

Policies and Procedures for Managing Your Local Government

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New York State Comptroller
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Policies **guide** decision-making.

Procedures **drive** actions.



Key Differences

- **Policies**

- Formulated by the board or by top management.
- Flexible
- Provide requirements in broad terms.

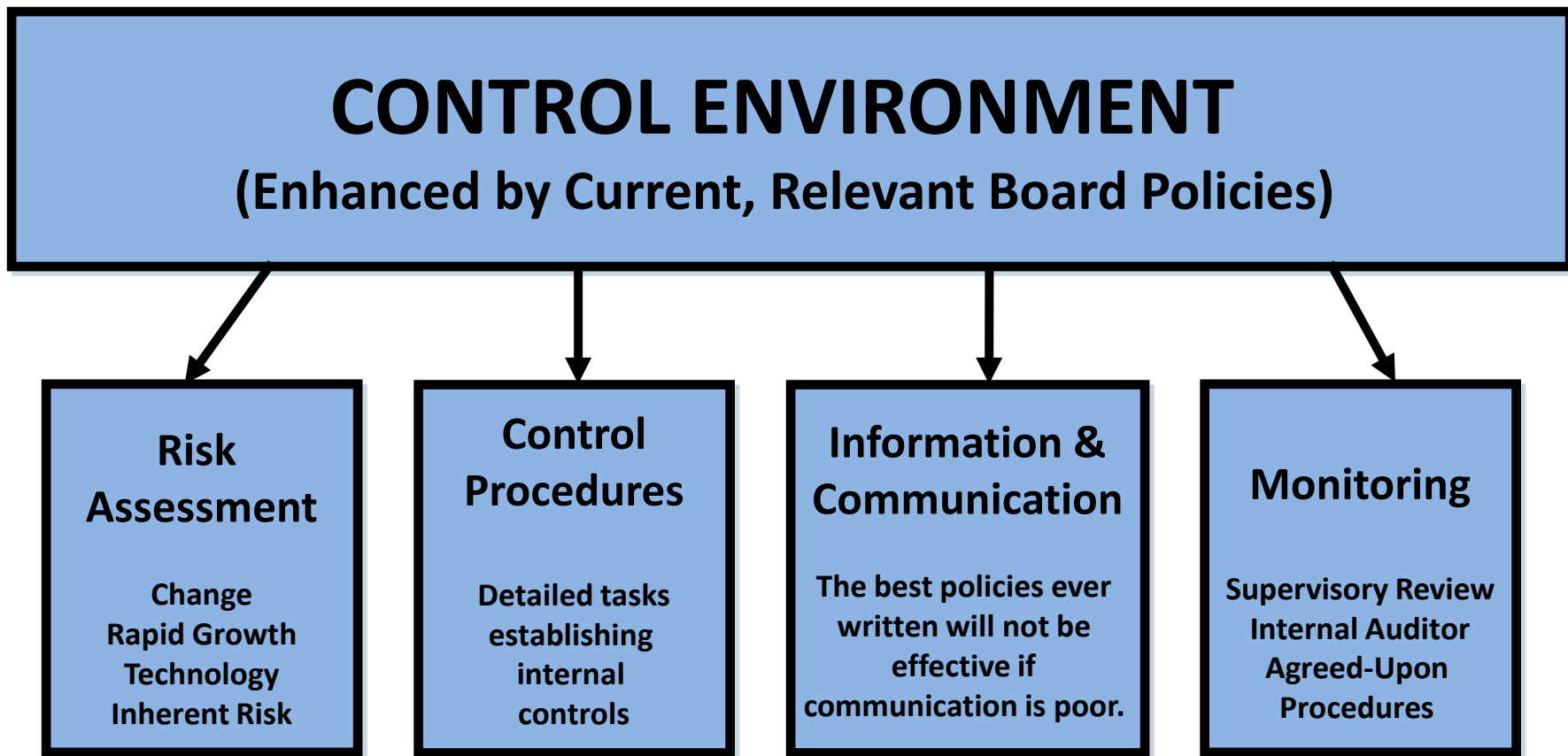
- **Procedures**

- Executed by lower level management and staff.
- Step-by-step
- Provide detailed sequences.



Making the Connection: Policies and Internal Controls

Internal Control Framework



Required Board Policies

- Code of Ethics – General Municipal Law §806
- Deposits and Investments – General Municipal Law §39
- Procurement – General Municipal Law §104(b)
- Workplace Violence Prevention – Labor Law, Article 2 §27-b
- Sexual Harassment Prevention – Executive Law, Article 15
- Breach Notification – State Technology Law §208
- State Emergencies Involving Public Health – Labor Law §27-c

Board Review/Update Annually/Communicate



Code of Ethics

- **Requirements**

- Standards of conduct reasonably expected
- Disclosure of interest in legislation before the local government
- Investments in conflict with public duties
- Private employment or business interests in conflict with official duties

- **Other Considerations**

- Annual statements of financial disclosure
- Acceptance of gifts from vendors
- Avoiding the appearance of impropriety

- **Distribute to employees and post**



Investment Policy

- **Minimum Legal Requirements**
 - Delegation of investment authority
 - Designation of depository and custodial bank/trust company
 - Permitted types of authorized investments
 - Provisions to secure financial interests – types of acceptable collateral/ eligible securities
 - Standards for diversification; security and custodial agreements; qualifications of firms
- **Procedures**
 - Monitoring, controlling and depositing investments
 - Securing local government financial interests
- The law requires OSC to formulate a “model investment policy” for local governments.



Investment Policy

- **Procedures**

- Cash flow projections to enable appropriate decisions about types and maturities of investments.
- A record describing the amount, date, interest rate and maturity of investments and general ledger accounts.
- Competitive quotations or negotiated prices.
- Comparison of FDIC coverage and pledged collateral to gross deposits and investments.
- Current security and custodial agreements, reviewed by counsel.



Procurement Policy

- **Requirements**

- Goods and services not required to be bid:
 - Purchase contracts less than \$20K
 - Public work contracts less than \$35K
- Professional services not required to be bid.

- **Goals**

- Prudent/economical use of public money
- Maximum quality/lowest cost
- Guards against fraud/favoritism



Procurement Policy

- **Procedures**

- Appropriate for size and complexity/cost-benefit

- Written quotations

- Verbal (phone) quotations

- At what amounts and for what types?

- How to document?

- Requests for proposals (RFPs) – professional services

- Other Considerations

- How will you monitor effectiveness?

- Design and Effectiveness can be tested in OSC audits



Workplace Violence Prevention Policy

- Purpose and employer commitment to staff health and safety.
- Address prohibited conduct
- WVP Program goals and objectives
 - Process the employer will use to ensure employee and union participation in the program.
- How and to whom to report an incident
- Enforcement

Employer must post a Workplace Violence Prevention Policy Statement conspicuously.



Sexual Harassment Policy

- **Requirements**
 - Define and prohibit sexual harassment in the workplace
 - Make clear that sexual harassment is a form of employee misconduct
 - Inform employees of rights of redress and availability of complaint resolution channels
 - Affirm that sanctions exist and will be enforced
- **Procedures**
 - Reporting and investigation of complaints
 - Post-investigation and appeal
 - Duties for managers and supervisors
 - Sanctions and implementation



Breach Notification Policy

- Must require that notification be given to certain individuals when there is a breach of the security of the system as it relates to private information. State entities are required to report breach to:
 - **the NYS Attorney General**
 - **the NYS Office of Information Technology Services' Enterprise Information Security Office**
 - **the Department of State's Division of Consumer Protection**
- Ensures officials and employees understand and are prepared to fulfill their legal obligation to notify affected individuals.
- <https://its.ny.gov/breach-notification>



NEW YORK STATE SECURITY BREACH REPORTING FORM

Pursuant to the Information Security Breach and Notification Act (State Technology Law §208)

Name and address of Entity that owns or licenses the computerized data that was subject to the breach:

Street Address: _____
City: _____ State: _____ Zip Code: _____

Submitted by: _____ Title: _____ Dated: _____
Firm Name (if other than entity): _____
Telephone: _____ Email: _____
Relationship to Entity whose information was compromised: _____

Type of Organization (please select one): Governmental Entity in New York State; Other Governmental Entity;
 Educational; Health Care; Financial Services; Other Commercial; Not-for-profit

Number of Persons Affected:
Total (Including NYS residents): _____ NYS Residents: _____
If the number of NYS residents exceeds 5,000, have the consumer reporting agencies been notified? Yes; No.

Dates: Breach Occurred: _____ Breach Discovered: _____ Consumer Notification: _____

Description of Breach (please select all that apply):
 Loss or theft of device or media (e.g., computer, laptop, external hard drive, thumb drive, CD, tape);
 Internal system breach; Insider wrongdoing; External system breach (e.g., hacking); Inadvertent disclosure;
 Other (specify): _____

Information Acquired: Name or other personal identifier in combination with (please select all that apply):
 Social Security Number
 Driver's license number or non-driver identification card number
 Financial account number or credit or debit card number, in combination with the security code, access code, password, or PIN for the account

Manner of Notification to Affected Persons - ATTACH A COPY OF THE TEMPLATE OF THE NOTICE TO AFFECTED NYS RESIDENTS:
 Written; Electronic; Telephone; Substitute notice.
List dates of any previous (within 12 months) breach notifications: _____

Identify Theft Protection Service Offered: Yes; No.
Duration: _____ Provider: _____
Brief Description of Service: _____

PLEASE COMPLETE AND SUBMIT THIS FORM TO EACH OF THE THREE STATE AGENCIES LISTED BELOW:

Fax or Email this form to:

New York State Attorney General's Office
SECURITY BREACH NOTIFICATION
Consumer Frauds & Protection Bureau
120 Broadway, 3rd Floor
New York, NY 10271
Fax: 212-416-6003
Email: breach.security@ag.ny.gov

New York State Office of Information Technology Services
Enterprise Information Security Office
SECURITY BREACH NOTIFICATION
1220 Washington Avenue
State Office Campus
Building 5, 1st Floor
Albany, NY 12226
Email: ciso@its.ny.gov

New York State Department of State Division of Consumer Protection
Attention: Director of the Division of Consumer Protection
SECURITY BREACH NOTIFICATION
99 Washington Avenue, Suite 650
Albany, NY 12231
Fax: 518-473-9055
Email: security_breach_notification@dos.ny.gov

Preparation of Public Employers for State Disaster Emergencies Involving Public Health

- Prepare a plan for the continuation of operations in the event that the governor declares a state disaster emergency involving a communicable disease.
- The operations plan required by this section shall include, but not be limited to:
 - A list and description of the types of positions considered essential.
 - Protocols for non-essential employees.
 - Staggering of work shifts for essential employees.
 - Protocols for procuring personal protective equipment.
 - Protocols in the event an employee is exposed to the disease.
 - Protocols for documenting work hours, locations and potential housing.
- Employees have an opportunity to review and make recommendations.
- Final plan is to be posted conspicuously and in employee handbook.



Assess Your Risks – Adopt Policies – Establish Control Procedures

Typical Risk Areas:

- Cash
- Cell Phones
- Confidential / Sensitive Information (Paper and Digital)
- Credit Cards
- Equipment Use
- Financial Reporting
- Fund Balance
- Fuel Controls
- Internet Usage
- Network Security
- Travel and Conference Expenses
- Wire Transfer/Online Banking



Recommended Policies

- Cash Receipts
- Vehicle Use
- Computer and Internet Use
- Travel and Conference Attendance
- Credit Card Use
- Capital (Fixed) Assets

Board Review / Update Annually / Communicate



Cash Receipts

- **Policy**

- Assignment of responsibility
- Location of collections
- Issuance of duplicate receipts
- Safeguards for undeposited monies
- Deposit timely and intact
- Reconciliation responsibilities
- Record keeping requirements and responsibility



Cash Receipts

- **Procedures**

- Standardized forms
- Maintain list of bonded individuals
- Segregation of duties
- Deposit procedures
- Reconciliation procedures
- Record keeping procedures
- Audit procedures
 - What happens if a discrepancy is identified?



Vehicle Use

- **Policy**

- Appropriate use (e.g., for official business); municipal and personal vehicle use
- Sanctions exist and will be enforced

- **Procedures**

- Assignment of vehicles
- Maintenance and care
- Reporting accidents and responsibility for tickets
- Applying for reimbursable expenses



Computer and Internet Use

- **Recommended Policies**
 - Internet, Email, and Personal Computer Use
 - Use of and Access to Personal, Private, and Sensitive Information
 - Password Security
 - Wireless Security Policy
 - Mobile Computing and Storage Device Policy
 - Online Banking



Travel and Conference Expenses

- **Policy**

- Pre-approval authorization process
- Reimbursable vs. non-reimbursable expenses
- Guidelines for day vs. overnight trips
- Maximum reimbursement rates
- Required documentation to claim reimbursement

- **Procedures**

- Standardized forms
- Supervisory or board approval
- Auditing procedures, including steps for disallowances



Credit Cards

- **Policy**

- Require Board authorization before credit cards are obtained
 - Centralize responsibility for opening accounts
 - Designate credit limits
- Provide guidelines on appropriate use
 - For legitimate business purposes
 - Must not circumvent purchasing policies
 - Guidelines for allowable purchases by phone, fax and internet
- Require original documentation to support charges
- Designate responsibility for monitoring credit card usage
- Provide for recovery of inappropriate charges
- Outline notification process for lost or stolen cards; employee terminations
- Custody of credit cards



Credit Cards

- **Procedures**

- Maintain list of approved users, account numbers, expiration dates.
- Issue cards in the name of specific individuals to establish accountability.
- Impose card restrictions – no cash back, transaction limits.
- Monitor usage and report results to CEO or Board.
- Claims auditing official or body knowledgeable in policy requirements.



Capital Assets

- **Policy**

- Identify major types of equipment and person responsible for physically safeguarding them.
- Establish a dollar threshold below which equipment will not be inventoried.
- Describe the types of inventory records that should be maintained and person responsible.
- Require physical control over assets and maintenance of records be divided among different departments when possible.
- Require conducting inventories to compare records to actual assets.

- **Goal**

- Safeguard equipment from misuse or theft.



Capital Assets

- **Procedures**

- Mark or label all equipment.
- Safeguard highly portable equipment in limited access areas.
- Equipment inventory records should contain descriptions, quantities, locations, dates of purchase and original cost.
- Assign a non-custodial individual to prep and maintain inventory records.
- Authorize and document retirement and/or disposal of equipment prior to the actual disposal .
- Design procedures specifically to control consumables commodities such as gasoline, diesel fuel, copier paper and cafeteria foods.
- Provide for an annual physical inventory.



A well-written, comprehensive policy and procedure manual can be an effective management tool.

- Clarifies management objectives and directives.
- Reduces uncertainties.
- Enhances continuity of policies and procedures.
- Increases effectiveness of internal controls.
- Assists in the external audit process.
- Reduces opportunities for fraud and misconduct.



Recap

- Identify significant risks.
- Recommend policy development to CEO.
- Help develop that policy.
- Seek board input and approval.
- Develop detailed procedures to implement adopted policies.
- Communicate to employees.
- Monitor compliance and effectiveness.
- Revisit policies and procedures for improvements.



Resources

- Ethics – multiple resources
- Seeking Competition in Procurement
- Investing and Protecting Public Funds
- Travel and Conference Expense Management
- Information Technology Security
- Cash Management Technology
- Capital Assets
- Credit Card Accountability
- Managing Your Travel and Conference Expenses

<https://www.osc.state.ny.us/local-government/publications>



Thank You

Division of Local Government and School Accountability

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