

Financial Policies

Central Vermont Public Safety Authority

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Adoption date: All policies adopted on May 5, 2016

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

Central Vermont Public Safety Authority

PURPOSE. The purpose of this Accounting, Auditing and Financial Reporting Policy is to establish and maintain high standards for accounting practices in the Central Vermont Public Safety Authority (CVPSA), thereby enabling voters, the Board of Directors, and the treasurer to make sound decisions in preparing and adopting the CVPSA budget and managing CVPSA finances.

ACCOUNTING. The accounting practices of the CVPSA will conform to Generally Accepted Accounting Principles for local governments as established by the Governmental Accounting Standards Board. The treasurer will establish and maintain a system of fund accounting and shall measure financial position and results of operations using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary and fiduciary funds.

AUDITING. Annually the Board of Directors will cause the CVPSA financial statements to be audited by a qualified, properly licensed independent accounting firm. This audit will be conducted in keeping with its charter.

MONTHLY AND ANNUAL FINANCIAL REPORTING. The Executive Director will cause to be prepared monthly financial reports for the Board of Directors' management purposes. These will consist of:

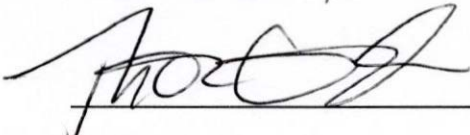
- **Budget Report** showing revenues collected and appropriations expended for the previous month with the variance from the budget amounts for each line item;
- **Statement of Revenue, Expenditures, and Changes in Fund Balance** showing revenues and expenditures and the difference between the two, the beginning fund balance for the period, the ending fund balance; and
- **Balance Sheet** showing CVPSA assets less liabilities and the fund balance.

The treasurer will also prepare an annual financial report. This report should include financial statements for each of the funds of the CVPSA, as well as appropriate additional disclosures as necessary for the complete understanding of the financial statements presented. In addition, the report should include a narrative discussion to explain how the CVPSA's current financial position and results of financial activities compare with those of the prior year and with budgeted amounts. This report, together with the most recent independent auditor's report and any report

prepared by the CVPSA's elected auditors under 24 V.S.A. § 1682, will be reproduced in the CVPSA's annual report each year.

Receipt of Federal and State Grants. The Executive Director will ensure that all provisions of the State of Vermont Standard Grant Agreement and any Federal award notices are complied with regarding the receipt of State or Federal grant funds.

The foregoing Policy is hereby adopted by the Board of Directors and the treasurer of the CVPSA, this 5 day of may 2016 and is effective as of this date until amended or repealed.



Chairperson



Treasurer

PURCHASING POLICY

Central Vermont Public Safety Authority

PURPOSE. The purpose of this Purchasing Policy is to obtain the highest quality goods and services for the Central Vermont Public Safety Authority (CVPSA) at the lowest possible price, to exercise financial control over the purchasing process, to clearly define authority for the purchasing function, to allow fair and equal opportunity among qualified suppliers, and to provide for increased public confidence in the procedures followed in public purchasing.

PURCHASE AUTHORIZATION. No purchases over \$250 shall be made by any CVPSA officer or employee without prior approval of the Board of Directors. When making any purchase not subject to the bid process described below, officers and employees must solicit quotes from at least two vendors unless the Board of Directors has approved a sole source vendor. Vendors will be selected based on cost, the quality of the goods and services offered, and the ability, capacity, and skill of the vendor demonstrated under prior contracts with the CVPSA.

BID PROCESS. All purchases of \$20,000 or more shall be subject to a bid process. The bid process shall be initiated by the issuance of a request for bids prepared by the Board of Directors. Notice of the request for bids shall be made by letters to known providers soliciting bid responses, advertisements posted in three public locations within the CVPSA, and advertisements placed in a newspaper of general circulation in the region.

BID SPECIFICATIONS. Bid specifications shall include:

1. Bid name.
2. Bid submission deadline.
3. Date, location, and time of bid opening.
4. Specifications for the project or services including quantity, design, and performance features.
5. Bond and/or insurance requirements.
6. Any special requirements unique to the purchase.
7. Delivery or completion date.

Once a request for bids has been issued, the bid specifications will be available for inspection at the CVPSA office or delivered electronically upon request.

BID SUBMISSION. All bids must be submitted in sealed envelopes, addressed to the CVPSA in care of the Board of Directors, and plainly marked with the name of the bid and the time of the bid opening. Bid proposals will be date stamped on the outside of the envelope immediately upon receipt. Any bid may be withdrawn in writing prior to the scheduled time for the opening of bids. Any bids received after the time and date specified shall not be considered and shall be returned to the bidder unopened. At the discretion of the Executive Director bids may be submitted electronically and the date of submission shall be noted.

Bidders shall bid to specifications and any exceptions must be noted. A bidder submitting a bid thereby certifies that the bid is made in good faith without fraud, collusion, or connection of any kind with any other bidder for the same work, and that the bidder is competing solely on his/her behalf without connection with or obligation to any undisclosed person or firm.

BID OPENING. Every bid received prior to the bid submission deadline will be publicly opened and read aloud by the Board of Directors. The bid opening will include the name and address of bidder; for lump sum contracts, the lump sum base bid and the bid for each alternate; for unit price contracts, the unit price for each item and the total, if stated; and the nature and the amount of security furnished with the bid if required.

CRITERIA FOR BID SELECTION. In evaluating bids, the Board of Directors will consider the following criteria:

1. Price.
2. Bidder's ability to perform within the specified time limits.
3. Bidder's experience and reputation, including past performance for the CVPSA.
4. Quality of the materials and services specified in the bid.
5. Bidder's ability to meet other terms and conditions, including insurance and bond requirements.
6. Bidder's financial responsibility.
7. Bidder's availability to provide future service, maintenance, and support.
8. Nature and size of bidder.
9. Any other factors that the Board of Directors determines are relevant and appropriate in connection with a given project or service.

The Board of Directors reserves the right at its sole discretion to reject any and all bids, wholly or in part, to waive any informalities or any irregularities therein, to accept any bid even though it may not be the lowest bid, to call for rebids, to negotiate with any bidder, and to make an award which in its sole and absolute judgment will best serve the interest of the CVPSA. The Board of Directors reserves the right to investigate the financial responsibility of any bidder to determine his or her ability to assure service throughout the term of the contract.

CHANGE ORDERS. If specification changes are made prior to the close of the bid process, the Request For Bids will be amended and notice shall be sent to any bidder who already submitted a bid and a new bid process will be initiated. Once a bid has been accepted, if changes to the specifications become necessary, the Board of Directors will prepare a change order specifying the scope of the change. Once approved, the contractor and an authorized agent of the CVPSA must sign the change order.

EXCEPTIONS

Sole Source Purchases. If the Board of Directors determines that there is only one possible source for a proposed purchase, it may waive the bid process and authorize the purchase from the sole source.

Recurring Purchases. If the total value of a recurring purchase of a good or service is anticipated to exceed \$20,000 during any fiscal year, the bid process shall be utilized and shall specify the recurring nature of the purchase. Once a bid has been accepted, all future purchases shall be made from that bidder without necessity of additional bids, until such time as the Board of Directors votes to initiate a new bid process.

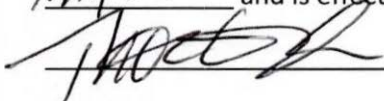
Emergency Purchases. The Board of Directors may award contracts and make purchases for the purpose of meeting the public emergency without complying with the bid process. Emergency expenditures may include immediate repair or maintenance of CVPSA property, vehicles, or equipment if the delay in such repair or maintenance would endanger persons or property or result in substantial impairment of the delivery of important CVPSA services.

Professional Services. The bid process shall not apply to the selection of providers for services that are characterized by a high degree of professional judgment and discretion including legal, financial, auditing, engineering, risk management, and insurance services.

State of Vermont Contracts. Equipment, products and services may be purchased without a formal bid

process if the purchase is through a State of Vermont contract. It is recognized that a formal bid process was used by the State of Vermont for the acquisition of the equipment, product or service.

The foregoing Policy is hereby adopted by the Board of Directors of the CVPSA, this 5 day of May 2016 and is effective as of this date until amended or repealed.



Chairperson

DEBIT AND CREDIT CARD POLICY

Central Vermont Public Safety Authority

PURPOSE. Debit and credit cards provide a convenient method of obtaining goods and services for the CVPSA. However, by their nature, credit cards provide an opportunity for unauthorized purchases and fraudulent activity. The purpose of this policy is to establish criteria for the proper use of debit and credit cards when conducting CVPSA business.

CARD HOLDERS AND LIMITS. The Board of Directors will determine which officers and employees of the CVPSA will be authorized to use a CVPSA debit and credit card and will establish appropriate limits for each purchase and the total credit limit for each card. Cards will be issued in the names of authorized officers and employees.

CREDIT CARD USE. Debit and credit cards issued under this policy may only be used by the named cardholder to conduct CVPSA business. Debit and credit cards may not be used for personal purchases, cash advances, or purchases that exceed the cardholder's authorized purchase limit. A cardholder who makes unauthorized purchases or advances will be liable for the amount of such purchases or advances, plus any administrative fees charged by the bank in connection with the misuse.

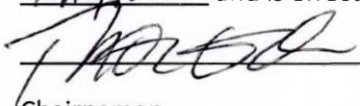
Employees may be subject to disciplinary action for misuse of a CVPSA debit and credit card, up to and including termination.

SECURITY. Authorized debit and credit card users are responsible for the card's protection and custody and shall immediately notify the Board of Directors and the credit card company or bank if the credit card is lost or stolen.

DOCUMENTATION. Each month, with submission of the credit card bill to the treasurer, authorized credit card users shall submit documentation detailing the goods or services purchased, the cost of the goods or services, the date of the purchase, and the official business for which it was purchased. For over-the-counter purchases, documentation will include the invoice and customer copy of the charge receipt. For internet purchases, documentation will include a copy of the receipt and order conformation page. For telephone purchases, documentation will include a faxed copy of the receipt from the vendor.

SEPARATION. Prior to separation from the CVPSA, the cardholder will surrender the debit and credit card to the Board of Directors.

The foregoing Policy is hereby adopted by the Board of Directors of the CVPSA, this 5 day of May 2016 and is effective as of this date until amended or repealed.



Chairperson

BALANCED BUDGET POLICY

Central Vermont Public Safety Authority

PURPOSE. The Board of Directors of the CVPSA believes that sound financial management requires that the annual CVPSA budget be developed and administered in such a way that annual revenue from property taxes and other sources equals annual expenses. Adoption and administration of balanced budgets will help maintain the stability of the CVPSA tax rate and reduce the need for borrowing.

BUDGET DEVELOPMENT AND APPROVAL. Each year, the Board of Directors will develop and present to the voters an operating budget that balances annual revenues and annual expenditures for all funds. The Board of Directors will avoid proposing annual budgets that overestimate revenues, defer maintenance or replacement of essential capital assets, roll over short-term debt, or inadequately fund CVPSA obligations. Upon voter approval of the CVPSA budget, and after the grand list has been lodged in the office of the CVPSA clerk, the Board of Directors will set the tax rate necessary to raise the specific amounts voted, in accordance with 17 V.S.A. § 2664.

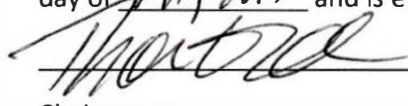
BUDGET ADMINISTRATION. The Board of Directors administers the CVPSA budget through its authority to sign orders for payment of CVPSA funds. 24 V.S.A. §§ 1576, 1621 and 1622. To approve orders, the Board of Directors must, by a majority of the total number of members of the board, vote to authorize the treasurer to disburse money. In order to carry out this responsibility effectively, the Board of Directors must have timely and accurate information about the status of the CVPSA's finances. To this end, the Board of Directors, Executive Director, and treasurer have adopted a financial reporting policy under which the treasurer prepares monthly financial reports for the Board of Directors budget management purposes.

The Board of Directors recognizes that unanticipated expenditures and revenue shortfalls caused by circumstances not foreseen at the time a budget is approved by the voters may require transfer of money between line items or even deficit spending. The Board of Directors will endeavor to administer the CVPSA budget to provide services in a manner consistent with the voters' expectations in light of actual circumstances that arise during the fiscal year, and will manage the budget to avoid, to the extent reasonably possible, deficit spending or the need to borrow money to pay current operating expenses.

LINE ITEM TRANSFERS. During the fiscal year, all transfers between budget line items will

require a majority vote of the Board of Directors. The vote will state the line items that are subject to transfer, the reason for the transfer, and the reason funds are available for transfer. Transfers will be made consistent with any applicable statute or legal obligations that may encumber or restrict the use of certain funds, including 19 V.S.A. § 312. At the close of the fiscal year, the treasurer will present a budget closing plan to the Board of Directors, making recommendations for transfers between line items, and recommending the application of any budget surplus. Approval of the budget closing plan will require a majority vote of the Board of Directors. Any annual budget deficit will be addressed in accordance with 24 V.S.A. § 1523(a).

The foregoing Policy is hereby adopted by the Board of Directors and treasurer of the CVPSA, this 5 day of May 2016 and is effective as of this date until amended or repealed.



Chairperson

FRAUD PREVENTION POLICY

Central Vermont Public Safety Authority

PURPOSE. The purpose of this policy is to provide a mechanism for employees and officers to bring to the attention of the auditors *[the public accountant employed by the Board of Directors]* any complaints regarding the integrity of the CVPSA's internal financial controls or the accuracy or completeness of financial or other information used in or related to the CVPSA's financial statements and reports. CVPSA employees and officers shall not be discharged, demoted, suspended, threatened, harassed, or discriminated against in any manner for raising reasonable questions concerning the fair presentation of CVPSA financial statements in accordance with this policy.

REPORTS OF IRREGULARITY. Any employee who has a complaint regarding the integrity of the CVPSA's internal financial controls or the accuracy or completeness of financial or other information used in or related to the CVPSA's financial statements and reports, or who observes any questionable accounting practices, should report such complaint to the CVPSA auditors *[the public accountant employed by the Board of Directors]*.

The report should include a description of the matter or irregularity, the period of time during which the employee observed the matter or irregularity, and any steps that the employee has taken to investigate the matter or irregularity, including reporting it to a supervisor and the supervisor's reaction. The report may include, at the employee's option, the employee's contact information if additional information is needed. However, a report shall not be deemed deficient because the employee did not include contact information.

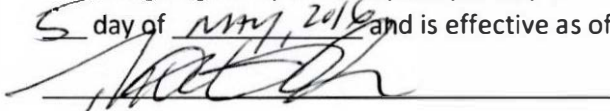
Examples of reportable actions include any indication of fraud, misappropriation of CVPSA resources, substantial variation in the CVPSA's financial reporting methodology from prior practice or from generally accepted accounting principles, and the falsification, concealment, or inappropriate destruction of CVPSA financial records.

INVESTIGATION. Upon receiving such a report, the CVPSA auditors *[the public accountant employed by the Board of Directors]* shall investigate the issues identified in the report. The CVPSA auditors *[the public accountant employed by the Board of Directors]* may consult with the Board of Directors, CVPSA Executive Director, treasurer, any other CVPSA employee, legal counsel and

independent auditors as a part of their investigation. At the conclusion of the investigation, the CVPSA auditors *[the public accountant employed by the Board of Directors]* shall prepare a written response to the report, which shall be a public document.

In accordance with 24 V.S.A. § 1686(c), any CVPSA officer who willfully refuses or neglects to submit his or her books, accounts, vouchers, or tax bills to the auditors upon request, or to furnish all necessary information in relation thereto, shall be ineligible for reelection for the year ensuing and be subject to the penalties otherwise prescribed by law.

The foregoing Policy is hereby adopted by the Board of Directors and the treasurer of the CVPSA, this 5 day of May, 2016 and is effective as of this date until amended or repealed.



Chairperson

PURCHASE AND PAYMENT POLICY

Central Vermont Public Safety Authority

PURPOSE. The purpose of this policy is to provide a mechanism for the purchase of needed equipment, products and services that is consistent with preventing fraud, theft and is in keeping with Generally Accepted Accounting Principles for local governments.

EXPENDITURES PROCEDURES. All expenditures shall be approved by the Executive Director or the Board Chair. Purchases made by the Executive Director shall be made within the approval limits set by the Board of Directors. All other expenditures and payments must have the authorization of the Board of Directors Chair. All expenditures shall be coded by account number using the Central Vermont Public Safety Authority's (CVPSA) Chart of Accounts.

The Board of Directors for the CVPSA shall appoint a Treasurer, who shall not be a Board member.

The Treasurer, with the approval of the Board appoint an Assistant Treasurer, who shall not be a member of the Board. The Treasurer shall have the custody of the funds of the CVPSA.

The Treasurer and accountant [*the public accountant employed by the Board of Directors*] maintains standard accounting records containing all aspects of the Authority's financial operations. They include but are not limited to: A general ledger, a check register, and a payroll register. Invoices shall be approved by either the Executive Director or Board Chair.

When authorized by the Board of Directors, the Treasurer shall sign, make, or endorse in the name of the Authority all checks and orders for the payment of monies and pay out and disperse the same.

Upon payment of a bill, a copy of the check or duplicate of stub shall be stapled onto the bill and payment date and check number shall be printed on the invoice. The paid invoices shall be filed alphabetically according to company/individual name and shall be kept on a fiscal year basis on file.

The foregoing Policy is hereby adopted by the Board of Directors and the treasurer of the CVPSA, this 5th day of May 2016 and is effective as of this date until amended or repealed.



Chairperson

