

CALAVERAS PUBLIC UTILITY DISTRICT POLICIES

Policy Name:	2160 – INTERNAL CONTROLS		
Approval Authority:	CPUD BOARD OF DIRECTORS	Adopted:	10/13/2020
Resolution No.	Resolution 2020-14	Revised:	

The Calaveras Public Utility District is a district created pursuant to the California Public Utility District Act, Public Utilities Code Section 15501, *et seq.* The Board of Directors may establish from time to time policies for the conduct of the District's business. The Board of Directors has previously reviewed and approved several policies which reference an established a program of "internal controls". The Board of Directors is cognizant of its duty to ensure that proper controls are established and implemented to ensure the financial integrity of District operations. The Board of Directors desires to formalize a policy to define the internal financial controls that have been developed through various practices and procedures to date.

The following is the policy of the Board of Directors of the District regarding internal controls, until such policy is amended or rescinded by subsequent Board action.

2160.1 The District shall establish procedures for the adequate separation of duties, including at least the following:

- a. A receipt log of all cash/checks received will be prepared daily by the Customer Service Representative and/or Administrative Account Assistant.
- b. The Customer Service Representative and/or Administrative Account Assistant oversees each deposit and ensures it is made using a check scanning machine and software provided by agreement with the District's bank.
- c. The Administrative Account Assistant confirms that the daily deposits agree with the bank statement which he/she maintains.
- d. The bank reconciliation will be prepared promptly after month-end by the Administrative Account Assistant with no authority to prepare or sign checks or authorize other debits against the account.
- e. All invoices presented for payment must be approved by the General Manager or Board of Directors.
- f. Every check above \$50,000 must be signed by two authorized signers.
- g. All paid invoices shall be so marked and filed for reference.
- h. The same employee cannot be responsible for authorizing transactions, collecting or paying bills, and maintaining accounting records.

2160.2 There will be an annual financial audit and any finding(s) shall be reported to the Board of Directors with simultaneous notice to the General Manager.

2160.3 The General Manager shall promptly report Property/Liability and Workers' Compensation Program claims paid by the District to the Board of Directors.

2160.4 With regard to the District's cash reserve account in the Local Agency Investment Fund (LAIF), the District will maintain a balance for all programs, not to exceed the amount as currently authorized by LAIF guidelines, and transfers out of LAIF may only be made to the District's General Account and must have the approval of the General Manager.

The requests for such transfers out of LAIF shall be signed by the General Manager and be supported by detailed information which shall be maintained in the District's records. The General Manager shall promptly notify the Board President of the transfer.

2160.5 Other excess funds shall be deposited in or transferred to such long-term investment accounts as the Board of Directors may from time to time designate by resolution.

2160.6 Funds in the investment account(s) shall only be withdrawn upon approval of the General Manager or Board President. Such withdrawals must then be remitted only to the General Account. The requests for such transfers shall be signed by the General Manager and be supported by detailed information which shall be provided to the Board of Directors with the Quarterly Investment Report. Such information shall be maintained in the District's records.

2160.7 To maximize interest earnings and manage the District's cash flow needs, the General Manager will strive to maintain a reasonable balance in the checking account to off-set monthly bank charges, but at the same time recognizing that surplus funds should be transferred as appropriate to LAIF.

2160.8 Templates for Fed-wire or Automated-Clearing House (ACH) Transfers out of the District's bank accounts may only be established by the General Manager or Board President.

2160.9 The signing of any checks written on the accounts of the District will be in accordance with the District's procurement policy. All ACH transfers that exceed \$50,000 (other than to/from LAIF) shall be considered similar to a "large check" and be disclosed monthly to the Board of Directors.

2160.10 Any payment of funds for claims and/or allocated loss adjustment expenses will be made in accordance with District Policy 1025 Claims Against the District.

2160.11 The Board of Directors confirms that the Board will review these internal control policies upon completion of each year's audit with input from its external auditor.