

# Financial Operations Manual

# Financial Operations Manual

## for the Roanoke Valley Broadband Authority

Adopted \_\_\_\_\_

DRAFT



**TABLE OF CONTENTS**

<b>I.</b>	<b>Introduction</b>	
	A. Purpose of Manual	1
	B. Policy of Administration	1
<b>II.</b>	<b>Miscellaneous Information</b>	
	A. Ethics	1
	B. Background Checks	1
	C. Disadvantaged Business Enterprises	1
	D. Federal Identification number	2
	E. Tax Exempt Status Determination	2
	F. State Sales Tax	2
	G. Property Tax	2
	H. Form 941 Employer's Quarterly Federal Tax Return	2
	I. Dun & Bradstreet Universal Numbering System	2
	J. Lawyer on Retainer	2
	K. Auditing Firm on Contract	2
<b>III.</b>	<b>Powers &amp; Duties</b>	
	A. Executive Limits	3
	B. Grants	3
	C. Leases	3
	D. Consultants	4
<b>IV.</b>	<b>Accounting Standards</b>	
	A. Policy of Separation of Duties	4
	B. Methods of Accounting	4
	C. Fiscal Year	4
	D. Annual Audit	4
<b>V.</b>	<b>Fiscal Agent</b>	
	A. Provision	5
	B. Responsibilities	5
<b>VI.</b>	<b>Standard Operating Procedures</b>	
	A. Assets	6
	B. Procurement	6
	C. Debt	6
	D. Credit Cards	6
	E. Cash Receipts	7
	F. Cash Disbursements	7
	G. Travel Reimbursements	8
	H. Property and Equipment	8
	I. Grant Invoices and Financial Reports	8
	J. Record Retention	8

**TABLE OF CONTENTS (Cont'd)**

<b>VII. Insurances</b>	
A. Policy of Review	9
B. Insurance Policies	9
C. Local Government Liability	9
D. Land Use	9
E. Defense of Certain Ecl Occ	9
F. Medical Payments	9
G. Damages to rented premises	9
H. Non-Owned and Hired Auto	9

## **CHAPTER I: INTRODUCTION**

### **A. Purpose of Manual**

The Roanoke Valley Broadband Authority (RVBA) Financial Operations Manual is a flowing document for the initial startup of the Authority that provides detailed information on the financial management, conduct of business and the accounting and administration of funds. It will be updated as necessary to include all current fiscal policies and standards developed by the RVBA as the Authority evolves.

### **B. Policy of Administration**

The members of the Authority are responsible for making policy. The Chairman of the RVBA is responsible for implementing policies set by the members of the Authority and for maintaining proper operational control in a way that minimizes risk to the Authority. The Chairman shall have signature authority for the Authority, or in his/her absence, Vice Chairman of the Authority.

## **CHAPTER II: MISCELLANEOUS INFORMATION**

### **A. Ethics**

The Authority's Officers, Authority members, employees and agents may not solicit or accept gratuities, favors, or anything of monetary value from any present or potential third party contractor or sub-recipient or agent. The Authority's Officers, Authority members, employees and agents may not use their positions in a manner that creates a real or apparent personal or organizational conflict or interest or personal gain.

### **B. Background Checks**

A professional pre-employment background check shall be conducted on all final candidates for staff positions of the Authority.

### **C. Disadvantaged Business Enterprises**

It is the policy of the Authority that Disadvantaged Business Enterprises (DBEs) [www.dmb.state.va.us](http://www.dmb.state.va.us) as defined in 49 CFR Part 26, shall have equal opportunity to participate in the performance of contracts financed in whole or in part with Federal funds. The Authority shall take all necessary and reasonable steps in accordance with 49 CFR Part 26, as amended, to ensure DBEs have equal opportunity to compete for and perform contracts. The Authority shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of contracts.

**D. Federal Identification Number**

The federal identification number of the RVBA is 46-4282765.

**E. Tax Exempt Status Determination (Not filed yet)**

The RVBA is not required to file Form 990. RVBA does not pay Federal Unemployment Tax.

**F. State Sales Tax**

The RVBA is exempt from paying sales tax to the Commonwealth of Virginia.

**G. Property Tax**

The RVBA is exempt from paying property tax to the City of Roanoke.

**H. Form 941 Employer's Quarterly Federal Tax Return**

The RVBA must file a form 941 every quarter, even if no wages were paid that quarter.

**I. Dun & Bradstreet Universal Numbering System**

As required by the Office of Budget and Management for all applicants for Federal funds, the Dun & Bradstreet Universal number for RVBA is 079263723. RVBA is registered in the Federal Government's System for Award Management (SAM.gov). Registration must be updated every six months.

**J. Lawyer**

Laura M. Carini  
Assistant City Attorney  
Office of Roanoke City Attorney  
215 Church Avenue, S.W.  
Roanoke, VA 24011  
[laura.carini@roanokeva.gov](mailto:laura.carini@roanokeva.gov)  
(540) 853-2431  
(Provided Pro Bono by the City of Roanoke)

**K. Auditing Firm on Contract**

Robinson, Farmer, Cox Associates, PLLC  
108 South Park Drive  
Blacksburg, VA 24060  
www.rfca.com  
540-552-7322  
(RFP issued October 2014)

## **CHAPTER III: POWERS & DUTIES**

### **A. Executive Limits**

The members of the Roanoke Valley Broadband Authority shall establish and maintain a strategic plan for the Authority that shall be updated on a regular basis. This plan shall outline the mission of the Authority. It is the responsibility of the Chair to achieve the Goals and Objectives established by the members of the Authority. The Chair is expected to use whatever methods that will best achieve the agreed upon Goals and Objectives using the adopted strategies and tasks.

1. The Chair may neither cause nor allow any organizational practice that is illegal, financially imprudent, unethical or inconsistent with the guiding principles of the RVBA.
2. The Chair may neither cause nor permit any practices which result in the unrestricted fund balance falling below (**Not applicable yet**).
3. The Chair may neither cause nor permit the RVBA to incur long-term debt without gaining Authority approval.
4. The Chair may neither cause nor permit practices which result in the failure to normally reimburse vendors within thirty days.
5. The Chair may neither cause nor allow annual operating plans to be created which are inconsistent with financial resources or which reflect a deficit.
6. The Chair may neither cause nor allow policies which provide advantages to current staff or members of the Authority at the expense of future staff or members of the Authority.

### **B. Grants**

Only the Chair, in his/her absence, the Vice Chair of the Authority, shall have the authority to enter into grant agreements on behalf of the Authority. Current year grant documents shall be kept in the fiscal agent office. These documents shall include, for each grant, the proposal, the award documentation with revisions, the contract, all necessary financial and programmatic work papers, reports and any relevant correspondence.

### **C. Leases**

Leases for real property may be entered into by the Chair with the permission of the members of the Authority. The Chair may enter into leases for equipment that are below twenty five thousand dollars. Any equipment lease commitment over twenty five thousand dollars must be approved by the members of the Authority.

**D. Consultants**

The Chair may hire consultants as may be necessary to accomplish the goals of the Authority. Such arrangements will be allowed if budgeted or if approved by the Authority.

**CHAPTER IV: ACCOUNTING STANDARDS**

**A. Policy of Separation of Duties**

It is the intention of the Authority to provide appropriate checks and balances toward the most acceptable way of handling assets of the Authority. Assets shall be handled as described in Chapter VI of this document.

The Treasurer of the Authority shall prepare the annual budget and budget revisions with input from the Authority members. The Authority shall adopt the budget, incorporating any requested changes, before the beginning of the next fiscal year.

The Treasurer of the Authority shall examine monthly, the balance sheet, the listing of all disbursements, the agency-wide financial report and the accounts payable report.

The Authority shall review monthly a summary of financial reports.

**B. Methods of Accounting**

The accrual method of accounting will be employed. The RVBA will follow generally accepted accounting principles.

**C. Fiscal Year**

The fiscal year of the RVBA shall be July 1 through June 30.

**D. Annual Audit**

The Authority shall engage an independent auditing firm to perform an annual audit. The audit shall be based on compliance with Government Auditing Standards, issued by the Comptroller General of the United States, Specifications for Audits of Authorities, Boards and Commissions, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, Government Accounting Standards Board Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments and Statement No. 37, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments Omnibus, Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The auditing contract may be awarded for one year with the option to extend the contract two additional years. The audit contract must be put out for bid at least once every three years using the approved RFP. Audit proposals must be reviewed by the Authority. The contracted auditing firm shall be kept informed of all financial issues that may have an effect on the upcoming audit. The auditor will annually attend a meeting of the Authority to present the completed audit report.

## **CHAPTER V: FISCAL AGENT**

### **A. Provision**

During the initial start-up of the Authority, a Fiscal Agent will be used until a business plan is formed. The Fiscal Agent will be the Roanoke Valley-Alleghany Regional Commission. This service will be provided temporarily on a cost-free basis.

### **B. Responsibilities**

The following are the requirements of the Fiscal Agent as outlined in the approved contract:

- Responsible for financial management of RVBA including examination and recording of transactions;
- Maintenance of computerized accounting system, including billing, receiving revenue, paying invoices, payroll and journal entries;
- Responsible for reviewing, classifying vouchers for all payment from the computerized accounting system, determining availability and legality of funds and the retention of required documentation to support disbursements;
- Responsible for preparation and filing of all required monthly, quarterly and annual financial reports for RVBA;
- Responsible for assuring compliance with local, state and federal laws and contract requirements;
- Provide assistance RVBA in budget development, revisions and monitoring of monthly expenditures;
- Make recommendations to the RVBA Chairman concerning insurance packages for approval by the RVBA;
- Preparation of annual audit schedules for approval by the independent auditing firm;
- Preparation of individual financial reports and provision of other financial information as requested by the Chairman and RVBA members; and
- Represent the RVBA at various meetings in a professional manner.



## **Chapter VI: Standard Operating Procedures**

### **A. Assets**

#### **1. Bank Accounts**

Only the officers of the Authority may approve the opening or changing of Authority bank accounts through a resolution. The RVBA shall maintain one checking account, currently at BB&T, #0000253838434. Signatures on the bank accounts will be those of the Chair and Vice Chair.

Checks require two signatures. Unopened bank statements from the bank are to be forwarded to the Chair for review. Monthly bank reconciliation statements will be reviewed by the Chair. Unsigned, signed and blank checks shall be kept locked in the fiscal agent office until distribution. Blank checks shall be used in numerical order.

#### **2. Investments**

Only members of the Authority may approve investments of the RVBA's excess cash. The RVBA shall invest excess cash on hand in secure accounts.

### **B. Procurement**

It is the policy of the RVBA to procure those items that are required to perform the mission following the Virginia Public Procurement Guidelines. Procurement will be made with complete impartiality based strictly on the merits of supplier and applicable related considerations such as delivery, quantity, etc. All purchases should be made in the best interest of the Authority. Quality supplies and services should be obtained that will be delivered in a timely manner.

The Chair shall have the authority to approve purchases that are within the framework of the annual budget. Prior approval from the Chairman is necessary before an employee may make purchases.

The Authority must approve expenditures outside of the annual budget.

### **C. Debt**

The officers of the Authority may enter into loan arrangements on behalf of the Authority. Any changes in debt financing must be approved by members of the Authority.

### **D. Credit Cards**

The Chair, with the approval of the Authority, may complete credit applications in the name of the Authority.

The Authority credit card may only be used for approved Authority-related services and supplies. The credit card will be kept in the fiscal agent office under lock and key. The user of card shall give a receipt to the Fiscal Agent when the credit card is used. Users will be responsible for the payment of unapproved expenditures.

The RVBA reserves the right to discontinue any credit card use privileges due to abuse. Abuse is considered to be any of the following:

- Purchases without receipts
- Purchases for non-approved services or supplies
- Not returning credit card to Finance office in a timely manner

**E. Cash Receipts**

The Fiscal Agent's office manager will receive all incoming cash receipts (cash, checks, and money orders) from governments, grants, foundations, organizations and individuals. The Fiscal Agent's office manager will stamp all checks "for deposit only" and record all checks in the "Incoming Checks to RVBA" logbook. The logbook entries must include the name of the source, date payment was received and amount of the cash receipt.

The Fiscal Agent will fill out a deposit slip and take the bank deposit to the bank. The Fiscal Agent will code and then enter cash receipts into the general ledger.

Tracking ACH wire transfers to the RVBA's checking account is the responsibility of the Fiscal Agent. These deposits are accessed through the Cash Manager Online of BB&T bank and shall be monitored on a regular basis.

**F. Cash Disbursements**

The RVBA shall pay all invoices in a timely manner. All invoices received will be reviewed and approved for payment by the Fiscal Agent. The approval signifies:

1. The items have been received or the service has been provided.
2. The expenditure is reasonable and necessary for proper and efficient operation.
3. If applicable, the expenditure is consistent with the policies, regulations and procedures that apply to any granting entity.

Once approved, the Fiscal Agent will code and then enter the invoices into the general ledger and print the checks. Checks shall be delivered to the Chairman who will review the documentation and sign the checks. A second signature will be secured. The checks shall be given to the Fiscal Agent for distribution and/or mailing. Invoices will then be stamped by the fiscal agent's office manager as being "PAID".

**G. Travel Reimbursements**

Travel requests must be submitted in advance to the fiscal agent and approved by the Chairman.

**H. Property & Equipment**

The Authority will maintain property and equipment in good operating order and maintain satisfactory records pertaining to the cost, use and disposal of property and equipment. Any purchase over one thousand five hundred dollars (\$1,500) shall be capitalized.

**I. Grant Invoices and Financial Reports**

The Fiscal Agent of the RVBA will complete necessary invoices and financial reports for all financial activity. Records of such will be kept in the financial files and grant files in the fiscal agent office.

**J. Record Retention**

The Authority and/or Fiscal Agent shall retain records according to the following schedule:

1. Articles of Incorporation, amendments and bylaws (Permanently)
2. Authority minutes (Permanently)
3. Annual reports (Permanently)
4. Materials of historic value (Permanently)
5. Property Records (Permanently)
6. Tax exemption documents and IRS rulings (Permanent)
7. Contracts and leases (7 years after expiration or termination)
8. General Ledgers (Permanently)
9. Original grant proposals, agreements, final grantee reports, all pertinent formal correspondence (7 years after completion of grant period)
10. Insurance certificates, insurance policies, including expired policies and claim files (Permanently)
11. Retirement records (Permanently)
12. Employee Handbooks (Permanently)
13. Audit reports (Permanently)
14. Financial work papers (5 years after completed audit)
15. Employee personnel records (Termination + 7 years)
16. Payroll tax records (7 years)

**CHAPTER VII: INSURANCES**

**A. Policy of Review**

The RVBA shall annually review all of the Authority's insurance policies.

**B. Insurance Policies**

The RVBA insurance policy is with VML Insurance Programs, PO Box 3239, Glen Allen, VA 23058 [www.vmlins.org](http://www.vmlins.org) 1-800-963-6800 and is renewed on an annual basis for the period July 1 – June 30. Records of policies shall be kept in the "Risk Management Programs Notebook" located in the fiscal agent office.

**C. Local Government Liability Coverage \$1,000,000 Per Occurrence**

**D. Land Use \$100,000**

**E. Defense of Certain Excluded Occurrences \$100,000**

**F. Medical Payment \$10,000 Any One Person**

**G. Damages to Premises Rented to the Authority \$100,000 Any One Fire**

**H. Non-owned and Hired Auto \$1,000,000 Limit Per Occurrence**