will be presented to the CRA Board for approval.~~

Section 5- Monthly Closing

The books and records must be closed within 45 days after the month end. For example, August must be closed by October 15.

Financial reports must be submitted to the board in the board meeting subsequent to the month end close.

- Finance & Operations Director must ensure all accounting transactions are recorded (Invoices entered, checks issued, cash receipts recorded, adjusting journal entries, accruals, operating transfers and any other deemed necessary). [Comparison of control account in the general ledger with balances in subsidiary ledgers.](#)

Monthly Closing:

- [Reconcile accounts:](#)

- Cash-GL to Bank Reconciliations and Statements
- Lease Rents Receivable -A/R subsidiary ledger to A/R general ledger
- Notes Receivable- subsidiary ledgers to general ledger
- Capital Asset Schedules-(update additions, deletions and accumulated depreciation)
- Accounts Payable- A/P subsidiary ledger to A/P general ledger
- Interfund Transfers, if any
- Debt Service – reconcile to subsidiary ledgers
- Prepare all closing journal entries including accruals, rents receivable, prepaids
- Print and review reports to be submitted in board packet and make any necessary corrections
- The Finance and Operations Director documents as “prepared by/approved” on the front of the financial statement package.
- The Executive Director documents “reviewed and approved” on the front of the financial statement package
- Upon approval of financial statement, the Executive Director will lock/close each month in QuickBooks to prevent changes to reconciled accounts.
- No Finance Department Staff will have QuickBooks “Administrator Rights”.

YEAR END FINANCIAL REPORTING PROCESS:

The financial statement audit must be completed no later than 9 months subsequent to the end of the fiscal year, as mandated by Florida Statutes s 218.32.

Procedures

- Schedule the year end financial statement audit with external auditors.
- Create a schedule and assign responsibilities to staff
- Prepare any necessary financial statement rollforward schedules and financial statement disclosures
- Prepare the transmittal letter and Management Discussion and Analysis
- After the receipt of audited financial statements from auditors, present to the CRA Board.
- Distribute the audited financial statements, as mandated by Florida Statutes and as deemed necessary.

Section 6- Audits

6.1 Overview

Local government entities such as the CRA are accountable for the manner in which they spend public funds. Annual financial reporting is one method of demonstrating accountability. Two types of local government annual financial reporting are the State Annual Financial Report and the Comprehensive Annual Financial Report.

6.2 State Annual Financial Report

Section 218.32, Florida Statutes requires each local government that is determined to be a reporting entity, as defined by generally accepted accounting principles, to submit to the Florida Department of Financial Services an annual financial report in a format prescribed by the department. The department-prescribed annual financial report and the local government's annual audit report must be sent to the department within forty-five (45) days after the completion of the audit report but no later than twelve (12) months after the end of the fiscal year. In the event that the local government is not required to have an annual audit in accordance with Section 218.39, Florida Statutes, the annual financial report must be submitted to the department no later than April 30 of each year.

Section 163.371, Florida Statutes reporting requirements –

- (1) By January 1, 2020, each community redevelopment agency shall publish on its website digital maps that depict the geographic boundaries and total acreage of the community redevelopment agency. If any change is made to the boundaries or total acreage, the agency shall post updated amp files on its website within 60 days after the date such change takes effect.

- (2) Beginning March 31, 2020, and not later than March 31 of each year thereafter, a community redevelopment agency shall file an annual report with the county or municipality that created the agency and publish the report on the agency's website. The report must include the following information:
 - a. The most recent complete audit report of the redevelopment trust fund as required in s. 163.387 (8). If the audit report for the previous year is not available by March 31, a community redevelopment agency shall publish the audit report on its website within 45 days after completion.

 - b. The performance data for each plan authorized, administered, or overseen by the community redevelopment agency as of December 31 of the reporting year, including the:
 - i. Total number of projects started and completed and the estimated cost for each project.
 - ii. Total expenditures from the redevelopment trust fund.
 - iii. Original assessed real property values within the community redevelopment agency's area of authority as of the day the agency was created.
 - iv. Total assessed real property values of property within the boundaries of the community redevelopment agency as of January 1 of the reporting year.

- v. [Total amount expended for affordable housing for low-income and middle-income residents.](#)
- c. [A summary indicating to what extent, if any, the community redevelopment agency has achieved the goals set out in its community redevelopment plan.](#)

6.3 Comprehensive Annual Financial Report

Overview

The CRA is required to have an independent audit of its financial statements performed in accordance with appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of public finance functions and by maintaining citizens' confidence in their elected leaders.

Requirement

Section 218.39, Florida Statutes requires that local governments that meet specific criteria outlined in the chapter shall have an annual financial audit of its accounts and records completed within twelve (12) months after the end of its fiscal year. The annual audited financial report could also be required to include a "single audit" in accordance with OMB Circular A-133 or Section 215.97, Florida Statutes and Chapter 10.550, Rules of the Auditor General. The audit shall be performed by an independent certified public accountant in accordance with Section 218.39, Florida Statutes and Chapter 10.550, Rules of the Auditor General. At the conclusion of the audit, the auditor shall discuss all comments that will be included in the audit report with management, each member of the governing body, and each member of an audit committee charged with governance. In addition, the auditor shall notify each member of the local government's governing body if there are deteriorating financial conditions that may cause a financial emergency condition as described in Section 218.503, Florida Statutes to occur if actions are not taken to address such conditions.

The local government's response to the audit findings, including corrective action to be taken, must be filed with the local government's governing body within thirty (30) days after delivery of the audit findings. In addition, the audit findings and responses must be incorporated in the audit report package and submitted to the Auditor General within forty-five (45) days after the delivery of the audit report to the local government's governing body, but no later than twelve (12) months after the end of the fiscal year.

Auditor Selection Process

Section 218.391, Florida Statutes requires specific procedures to be followed by local governments with respect to selecting an auditor to conduct the annual financial audit required by Section 218.39. The local government must establish an audit committee to assist in the selection process.

While the composition of the audit committee is not specifically noted in the statute, the GFOA, in its best practices, has recommended the following:

All members should possess or obtain a basic understanding of governmental financial reporting and auditing.

The committee should have access to the services of at least one financial expert, either a committee member or an outside party engaged by the committee for this purpose.

The actual audit committee membership should be comprised of the local government's governing body or a subset of the governing board (CRA board may appoint a committee that includes board and staff members).

The minimum membership of the committee should be no fewer than three (3) members.

Considering that smaller local governments may experience difficulty in obtaining individuals with the necessary experience in governmental financial reporting and auditing, there is a small government consideration noted in the Auditor Selection Guidelines, accessible on the Auditor General's Web site. The consideration is that the smaller government might consider consulting with larger governments in the area to identify employees or consultants of those governments who might be willing to work with their audit committee. Also, should the small government opt to not establish an audit committee composed of the governing body; the small government could seek to use the audit committee of the larger entity as their audit committee.

The audit committee shall perform the following functions: Establish factors to be used in the evaluation of audit services, Publicly announce requests for proposals, Provide interested firms with requests for proposals, Evaluate proposals provided by qualified firms, Rank and recommend in order of preference to the local government's governing body no fewer than three (3) firms deemed to be the most highly qualified to perform the required services.

If compensation is not one of the factors used by the audit committee in the evaluation of proposals, the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other firms shall be undertaken in the same manner. If compensation is one of the factors used by the audit committee in the evaluation of proposals, the governing body shall select the highest-ranked qualified firm or must document the reasons for not selecting the highest-ranked qualified firm. Sample requests for proposals (RFP) may be obtained from the FGFOA web site.

Section 7- Cash Management and Investing

7.1 Overview

The main objective of effective cash management and investing funds is to ensure the safety of the principal, provide for sufficient liquidity to pay obligations when due and earn a reasonable rate of return on invested funds.

The CRA maintains public deposit accounts with Qualified Public Depositories (QPDs). The QPDs are official custodians of moneys as defined in Chapter 280, Florida Statutes in the Florida Collateral Management Program. The Florida Collateral Management program is a statewide program that ~~insures~~ ensures that public deposits of government units are protected from loss due to failure of a financial institution. A Public Deposit Identification and Acknowledgement form must be completed by the bank (QDP) when the CRA opens a public deposit account. The CRA files a Public Depositor Annual Report which lists all the QDPs at which the CRA maintains open public deposit accounts.

The CRA typically maintains the majority of the CRA funds in money market accounts at three separate banks (QDPs) which provides liquidity to pay obligations and earn a reasonable rate of return. If interest rates are higher than money market accounts and the funds are not needed short term, short term (under 12 months) CD's can be purchased as a means to increase the rate of return. Periodically the CRA requests evaluations of short term and long-term investing options from the banks the CRA maintains accounts with. All long-term investments (12 months or more) must be brought to the CRA Board for approval.

7.2 Fraud

The CRA is fully committed to public service values of accountability, integrity and openness. The CRA staff must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties. The CRA will not tolerate fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety or dishonest conduct by CRA staff or external contactors or clients. The risk of fraud is reviewed each year in conjunction with the annual financial audit. Budgetary and other controls are regularly updated to maintain a low risk of fraud, including the issuance of monthly financial reports to the board, separation of duties, board approval for any borrowing, etc.

Definitions of Fraud:

The term **fraud** refers to any dishonest or fraudulent act that includes, but is not limited to, forgery or alteration of any document; misappropriation of funds, supplies, etc.; improper handling or reporting of money or financial transactions; profiting by self or others as a result of inside knowledge; destruction or intentional disappearance of records, furniture, fixtures or equipment; accepting or seeking anything of material value from vendors or persons providing services or materials to the CRA's Office for personal benefit; and/or any similar or related irregularity.

How to Report Fraud, Waste or Abuse:

Any irregularity that is detected or suspected must be reported immediately to the Executive Director, provided that the allegations do not concern the Executive Director, at which time the allegations will be reported to the Assistant Director. The Executive Director or the Assistant Director may conduct an investigation or order an outside investigation.

Consequences of Fraudulent Behavior:

If an investigation results in a recommendation to discipline an individual, the recommendation and disciplinary action will be in accordance with the current employee Human Resource Policy and Procedure Manual concerning disciplinary action. In addition if necessary the CRA will contact the appropriate law enforcement agency.

7.3 State Statutes

The following state statutes are of primary interest in managing public funds:

- Chapter 218, Part IV – Investment of Local Government Surplus Funds
- Chapter 280 – Security for Public – Qualified Public Depositories

7.4 Resources

- The scope of this section on cash management and investing is intentionally limited and is not intended to provide a comprehensive presentation of cash management and investing principles or practices. Additional information is available from a variety of sources, including:
- Florida State Board of Administration – www.sbaFla.com/pool/
- GFOA – www.gfoa.org
- Investing Public Funds, Girard Miller
- Local Government Finance – Concepts and Practices, Peterson and Strachota
- Florida State Treasury – www.Fltreasury.org/treasury
- Qualified Public Depository listing https://apps.fldfs.com/CAP_Web/PublicDeposits/QPD
- FGFOA – www.fgfoa.org
- Federal Reserve Bank of New York – www.newyorkfed.org
- Bureau of Public Debt, Department of Treasury – www.publicdebt.treas.gov/bpd/bpdhome.html