

DRAFT

SOIL AND WATER CONSERVATION DISTRICTS

Desktop Procedures for District Fiscal Operations

Adopted by the Virginia Soil and Water Conservation Board

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TABLE OF CONTENTS

I. INTRODUCTION

II. BOARD REQUIREMENTS AND RESPONSIBILITIES

DIRECTORS

FREEDOM OF INFORMATION ACT (FOIA)

CONFLICT OF INTEREST ACT (COIA)

RECORDS RETENTION

BOARD OF DIRECTORS MEETINGS

COMMITTEES

FINANCE COMMITTEE

III. ACCOUNTABILITY

BONDING

BUDGET DEVELOPMENT

TREASURER'S REPORTS

DISTRICT POLICIES

DEBTS AND LEASES

EXTERNAL FISCAL AUDITS

RECORDS MANAGEMENT

IV. CASH CONTROL

BANK ACCOUNTS AND SIGNATORIES

INSURED BANK ACCOUNTS

CHECK SIGNING POLICY

OUTSTANDING CHECKS

VOIDED CHECKS

BANK RECONCILIATIONS

SEGREGATION OF DUTIES

V. CASH MANAGEMENT

ACCOUNTING METHOD (CASH BASIS)

RESERVE FUND BALANCES

PETTY CASH

GIFT CARDS

TRANSFERS

VI. RECEIPTS PROCESSING

DIRECT DEPOSIT (EDI)

SALES

COLLECTION OF STATE RETAIL SALES AND USE TAX

Soil and Water Conservation Districts
Desktop Procedures for District Fiscal Operations

VII. EXPENDITURE PROCESSING (NON-PAYROLL)

ONLINE BILL PAY
VACS PAYMENTS
TWO PARTY CHECKS IRS 1099 FORMS
SALES TAX EXEMPTIONS FOR DISTRICT PURCHASES

VIII. CREDIT CARDS

DEBITS CARDS
DISTRICT CREDIT CARDS

IX. EMPLOYEE/DIRECTOR EXPENSE REIMBURSEMENT

USE OF PERSONAL CREDIT CARDS
NON-TRAVEL
TRAVEL

X. PROCUREMENT

SURPLUS PROPERTY
FIXED ASSESS INVENTORY

XI. REPORTING

REPORTING EXPENDITURES OF SWCD DISCRETIONARY FUNDS
SWCD COMPLETION OF DCR REPORTING FORM "ATTACHMENT E"
COMPLETION OF THE DCR BUDGET TEMPLATE EXCERSIZE "ATTACHMENT D"

XII. FEDERAL FUNDS REQUIREMENT

ACTIVITIES ALLOWED OR NOT ALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
CASH MANAGEMENT
EQUIPMENT AND REAL PROPERTY MANAGEMENT
MATCHING
PERIOD OF AVAILABILITY OF FUNDS
PROCUREMENT
PROGRAM INCOME
REPORTING

XIII. PERSONNEL MANAGEMENT

PERSONNEL POLICY
HIRING A NEW EMPLOYEE
ORIENTATION
FAIR LABOR STANDARDS ACT (FLSA)

Soil and Water Conservation Districts
Desktop Procedures for District Fiscal Operations

[TIMESHEETS](#)
[TELEWORK](#)
[PAYROLL AND TAXES](#)
[PERSONNEL EVALUATIONS](#)
[SALARY ADJUSTMENTS](#)
[PERSONNEL FILES](#)
[EMPLOYEE VS. INDEPENDENT CONTRACTOR](#)

XIV. APPENDIX A (SAMPLE POLICIES)

SAMPLE 1 - PURCHASING POLICY
SAMPLE 2 - PURCHASING POLICY
SAMPLE - VEHICLE USE POLICY
SAMPLE - VEHICLE MILEAGE LOG
SAMPLE 1 - CREDIT CARD POLICY
SAMPLE 2- CREDIT CARD POLICY
SAMPLE 1 - CHECK SIGNING POLICY
SAMPLE 2 - CHECK SIGNING POLICY
SAMPLE - PAY ACTION AUTHORIZATION FORM
[SAMPLE – TELEWORK POLICY](#)
[SAMPLE – TELEWORK AGREEMENT](#)
[SAMPLE – TELEWORK LOG](#)
SAMPLE - GIFT CARD LOG
SAMPLE - FLSA CHECKLIST

Section I – Introduction

The Virginia Soil and Water Conservation Board's (VSWCB) Desktop Procedures for District Fiscal Operations (Procedures) are provided to assist Soil and Water Conservation District (SWCD or district) directors and staff in the execution of their fiscal operations. The Procedures are provided for the SWCD Board of Directors (BOD) and staff so they may obtain a full and rapid understanding of their fiscal duties and fiduciary responsibilities. The Procedures shall be reviewed annually by the BOD or its Finance Committee and documented in the official minutes.

Development of and Revisions to the Desktop Procedures for District Fiscal Operations

The Virginia Department of Conservation and Recreation (DCR), Division of Soil and Water Conservation, contracted with professional staff of private accounting organizations to develop and later, refine the contents of these Procedures. It is the intention of DCR to continue to revise the Procedures as needed and share these revisions with each district. Any questions regarding the information in the Procedures should be directed to the DCR Conservation District Coordinators (CDC).

Version History

Version	Effective Date
Original	August 1998
Revision 1	December 2001
Revision 2	December 2003
Revision 3	July 2006
Revision 4	October 2014
Revision 5	July 2016
Revision 6	July 2017
Revision 7	July 2019
Revision 8	July 2020
<u>Revision 9</u>	<u>July 2022</u>

Section II - Board Requirements and Responsibilities

Directors

Each district is required to have a Board of Directors (BOD), which is comprised of local citizens elected or appointed to a four-year term of office. The directors are not public employees and do not receive a salary for their district work. However, directors may receive reimbursement for expenses associated with performance of their district functions. The district BOD may appoint associate directors who do not have voting capabilities, but augment the directors' knowledge and experience. Associate directors may serve on district committees when requested, are encouraged to attend 75 percent of the monthly BOD meetings, and may receive reimbursement for district related expenses.

Responsibilities of BOD members include, but are not limited to, the following:

- Identify local conservation needs;
- Ensure the proper management of the district's financial and personnel resources;
- Represent local citizens in conservation issues;
- Educate others about conservation issues and programs;
- Work effectively with local, state and federal agencies to resolve conservation problems;
- Attend regularly scheduled BOD meetings and meetings of allied organizations; and,
- Serve on standing and ad-hoc district committees.

DCR has produced a Soil and Water Conservation District Director's Handbook. All new directors should obtain this handbook and read it thoroughly. It provides guidance that should be helpful in performing the responsibilities of directors including the following:

- Roles and Responsibilities of Directors;
- Administration of the Districts;
- District Issues; and,
- Conservation Programs.

In order to be adequately prepared to serve the district, all new directors are expected to attend a regional orientation training session provided by DCR within six months of qualifying for office as a BOD member.

As an elected or appointed official, directors are required to take an oath of office and make a personal commitment to fulfill the responsibilities of the position. Further, as public officials, directors must uphold laws of the Commonwealth. Among the many state laws and regulations that are directly applicable to districts and their boards of directors, the Virginia Freedom of Information Act (FOIA) has particular significance to the ways districts as "Public Bodies" must conduct business.

Freedom of Information Act (FOIA)

Newly elected, re-elected, appointed and reappointed directors should receive a copy of the current FOIA law within two weeks following their election, re-election, appointment or reappointment. Pursuant to § 2.2-3704.3 of the *Code of Virginia* each district elected director is required to complete the biennial FOIA training for Locally Elected Officials. An online training is provided by the Virginia Freedom of Information Advisory Council (<http://foiacouncil.dls.virginia.gov/foiacouncil.htm>) and requires an individual email address. In person, group training is also available by request from the Virginia Freedom of Information Advisory Council or your local government attorney. This training must be completed within two months of assuming office and every other year thereafter. It is recommended that all appointed directors and associate directors take the training as well.

Furthermore, each district is required to designate a FOIA Officer, who may be staff or director, and have that person complete required biennial training for FOIA Officers. Once designated, the FOIA Officer information must be reported to the Virginia FOIA Council; instructions for reporting this information can be found on the FOIA Council webpage (<http://foiacouncil.dls.virginia.gov/foiacouncil.htm>). When questions arise, counsel may be sought from the Attorney General's Office or from the Virginia FOIA Council. The FOIA Council can be reached via telephone at (866) 448-4100 or via email at foiacouncil@dls.virginia.gov

Conflict of Interest Act (COIA)

The State and Local Government Conflict of Interests Act ("COIA"), § 2.2-3100 et seq. of the *Code of Virginia*, prohibits a range of behavior relating to impermissible conflicts. COIA, along with federal corruption statutes, applies to public officials and employees of the districts. Newly elected, re-elected, appointed, and reappointed directors, as well as recently hired staff, should receive a copy of the current COIA law within two weeks following their election, re-election, appointment, reappointment, or hire. Familiarity with provisions of this law is expected of every district director and employee. Each district elected and appointed director must complete the required biennial COIA training provided online or in person by the Virginia Conflict of Interest and Ethics Advisory Council. The online training is available at <http://ethics.dls.virginia.gov/index.asp> (Directors should select "Local elected officials or EDAs/IDAs" when registering).

The COIA law provides for both civil and criminal penalties for violations. District officers or staff who question whether certain conduct would violate COIA, should ask legal counsel at the Office of the Attorney General or the Virginia Conflict of Interest and Ethics Advisory Council for an opinion and may rely on such advice as a shield to prosecution pursuant to § 2.2-3121 of the *Code of Virginia*.

District directors are not permitted to decide or vote on matters where they have a personal or professional stake. Directors with potential conflicts of interest must disclose to the BOD or other committee members the material facts as to their personal interest in the transaction and/or

in any corporation, partnership, association or other organization that may receive financial benefit as a result of the decision of the BOD or committee.

After disclosure of the possible conflict of interest, the Director or staff person (interested individual) shall leave the room prior to the discussion of the issue. The interested individual shall not participate in any discussion or decision/ recommendation making associated with the subject issue. Such action shall be noted in the minutes of the BOD or committee. The interested individual may return to the room and resume participation in the proceedings once all discussions have concluded and decisions and recommendations have been rendered pertaining to the issue. Specific questions pertaining to conflicts of interest should be directed to the district's assigned Assistant Attorney General. District Directors should take care to maintain their professional independence in both fact AND appearance.

Records Retention

Records generated and/or received, regardless of format (electronic or hard copy), within the course of a district's operations must be maintained in accordance with the Library of Virginia Records Retention Schedules available at http://www.lva.virginia.gov/agencies/records/sched_local/index.htm. All district BODs are required by the *Code of Virginia* §42.1-85 to designate a "Records Retention Officer," who may be staff or director. This officer is responsible for ensuring that all supporting documentation is being maintained according to the record retention policy and schedule and serves as the liaison to the Library of Virginia. Once designated, information for the records officer must be sent to the Library of Virginia via the RM-25 form. This form and accompanying instruction can be found at <http://www.lva.virginia.gov/agencies/records/forms.asp>.

Board of Directors Meetings

The BOD should meet on a monthly basis and minutes of each meeting must be prepared and maintained by the district in accordance with FOIA. Minutes should capture the essence of the meeting and the decisions reached - not the content of every conversation. The minutes must document attendance, any motion that is made and by whom, whether it is seconded and by whom, the motion, discussion of the motion, and the final vote or disposition. The minutes must be signed by either the Secretary and/or Chair and approved by the district BOD at the following meeting.

Committees

All committees established by a district must prepare and maintain committee meeting minutes in accordance with FOIA. A committee report should be presented to the BOD at the next appointed BOD meeting. Committee minutes should be approved by the committee at the next committee meeting, or they can be reviewed by the full BOD if no committee meeting is scheduled for the near future, then should be signed by the committee chair.

Finance Committee

Each district is expected to have a Finance Committee (or group charged to fulfill this function) and a Treasurer to oversee all financial aspects of the district and advise the BOD in financial matters. Some of the responsibilities of the Finance Committee (or designated group) include:

- Review all sources of funding and develop acquisition strategies;
- Develop budgets and budget reports;
- Ensure finances are handled according to generally accepted accounting principles (GAAP);
- Arrange for required audits;
- Check the reliability of financial information;
- Formulate and recommend policies for consideration by the district BOD (such as a purchasing policy or a check signing policy);
- Establish a system to ensure prompt, accurate payment of invoices and other financial obligations;
- Ensure compliance with surety bond requirements; and
- Annually review the Desktop Procedures for District Fiscal Operations to ensure the District maintains compliance and fulfills its responsibilities.

The Finance Committee (or designated group) should meet at least twice a year to establish a budget and to review the financial statements. Minutes of these meetings must be prepared and maintained by the district in accordance with FOIA.

Section III - Accountability

District Directors are responsible for the proper stewardship of all district assets and resources, to include direct accountability for actions taken by staff employed by the district, and all funds, property and equipment belonging to the district. Accountability also requires promoting the integrity of staff actions in executing district functions; in particular, financial functions.

Proper financial stewardship requires:

- accurate and detailed documentation of all financial transaction;
- installation of and compliance with proper internal controls;
- clearly established policies and procedures, and adherence to such;
- taking timely and sufficient corrective actions to resolve known or identified issues; and
- ensuring the district is utilizing all funds in a manner that best serves the public's interest.

Bonding

All employees and BOD members with access to district funds must be bonded. Bonding coverage provided through DCR presently covers all SWCD directors, associate directors, and employees that handle district monies. Bonding guidelines require that district fiscal practices comply with the policies and procedures established in this document.

In dealing with both clients and employees, the district must comply with all federal and state laws established to protect citizens' civil rights and employment opportunities.

Budget Development

As stated in Section II, the Finance Committee should develop a budget for each fiscal year. The budget should include:

- Consideration of unexpended funds from the previous year as presented in the financial statements and plans for their use;
- Projected revenue and expenses;
- A detail of actual revenue and expenses of the previous year;
- An estimate of staff and volunteer time and costs to accomplish proposed activities; and,
- A narrative summary that ties planned expenditures to the district's annual plan of work.

The budget shall be reviewed and approved by the district BOD and included as part of minutes. The Treasurer should review the budget on a monthly basis and any significant variances between budget and actual revenue and expenses should be researched and reconciled.

Treasurer's Report

On a monthly basis, the Treasurer should prepare and disseminate to the Board the following financial statements and documentation:

- Monthly and year-to-date budget-to-actual expenses by funding source;
- Monthly and year-to-date projected-to-actual revenues by funding source;
- Notes for any significant budget-to-actual variances or individual transactions;
- Changes in cash; and

- Anticipated obligations of a material amount; and
- List of outstanding checks

This information should be used by the District to provide quarterly and annual reports to DCR as required by SWCB policies and grant agreements.

Annual reports should be developed and provided as public record for information regarding accomplishments, financial status and volunteer support. All supporting documentation (such as records and reports documenting volunteer time and match requirements) must be maintained on file by the district or in accordance with the Library of Virginia record retention schedules.

SWCD Policies

All district-specific policies should be reviewed and approved by the BOD before implementation by staff; updates and revisions to the approved policies should likewise be reviewed and approved by the board. A comprehensive manual of all approved district policies should be maintained in the district office and all policy updates and revisions approved by the BOD should be reflected in the board meeting minutes

Districts should conduct an annual review of all district policies and record the review/approval of these policies in the meeting minutes. The documented policies should be updated to show the most current review/revision date listed on each policy document.

Debt/Leases

The BOD must approve any lease agreement entered into by the district *prior to making the commitment with the leaser* and the approval must be documented in district BOD meeting minutes. All lease agreements must be written agreements and should be maintained with district records according to the records retention policy and schedule.

Soil and Water Conservation Districts are not authorized by the Code of Virginia to incur debt. All property must be acquired through full purchase or lease agreements.

Audits

All districts are required to accommodate an audit of accounts of receipts and disbursements on an annual basis in accordance with the *Code of Virginia* § 10.1-535, which states, “The district directors shall...provide for an annual audit of the accounts of receipts and disbursements by the Auditor of Public Accounts or a certified public accountant approved by him.”

DCR has currently contracted to have each SWCD audited on a two-year rotating basis. Additional audits may be requested by the Virginia Soil and Water Conservation Board or Audit Subcommittee or to meet federal requirements. These audits are designed to gain reasonable assurance of:

- The reliability of the financial statements and records;
- Adequate internal controls; and

- Compliance with established policies, procedures, generally accepted accounting procedures (GAAP), and applicable laws and regulations for designated funding.

Due to the significant time constraint the auditors are under to perform all designated district audits within the required performance period, the districts should make every effort to provide timely responses and submissions to the auditors. In the event of any scheduling conflicts for the proposed district audit period, the district should notify the auditors and DCR as soon as possible to ensure the auditor's annual audit schedule is not delayed.

Prior to the beginning of an audit, each district should have completed and have available the following items:

- BOD member listing.
- Signed BOD meeting and committee meeting minutes.
- Lease agreements.
- Debt agreement.
- Property (inventory) listing.
- Financial statements that roll forward by line item [i.e. (beginning balance) + (receipts) – (disbursements) = (ending balance)]. The current year beginning balance must equal the prior year ending balance in total and by financial statement line item. The statements must agree in total and by line item to the general ledger (e.g. Quick Books).
- Reports submitted to DCR that agree to the financial statements and to the general ledger.
- Detailed listing of cash receipts that agree in total and by line item to the financial statements.
- Detailed listing of cash disbursements that agree in total and by line item to the financial statements.
- List of authorized bank signatories
- Bank reconciliations with the bank balance agreeing to the bank statement and the checkbook balance agreeing to the general ledger.
- Reserved fund(s) list with balance(s)
- Unreserved fund balance
- Determination of FLSA exempt and non-exempt by position description.
- Supporting documentation for all transactions within the audit period (cancelled checks, receipts, letters, invoices, etc.). If cancelled checks are not returned to the SWCD, the District should request printed or electronic bank copies of the cancelled checks.
- Documentation of funds as to their source (i.e. local, state, and federal).
- Payroll tax returns and personnel records (IRS Form 941), timesheets, W-4s, personnel files, W-2s and 1099s issued).

All additional questionnaire responses, documentation, or account analysis requested by the auditors within the time frame requested.

During the course of the auditor's field work and upon completion of the audit, district management will be advised of identified or potential issues of concern and will be given an opportunity to address and correct the issues before the issues become formal findings within the auditor's final report. At the end of the auditor's field work and/or upon completion of the audit,

an exit interview will be conducted. It is expected that District staff (in person) and a director (in person or by phone) will participate in the exit interview. DCR Conservation District Coordinators (CDC) will participate (in person or by phone) when schedules allow. Upon completion of the audit, DCR and the SWCB will be advised of identified or potential issues of concerns.

For those items that become an audit finding within the final audit report, the District Board must act upon those findings as directed by the SWCB, the Audit Subcommittee of the SWCB, and DCR. If the audit report identifies any significant areas of concern or material weakness, more frequent audits of the district may be required by the Audit Subcommittee of the SWCB and DCR.

Records Management

Records generated and/or received, regardless of format (electronic or hard copy), within the course of a district's operations must be maintained in accordance with the Library of Virginia Records Retention Schedules available at http://www.lva.virginia.gov/agencies/records/sched_local/index.htm, as well as any federal or funding specific requirements. The Records Retention Officer is responsible for ensuring that all supporting documentation is being maintained according to the record retention policy.

Records include, but are not limited to:

- General ledger reports at the summary and detail levels;
- Cancelled checks or check images from the bank;
- Check registers;
- Invoices or other support as applicable for disbursements;
- Receipt logs;
- Check copies for receipts;
- Letters or other support as applicable for receipts;
- Personnel folders including salary approvals;
- Bank statements and reconciliations;
- Payroll records;
- Leave records;
- Meeting minutes;
- Financial reports;
- Contracts;
- Grant agreements; and
- SWCD policies.

Electronic files, including the general ledger system (i.e. QuickBooks), should be backed-up on a regular basis (most auditors would recommend at least weekly, preferably daily). The backup should be maintained either in a fireproof, heat resistant cabinet/safe at the district or at an off-site location (e.g. bank lock box, post office box, etc.).

Section IV - Cash Control

Bank Accounts and Signatories

The opening of all bank accounts, as well as a list of all check signatories, must be authorized by the BOD and recorded in the district minutes. Check signatories should be updated whenever one signatory is added or deleted.

Insured Accounts

All funds are to be maintained in fully insured bank accounts. Generally, the Federal Deposit Insurance Corporation (FDIC), through your local bank, provides such insurance coverage. Each bank the SWCD does business with should be informed that the district accounts contain public funds and should be insured accordingly.

All accounts should be interest bearing to the extent possible. The district shall maintain a separate bank account for the Agricultural BMP Cost-Share Program funds. Interest earned from that account must be applied to additional program practices and expenses and must be logged in the Agriculture BMP Tracking Module.

All cash of the districts should be maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, § 2.2-4400 et seq. of the *Code of Virginia* and covered by Federal Depository insurance. (The following website may be helpful with addressing questions that pertain to the Virginia Security for Public Deposits Act:

<http://www.trsvirginia.gov>). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC (\$250,000) must pledge collateral in the amount of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying Districts of compliance by banks. Accounts maintained in National Credit Union Accounts (NCUA) should be also be insured up to \$250,000. Districts that maintain investment funds with a broker should be insured by SIPC, Securities Investor Protections Corporations, up to \$500,000. To ensure all SWCD bank accounts are being classified by the bank as public funds and secured by the Virginia Security for Public Deposits Act, the SWCD can visit <https://spda.trsvirginia.gov/quarterlysearch.aspx> and search for the report of the account(s) quarterly. If you find that your account(s) has not been reported, you should address the issue with your financial institution.

In accordance with § 2.2-4518 of the *Code of Virginia*, districts can elect to participate in the IntraFi Network Deposits program (formerly ICS (Insured Cash Sweep) and CDARS (Certificate of Deposit Account Registry Services), which allows large deposits of funds to be placed across multiple participating institutions in increments below the standard FDIC insurance maximum of \$250,000, so that both principal and interest are eligible for FDIC insurance. See the following links for more information: <https://www.intrafinetworkdeposits.com/>

Check Signing Policy

A check signing policy should be developed and adopted by the BOD and reviewed annually. Checks issued over \$1,000 shall require dual signatures. All authorized check signers should be approved by the BOD and be included as a check signatory on the appropriate documentation at the bank. The check signer should only sign checks that match a vouched invoice. Check signers should be presented with vouched invoices at the time the checks are presented for signature. Check signers should never sign any check that does not have appropriate documentation or is to be paid to themselves. Electronic or stamped signatures shall not be used for signing checks.

All checks should be preprinted and pre-numbered, containing the name and address of the district.

The supply of unused checks should be maintained in a locked cabinet/desk at the district. Only an individual who does not have check signing capabilities should maintain access to the supply of unused checks to safeguard against loss or theft. Individuals with check signing capabilities should not have access to the supply of unused checks.

Checks should never be signed prior to completion of the check. **Check signers should never sign any check that is to be paid to themselves.** Electronic or stamped signatures are not an allowable option for the signing of checks.

Outstanding Checks

The vendor/recipient should be contacted for any check that has been outstanding for six months; if the recipient cannot be contacted, issuance of a stop payment should be considered. Detailed procedures should be documented related to the accounting/documentation for stop payments to ensure the original transaction is reversed if a substitute payment will not be issued. If a substitute payment is issued, all accounting records should be updated to note the change.

Per the Commonwealth of Virginia's Unclaimed Property Act, a check that is outstanding for greater than one year is required to be tracked in a liability account and the amount of the check must be remitted to the Commonwealth of Virginia per § 55-210.0 of the *Code of Virginia*. See Virginia's Unclaimed Property website <http://vamoneysearch.org/> for additional information including the required reporting schedule since due diligence must be shown prior to reporting unclaimed property to the Virginia Department of Treasury.

Voided Checks

Voided checks should have "VOID" either written or stamped on them and the signature lines obliterated to ensure alteration of the check does not occur. Normal procedures require a voided check to be appropriately marked and stapled back into the check register (or maintained in a voided checks file, if checks are printed from a printer and a check register is not maintained.) This allows any review of the records to clearly indicate a check was indeed

voided. Staff should ensure the transaction/expense related to the voided check is reversed in order to keep financial records accurate.

Bank Reconciliations

Bank statements should be reconciled to the district's accounting records on a monthly basis and within 30 days of the statement closing date. The bank reconciliations should be prepared by the individual authorized by the district to perform this task, and should be initialed and dated when prepared. Any unrecorded bank transactions identified during the bank reconciliation process (e.g., interest earned, service charges, etc.) should be posted in a timely manner (i.e., prior to the next bank statement being received). **A second individual other than the preparer should review, initial and date the reconciliation and periodically review canceled checks for proper signatures and authority.** When reviewing the bank reconciliation, the review should also check the prior month's statement/reconciliation to ensure all timing differences/outstanding items from the previous month have been properly accounted for.

Segregation of Duties

Segregation of duties is an important aspect of a sound internal control system. Proper segregation of duties provides for a system of checks and balances such that the functions of one member (employee, director or other empowered individual) of the district are subject to review through the performance of interrelated functions of another member. The following list provides examples of adequate segregation of duties:

- Check signers should not have access to the unused check supply.
- One individual should not be responsible for opening the mail and recording and depositing receipts.
- One individual should not be responsible for approving, recording, preparing, and mailing disbursements.
- Employees/directors shall not be the check signer for payroll and/or reimbursement checks made payable to themselves.
- Bank reconciliations should be performed monthly and reviewed and approved by someone other than the preparer.

Due to the small size of the districts, ultimate segregation of duties may not be reasonable. Districts should keep in mind that just the bookkeeper and BOD members need not perform these procedures, but that the conservation specialists and district managers ("program personnel") may also play a key role in the internal control structure. For example:

- The bookkeeper and the program person sign all checks below \$1,000 and the bookkeeper and the Treasurer sign all checks greater than \$1,000.
- Bank reconciliations may be reviewed by a program person.

The size of the District's administrative staff, and other staff may preclude the proper segregation of duties, but compensating controls should be established to ensure adequate review/oversight of financial transactions and timely detection of errors/irregularities. This

situation dictates that often the BOD needs to be involved in the day-to-day financial affairs of the District to provide oversight and independent review functions. Established roles for board members should be designated for these functions.

Section V - Cash Management

Accounting Method of Cash Basis versus Accrual Basis

Cash basis - Revenue is recorded when the funds are received, and expenses are recorded when payment is issued. It is easiest to account for transactions using the cash basis, since no complex accounting transactions such as accruals and deferrals are needed. Given its ease of use, the cash basis is widely used in small businesses.

Accrual basis - Revenue is recorded when earned and expenses are recorded when incurred. Its use is required for tax reporting when sales exceed \$5 million.

Based on SWCD auditor recommendations, districts shall maintain their financial records based on Cash Basis Accounting. This will result in a uniform process that will help districts easily reconcile their accounting records with the DCR Attachment E reporting form. For QuickBooks users, this is a simple change in their setting preferences to the Cash Basis setting and will automatically generate QuickBooks reports that will correspond to Attachment E reporting.

Reserve Fund Balances

Each district should limit its level of un-obligated reserve funds. Un-obligated funds are monies maintained in the district account(s) that may be spent on reasonable business-related purpose by the district. It is inadvisable for any District to accumulate more than six months of undedicated reserve funds. Funds beyond this level must be accumulated for specific dedicated purposes (ex. Vehicles, Equipment, Dam Maintenance, Computers, Funding unanticipated staff severances) as directed by an action of the BOD and recorded in the official minutes of the district; these funds are not for routine operating expenses. At the end of each fiscal year, the district should review their reserve funds and determine which funds are to be dedicated for specific future expenses. A list should be maintained of these dedicated reserves which should be reviewed and updated annually. Public funds from local, state, and federal sources are provided to districts not for savings, but strictly for performance of conservation. DCR will monitor the growth of unexpended funds through grant agreement required audit reports and report situations of concern to the VSWCB.

Reserve funds are allowed to be maintained in CDs or MMAs; however, Districts also have the option to participate in the Virginia Department of Treasury's Local Government Investment Pool (LGIP). For more information about the LGIP, contact the Department of Treasury at (800) 643-7800 or <https://trs.virginia.gov/Cash-Management-Investments/LGIP>.

Petty Cash Accounts

Petty cash accounts should contain no more than \$100 at any given time and an individual should be designated as the custodian of the fund. The custodian is the person responsible for properly securing the fund, for approving each transaction, and for ensuring proper documentation (receipt or invoice) is received for each transaction. Petty cash should only be used for small purchases of supplies, food, postage, etc., and its use limited as much as possible.

A person independent of the petty cash function should perform surprise counts of the petty cash at least twice a year and document their counts to ensure funds are intact. Another option is to establish a system for an individual independent of the petty cash account to be responsible for reconciling the account monthly. The reconciliation must be conducted in the presence of the petty cash custodian to maintain proper oversight of the fund; at no time should the custodian allow unsupervised access to the fund. This arrangement can replace the petty cash surprise counts, since counting the cash on hand and the supporting receipts is part of the monthly reconciliation process.

Gift Cards

Gift cards are often given to recipients of district awards or winners of competitions (i.e. district Envirothon and poster contest winners and district level awards for conservation friendly farms). However, gift cards are a form of currency and should be managed with the same sensitivity as cash or checks. A policy should be developed by the board that specifically addresses:

- Which funding source may/will be used to purchase gift cards (must be allowable under the regulations of the funding entity/award);
- Clear and detailed criteria/category for the awarding of gift cards, to include competitions, recognitions, events;
- Amounts associated for each criteria/category;
- Restrictions on eligibility of recipients;
- Required approval for issuance of cards;
- Detailed procedures for purchasing and securing the cards;
- A annual log for purchase and issuance of cards, noting the type, value, purpose of the card, along with the name of the recipient and the date awarded; and
- Reconciliation of expense for cards purchased, the log, and count of cards on hand. This reconciliation should be documented and dated and maintained with the annual log.

The purchase of all gift cards should be approved by the board and recorded in the board meeting minutes, which should include both the purpose and value of each gift card.

Gift cards given to district employees are considered taxable income and should be reported as such to the IRS. For that reason, gift cards are not recommended for employee compensation.

Transfers

When transfers are made between bank accounts, including the opening of new bank accounts, these amounts should not be reflected as receipts or disbursements for any financial reporting purpose. On the Attachment E these transfers should be shown in the transfer in/out column.

Section VI – Receipts Processing

Direct Deposit (EDI)

Pursuant to the State Appropriation Act, all districts shall be set up to receive electronic payments from the Commonwealth. Chapter 732: § 4-5.04 GOODS AND SERVICES h. ELECTRONIC PAYMENTS: Any recipient of payments from the State Treasury who receives six or more payments per year issued by the State Treasurer shall receive such payments electronically. The State Treasurer shall decide the appropriate method of electronic payment and, through his warrant issuance authority, the State Comptroller shall enforce the provisions of this section.

Sales

When cash/checks, i.e. receipts, are received by the districts, the following procedures should take place:

For Checks:

- Endorsed with a stamp “For Deposit Only,” along with the name of the district bank account and bank account number.
- Immediately recorded in a pre-numbered, three-part receipt book, specifically citing:
 - the name of payer or name associated with the accounts receivable account;
 - check number of the check received; and
 - purpose or fund associated with the receivable.
- The three copies of the individual, numbered receipt should be used as follows:
 - Top copy provided to the payer, if present;
 - Second copy placed with the deposit documentation maintained in the files; and
 - Third copy maintained in the receipt book.
- Placed in the secured location/lockbox designated for pending deposits.

For Cash:

- Immediately recorded in a pre-numbered, three-part receipt book, specifically citing:
 - the name of payer or name associated with the accounts receivable account and
 - purpose or fund associated with the receivable.
- The three copies of the individual, numbered receipt should be used as follows:
 - Top copy provided to the payer, if present;
 - Second copy placed with the deposit documentation maintained in the files; and
 - Third copy maintained in the receipt book.
- Placed in the secured location/lockbox designated for pending deposits.
- ***Cash pending deposits should never be comingled with the petty cash fund.***

If the district makes deposits into multiple bank accounts, the pending deposit items should be separately maintained in the secured location or lockbox until the time of deposit.

Any documentation (i.e., letter, check stub) received with the cash/check should be date stamped when received and maintained in a deposits file. The receipt number should be noted on the supporting documentation.

As an accounting safeguard, each day's receipts should be recorded/logged in the general ledger (i.e., QuickBooks) on a daily basis, and each day's log reconciled to the (cumulative) bank deposit.

Deposits should be made once a week or when the district has collected \$500, whichever occurs first. Deposits should be recorded in the Quickbooks on the day of deposit.

The use of "mobile deposit" to deposit checks through a bank's mobile application is prohibited. All checks received by the SWCD should be deposited at the bank and a deposit slip should be retained with the SWCD's financial records.

Collection of State Retail Sales and Use Tax

Concerning collection of state sales tax, as political subdivisions of the Commonwealth, districts must collect the tax on sales of their tangible personal property unless such property is otherwise exempt. The *Code of Virginia* and Virginia regulations provide for certain exemptions.

Questions concerning the collection of the tax and specific instances that may provide exemptions should be directed to the Department of Taxation, Office of Tax Policy, (804) 367-8037.

Section VII - Expenditure Processing (Non-Payroll)

Depending on the sources of funds, there may be applicable restrictions on how the funds are used and the required accounting treatment for the funds. ***The BOD and district staff should familiarize themselves with the limitations and requirements for all funds they receive.*** As an example, state and federal funds may not be used to support charitable activities or to purchase alcoholic beverages of any type. Failure to adhere to specific funding regulations may result in a requirement to repay funds used or ineligibility for future funding awards.

Disbursements are to be made only with proper supporting documentation, such as invoices, receipts, and/or receiving slips. All documentation should be originals and not copies to prevent double payments of balances. If an original is not available, the copy must be noted on its face “certified original” along with a brief justification why the original cannot be provided.

A voucher system (or invoice approval system) should be used requiring an invoice to be vouched (or approved) before the district issues any payment. Prior to issuing payments, invoices must be endorsed by two individuals (ideally, the person requesting the disbursement in order to verify the invoice is legitimate, and that person’s supervisor (or other authorized individual), in order to verify the requestor has authority to make the request). The Virginia Agricultural BMP Incentives Programs Contract Parts I, II, III serves as the invoice for payments issued to farmers participating in the Virginia Agricultural BMP Cost-Share Program. An employee expense report with attached receipts serves as an invoice for payment when submitted with appropriate signatures and documentation.

Invoices should be mathematically verified before payment.

To prevent duplicate payment of expenses, invoices should be stamped “PAID” upon payment. In addition, the check number and check date should be written on the invoice.

Ideally, the individual who accounts for cash disbursements (i.e., records the disbursement in the accounting records and/or signs the checks) should not prepare and mail the checks.

A district employee should **never** make personal purchases with the use of district funds or utilize the district’s tax exempt status for personal purchases.

Disbursements should be recorded in the checkbook and/or Quickbooks when the check is written. Individual disbursements should be recorded in the general ledger (i.e., QuickBooks) on a weekly basis.

Online Bill Paying

Generally, authorizing an individual to make a direct withdrawal from the bank account to settle a claim provides an opportunity for abuse of the payment system. Given the limited number of personnel and the limited opportunities for segregation of duties and internal control, the use of online bill payment is discouraged. It is preferred that all online bill payments be made with the

district credit card, following all rules and reconciliations required by the districts credit card and purchasing policies.

If the circumstances dictate and there is no other viable option—including use of a district credit card, the controls surrounding this type of transaction should be carefully considered. Important elements of the control system should include:

- Documented justification why no other payment option is available;
- Two approvals on the invoice prior to initiating the online payment;
- Processing/transmitting of the online payment by a third individual;
- Attaching a copy of the on-line payment confirmation to the invoice; and
- Careful review of all bank statements with special scrutiny given to the propriety of any direct withdrawals from the bank account.

Larger organizations that utilize online payments typically have one person initializing the payment of the transaction and another individual reviewing the online transaction using the bank's software prior to actually releasing or transmitting the payment transaction. Banks may provide a chip or electronic token that offers a dynamic code to enter prior to releasing a transaction. Banks may “call back” to an authorized individual prior to releasing larger online payments. While sound internal controls can be implemented around online payments, building adequate controls in a local district with limited staff might be challenging.

Virginia Agricultural Cost-Share Payments

Once the SWCD BOD has approved cost-share practice(s) for funding; the practice(s) have been certified as installed; all required documentation has been received by the SWCD (i.e. receipts, invoices, nutrient management plans, etc.); and Part III of the Contract has been signed by all required parties, the SWCDs should pay promptly (within 30 days). SWCDs must retain any supporting documentation (i.e. receipts for materials) and clear documentation to justify the amount of payment (i.e. payment calculation sheet) as part of the cost-share file.

For SWCD quarterly reporting to DCR, the district's QuickBooks accounting records, the Agricultural Cost-Share Tracking Program ledgers, and the Attachment E reporting form should all reconcile before submission.

Two Party Checks

SWCDs are only allowed to issue two party checks for cost-share payments when the two parties consist of the participant and a lending institution. For participants receiving loans from the DEQ Ag Loan program, an assignment of payment to Virginia Resources Authority (VRA) form must be submitted to the SWCD to allow payment directly to VRA upon completion of the practice.

IRS 1099 Forms

SWCDs must provide an Internal Revenue Service Form 1099-G to any individual installing an agriculture BMP with cost-share or other funding sources (i.e. settlement funds) who receives \$600 or more in cost-share payment(s) in a calendar year. If the payment for a contract is redirected at the participant's request to a certified nutrient management planner or resource

management plan developer, then the appropriate 1099-NEC should be issued to the entity receiving the cost-share funds. SWCDs that issue payments for non-agricultural practices (i.e. DEQ 319 septic practices and VCAP practices) must also issue a 1099-MISC to participants. If the payment for a contract has been assigned to VRA, or is paid out as a two party check to the participant and a lending institution, the participant must still be the recipient of the appropriate 1099-G or 1099-MISC. Districts must file the appropriate IRS Form 1099 and Form 1096 with the Internal Revenue Service in accordance with IRS regulations. Note: the 1099-NEC may have an earlier filing deadline than the other forms. Be sure to check the IRS website for all applicable filing deadlines each year.

Sales and Use Tax Exemption for SWCD Purchases

Per section § 58.1-609.1(16) of the *Code of Virginia*, Soil and Water Conservation Districts are exempt from paying sales and use tax. All SWCDs should file Form ST-12, *Commonwealth of Virginia Sales and Use Tax Certificate of Exemption*, with the vendor/dealer. This form is located on the Department of Taxation website (<https://www.tax.virginia.gov/sites/default/files/taxforms/exemption-certificates/any/st-12-any.pdf>).

With a tax exemption certificate, districts can apply for sales tax exemptions at stores from which they frequently purchase supplies from. Districts shall get a tax exemption for all stores that are frequented more than 3 times in a fiscal year, or where any one purchase is \$100 or greater.

Section VIII – Credit/Debit Card Usage

Debit Cards

State policy prohibits the use of Debit Cards by any state agency. The SWCD Auditors concur with this prohibition due to the potential for fraud. Therefore, the use of debit cards by SWCDs is prohibited.

District Credit Cards

Districts issuing credit cards to district staff or directors for business purposes must adhere to the following:

- The BOD must approve the issuance of any credit card to be used by staff and/or BOD member(s).
- Districts should adopt a written credit card policy to establish guidelines for users.
- *Proper documented approval should be obtained prior to any purchase* as required by the BOD approved Purchasing Policy.
- A reputable credit card company with “no annual fee” and a reasonable and competitive interest rate should be used.
- Credit card statements must be mailed directly to the SWCD district office.
- Receipts for all charge card expenditures must be turned into the SWCD district office immediately following purchase and the receipts will be reconciled with the line items on the credit card statement before payment can be made.
 - Note: Original receipts should be initially submitted to the District office, however scans of the receipts may be made for ease of record keeping and filing. A scanned copy of each receipt should be maintained with the corresponding invoice and/or credit card statement.
- The statement reconciliation must be approved by the Treasurer, ~~or~~ Director or staff with check signing ability, before payment is made. Each attached receipt/invoice should be reviewed for accuracy and appropriateness before the payment is made.
 - Note: If a staff member with check signing ability is completing the reconciliation, the Treasurer or Director with check signing ability must also complete a reconciliation to ensure all expenditures are appropriate. The Treasurer/Director reconciliation can be done before or after the payment is made. If this reconciliation is completed after payment, it should be completed within 30 days of the payment.
- The voucher system described in Section VIII will be used to authorize payment of the credit card.
- Expenditures should be made in accordance with procurement guidelines.
- ***No personal usage of the credit card will be allowed or tolerated.***
- Payment of the balance of the credit card will be made by the due date, in order to avoid unnecessary finance charges or late payment fees
- Non-compliance with the above will result in, at a minimum, termination of credit card privileges for the abusing staff member or director.

Section IX – Employee/Director Expense Reimbursements

All personally incurred SWCD expenses shall be reimbursed to the employee/director through the use of an employee/director expense report. At a minimum, the expense report format used by the district should include the individual's name, date of submission, signature, and approvals. The body of the form should be multi-lined and columnar so that several incidences of expenses may be recorded. Columns should include the date of the incurrence, description, business reason for the expense, miles traveled, mileage rate and dollar amount of mileage reimbursement, meals, and other expenses. The last column should indicate a total of the expenditures for that day with a grand total at the bottom indicating the total to be reimbursed.

Each employee/director submitting an expense report for reimbursement should adhere to the following:

Use of Personal Credit Cards

Use of personal credit cards for business expenses:

- Staff or director use of a personal credit card for business expenses incurred by only the individual is permissible, but payment or reimbursement of such expenses will only be made by proper submission of an employee/director expense report with attached original invoices (not credit card statements)
- Nothing will be reimbursed for incurred interest, late charges, or other credit card fees charged to the statement. It is the responsibility of the employee or director to request reimbursement through proper channels and have documentation of such ***prior to incurring such fees.***
- Expenditures should be made in accordance with procurement guidelines and applicable funding regulations.
- Receipts for all expenditures must be attached to the employee/director expense report and submitted to the SWCD district office in a timely manner (within 30 days from the date that the expense occurred).
 - Note: Original receipts should be initially submitted to the District office, however scans of the receipts may be made for ease of record keeping and filing. A scanned copy of each receipt should be maintained with the corresponding expense report.
- The voucher system described in Section XI will be used to authorize payment of the employee/director expense report. Each attached receipt should be reviewed for accuracy and appropriateness before payment is made.

Non-Travel

- Employee/director expenditures for business expenses are permissible, but payment or reimbursement of such expenses will only be made by proper submission of an expense report with attached original invoices (not credit card statements).
- Expenditures should be made in accordance with procurement guidelines.

- Receipts for all expenditures must be attached to the employee/director expense report and turned into the SWCD district office in a timely manner (within 30 days from the date of the expense). No reimbursement will be made without a proper receipt.
 - Note: Original receipts should be initially submitted to the District office, however scans of the receipts may be made for ease of record keeping and filing. A scanned copy of each receipt should be maintained with the corresponding expense report.
- The voucher system described in Section XIV will be used to authorize payment of the expense report. Each attached receipt should be reviewed for accuracy and appropriateness before payment is made.
- Only business expenses will be reimbursed.
- Abuse of any of the above may result in termination of staff; loss of director use of employee/director expense reports for reimbursement; and/or further actions that are appropriate for violations.

Travel

Travel expenses may be paid based on per diem or based on actual receipts. However, the district must be consistent and shall select one method or the other so that all travel expenses are paid reliably (i.e. district directors and staff must be paid using the same method). This should be clearly noted in a district policy.

- Mileage is reimbursable at a rate not more than the Federal IRS rate; any instances where the mileage reimbursement rate will be less than the federal IRS rate must be addressed through a BOD-adopted policy. Mileage rates should be revisited by the district BOD when there is an IRS mileage rate change (typically on January 1 of each year) and should be clearly recorded in the meeting minutes. The maximum mileage rate that is reimbursable is the Federal IRS rate less normal commute miles.
- If the SWCD issues reimbursements based on per diem, the expenses are reimbursable at the Federal IRS Per Diem rate. Per Diem rates should be revisited by the BOD when there is an IRS rate change (typically on January 1 of each year) and should be clearly recorded in the meeting minutes. The Per Diem IRS rates can be found at <https://www.gsa.gov/travel/plan-book/per-diem-rates>.
- When a director or employee submits for reimbursement via Per Diem, an appropriate per diem worksheet must be submitted with the expense report. An example of a Per Diem Worksheet can be found at <http://perdiemcalc.net/gsa/>.
- If the SWCD issues reimbursements on an actual basis, all receipts must be submitted with the travel voucher reimbursement request.
- Receipts – All receipts must be originals. This includes hotel receipts, boarding passes, bag fees, etc.
 - Note: Original receipts should be initially submitted to the District office, however scans of the receipts may be made for ease of record keeping and filing. A scanned copy of each receipt should be maintained with the corresponding travel voucher.
- Meals provided by conference or hotel must be deducted from the applicable per diem.

- Conference documentation showing what is included with the registration must be attached to the expense report.
- Per diem is not to be paid in advance of the trip.
- All employees and Directors must submit travel reimbursement documentation (including mileage) to the SWCD office no later than 60 days after incurring the expense.

Section X – Procurement

All purchases made by districts should be made as a result of a competitive and open process that encourages participation by all qualified vendors. All district procurements should be in accordance with the Virginia Public Procurement Act, §2.2-4300 et seq. of the *Code of Virginia* (https://dgs.virginia.gov/globalassets/business-units/dps/documents/vppa/virginia-public-procurement-act_july-2019.pdf). It is important to note that for the purposes of procurement, districts fall under the local government determination. If you have procurement questions, you can contact a Department of General Services DPS Local Government Account Executive; their contact information is listed at <https://dgs.virginia.gov/procurement/contacts/dps---account-executive-list/>.

Every district should have a purchasing policy. The Finance Committee of each district should abide by a policy for competitive procurement based upon dollar amounts of purchases and periodically (at least annually) review and recommend changes to such policy to the district BOD. In most instances, the lowest cost quotation should be accepted; however, in some instances, the district may believe that the least costly price is not in the district's best interest. In this case, a written justification for accepting other than the low bid shall be maintained with the quotations.

There are two *sample* Purchasing Policies in the Appendix section to serve as guidelines for the procurement of goods and services.

Surplus Property

Any local public body of the Commonwealth may use the Office of Surplus Property Management (OSPM) to dispose of their surplus property. SWCDs that wish to dispose of surplus property should review Chapter 12 of the *Agency Purchasing & Surplus Property Manual* for proper methods of disposal. This manual and other resources can be found on the OSPM website (<https://dgs.virginia.gov/office-of-surplus-property-management/government-entities/declare-surplus-property/>).

Fixed Assets Inventory

An inventory listing, including the detail of all fixed assets (e.g., computers, vehicles, equipment, copiers, etc.) owned and/or controlled by the district, should be maintained and updated on an annual basis or when a change/update is made to the asset location and/or user/custodian. All inventory items should be tagged and the sequential tag number included on the inventory listing. The district may wish to establish a minimum value for items maintained on an inventory list. **It is suggested that** items valued greater than \$100.00 **should** be inventoried. It is recommended that a list be maintained in a safe, secure location where risk of damage or alteration is reduced.

The listing should include a description of the asset, serial number or VIN number if applicable, the date purchased, the cost of the asset, and an estimated useful life of the asset for budgeting

purposes. The SWCD can maintain other information if it is deemed of value, such as from whom the asset was purchased, warranty information, replacement value, etc.

An assets inventory list is also helpful for obtaining insurance policies for loss, theft, or damage to the assets. SWCDs are expected to have their own property insurance plans, it is not provided by the Commonwealth.

Section XI – Reporting (General Guidance)

Individuals, agencies, and organizations that contribute resources (monetary or other) to a district generally have reporting requirements and expectations. Districts are advised to fully understand and accept reporting requirements prior to entering into any contract and/or agreement with any individual or organization. Reporting expectations (such as reporting frequency, amount of information required and the related details) often vary widely between organizations.

Reporting Expenditures of SWCD Discretionary Funds

Districts receive financial resources from many diverse sources. Funds may be received through government appropriations, endowments, corporate contributions, revenue generating programs, and many other sources. Funds provided for specific purposes must be accurately tracked and reported according to requirements of the contributing source, and sufficient documentation must be maintained to support revenues, expenditures, and remaining balances.

However, some contributors allow great latitude in the use of resources provided to a district. When several sources of “discretionary” funds are combined in a single account to cover operating costs of a district, it becomes difficult to resolve what balance remains from any particular source of funds at the close of a report period. If a funding contributor has not specifically advised the district as to how their contribution must be spent, districts should adopt an expenditure process or procedure they can document and apply consistently.

Examples of procedures a district may adopt to assign costs from discretionary funds (depending on requirements of their funding sources) are as follows:

- Spend funds appropriated by state sources first, until depletion.
- Spend funds appropriated by the local government(s) first, until depletion.
- Spend revenues generated by district rental/sales programs first, until depletion.
- Split expenditures equally among fund sources (for any given report period).
- Assign disbursement amounts to funding sources based upon the relative amount of funds contributed (for example, if state contributions are twice the amounts contributed by local governments, the relative amount of disbursements would be assigned accordingly to state and local sources).

In fact, any allocation method may be used to allocate costs between operational funding sources, as long as the method is documented so the auditors can recreate the final results reported by the SWCD.

With regards to operational funds issued to each district by DCR, districts have significant latitude with the approach taken as costs are assigned to those funds. It is an acceptable practice to spend state funds first, until that state source is depleted, before assigning remaining costs to other fund sources. It is also appropriate to assign costs to all operational funding sources based on their respective contributions to the SWCD.

However, here is a word of caution to every SWCD regarding assignment of expenses. Contributors, regardless of the individual or organization, want assurance that their contribution is used in an appropriate, productive manner. Districts that adopt procedures of expending state funds first for discretionary operational expenses will generally reflect remaining balances in other sources, such as local government contributions, which may accumulate over time. Using this example, local government representatives may reasonably question why their contributions are not being expended and, more fundamentally, whether they should continue appropriations to the district. The example is intended to illustrate the need for careful planning and adoption of procedures that are appropriate for each particular district and satisfy those that contribute to its programs and services.

DCR Attachment E – Quarterly Reports

SWCD completion of most current electronic DCR reporting form “Attachment E” [from annual DCR/SWCD Grant Agreements for operational and administrative as well as cost-share program financial support]

According to guidance contained within the annual agreements between DCR and each SWCD for financial assistance to support district operational and administrative expenses and delivery of the VA Ag. BMP Cost-Share (VACS) program, districts must complete and submit a correct and accurate financial report to DCR on a quarterly schedule. Each quarterly report shall be signed by the report preparer and the district Treasurer. If the preparer also serves as the Treasurer, or if the Treasurer is not available, then a Director with check signing authority must sign the “Approved By” section of the report. The report, with original signatures, will be submitted to the CDC; a copy of the signed report should be maintained in the district office as part of the district financial records. The report is contained within each DCR/SWCD grant agreement as Attachment E.

It is the expectation of DCR that financial information contained within the Attachment E report correlate with district financial records (Cash Balance Report, Profit and Loss Report and monthly reconciliations). This applies to all funds made available to a district from various sources. All funds should be properly documented under the corresponding funding category of the Attachment E. For example, DCR grant issued funds are to be documented under the “State” category, federal grants issued by DEQ or other organizations should be categorized as “Federal,” and funds issued to the district from their local government should be categorized as “Local/Other.” Other funding sources like roundtables and the Virginia Conservation Assistance Program (VCAP) should also be documented under the “Local/Other” category of the Attachment E. If a district is unsure of how to categorize a new funding source they should seek guidance from their CDC or the SWCD Liaison.

It is also an expectation of DCR that the flow of financial information from the electronic Attachment E last quarterly report to the next is consistent. This means that ending balances reported at the close of any quarter become beginning balances for the start of the quarter that follows. The electronic Attachment E that combines the four quarterly reports for a fiscal year should provide an accurate statement of the receipts, expenditures, and remaining balances in a manner that is consistent with other financial records maintained by a district.

If a district needs to correct an amount improperly reported on the Attachment E, the adjustment should be made in the current quarter to correct the balance on the Attachment E going forward. A clearly written memo discussing the adjustment should accompany the Attachment E, should be submitted to the CDC at the time of Attachment E submittal, and should also be maintained in the district file for audit purposes.

DCR Attachment D – Budget Template Exercise

The Attachment D – Budget Template exercise was developed in 2012 by a stakeholder advisory group (SAG) that was tasked to examine the funding needs for the administration and operation of SWCDs. The template has proven to be a useful advocacy tool to demonstrate financial need to budgetary decision makers at the Department, Secretariat, and Gubernatorial and General Assembly levels, and in recent years has helped guide the Department in the review and, if necessary, the revision of the base technical assistance funding allocations. Bi-annually SWCDs are asked to complete the template by estimating the full financial needs of the District. Each year that the exercise is required, DCR will provide the District with the template document, instructions for completion, and the estimated cost-share allocations with which the district should use to estimate their financial needs.

The Attachment D – Budget Template exercise is a biannual grant deliverable and should be completed with significant thought and consideration of the SWCDs financial needs. The Budget Template must be reviewed and approved by the Board with the approval documented in Board meeting minutes. It must also be signed by a Director before being submitted to DCR.

Section XII - Federal Funds Requirements

Districts and the Federal government enter into grant agreements when districts receive Federal funds related to a specific grant. Districts must abide by and follow Federal requirements when they receive Federal funds from any grantor. Each grant agreement should be reviewed and signed by the chair of the district BOD. An individual at the district should be responsible for reviewing the grant agreement and understanding the requirements the district must adhere to as a result of receiving the grant. This same individual should be responsible for ensuring that all requirements are met and that the district is in compliance with the grant agreement.

There are 14 compliance requirements that an entity must adhere to if it is a recipient of Federal funds. However, in the case of the Soil and Water Conservation Districts, only nine of the compliance requirements apply. The district should document its compliance with each compliance requirements. The applicable compliance requirements are as follows:

Activities Allowed or Not Allowed

Requirement

- Federal funds are expended only for allowable activities.

Control Activities

- Review the grant agreement to determine activities that are allowable under the grant.
- Adequate segregation of duties in review and authorization of costs.

Allowable Costs/Cost Principles

Requirement

- Costs of goods and services charged to grants are allowable and in accordance with the applicable cost principles.

Control Activities

- Review the grant agreement and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200 to determine allowable costs.
- Per 2 CFR Part 200, typical direct costs chargeable to Federal awards include:
 - Compensation of employees for the time devoted and identified specifically to performance of those awards.
 - Costs of materials acquired, consumed or expended specifically for the purpose of those awards.
 - Equipment and other approved capital expenditures.
 - Travel expenses incurred specifically to carry out the award.
 - Adequate segregation of duties in review and authorization of costs.

Cash Management

Requirements

- Funds are requested only when needed and are spent within a reasonable period of time after receipt.
- Interest earned on an advance is reported/remitted as required.

Control Activities

- Monitor expected versus actual cash disbursements of Federal awards.
- Ensure any interest earned on Federal funds is recorded in the applicable program and returned to the granting agency or spent in accordance with the requirements of the applicable program.

Equipment and Real Property Management

Requirement

- Proper records are maintained for equipment acquired with Federal awards; equipment is adequately safeguarded and maintained; disposition of any equipment or real property is in accordance with Federal requirements; and the Federal awarding agency is appropriately compensated for its share of any property sold or converted to non-Federal use.

Control Activities

- Maintain accurate records on all acquisitions and dispositions of property acquired with Federal awards.
- Place property tags on all equipment.
- Property records contain description, source, titleholder, acquisition date, cost, percentage of Federal participation in the cost, location, condition, and disposition data.

Matching

Requirement

- Matching requirements are met using only allowable funds or costs which are properly calculated and valued and not used to match other funding sources.

Control Activities

- Review the grant agreement to determine the matching requirements related to the grant and what funds are allowed to be used as a match.

Period of Availability of Funds

Requirement

- Federal funds must be obligated during the established performance period, fully expended, and documentation submitted for reimbursement by the established deadline.

Control Activities

- Review the grant agreement to determine the period during which funds must be used.

Procurement

Requirement

- Procurement of goods and services are made in compliance with the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.318-.326 and Contract Provisions for Non-Federal Entity Contracts Under Federal Awards at 2 CFR 200 Appendix II.

Control Activities

- Review Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.318-.326 and Contract Provisions for Non-Federal Entity Contracts Under Federal Awards at 2 CFR 200 Appendix II to become aware of the various requirements.

Program Income

Requirement

- Program income is correctly earned, recorded, and used in accordance with program requirements per Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.307. Program income is gross income received that is directly generated by a federally funded project.
- Per Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.80, Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income, except as otherwise provided in

Federal statutes, regulations, or the terms and conditions of the Federal award. Program income does not include rebates, credits, discounts, and interest earned on any of them.

Control Activities

- Identify generators of program income through inquiry of granting agency and the grant agreement.
- Ensure program income is properly recorded as earned and either: deducted from outlays, added to the project budget, or used to meet matching requirements. Unless specified in the Federal agency regulations or in the grant agreement, program income shall be deducted from program outlays.
- Generally, program income requires a program income plan that details how the funds will be spent in accordance with the federal grant regulations under the Catalog of Federal Domestic Assistance. Information can be found at <https://www.cfda.gov/>.

Reporting

Requirement

- Reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

Control Activities

- The accounting ledger is the basis for all reports.
- Supervisory review of reports is performed to ensure accuracy and completeness of data and information included in the reports.
- Submit an annual report to the Department of Conservation and Recreation by July 15 indicating the total amount of Federal funds expended during the prior fiscal year if this is not captured on the Attachment E Financial form. This information is needed to address the Single Audit requirement of disbursements of \$750,000 or greater.

Federal Fund Auditing Requirements

SWCD recipients of federal funds that expend \$750,000 within the fiscal year are required to have an independent annual audit conducted under the Single Audit Act.

Section XI – Personnel Management

Personnel management is a critical part of a Director’s job. This section only briefly describes many of the crucial elements of personnel management. More in-depth information and guidance is provided in the VASWCD Personnel Management Handbook. It is strongly suggested that each Director review the handbook, which is available online at <https://vaswcd.org/personnel-management>.

Personnel Policy

Each district should establish a Personnel Policy that addresses the personnel administration policies of the district. This policy should cover the conditions of employment, work hours, fringe benefits including leave policies, personnel management including job descriptions and grievance policies, travel policies and other pertinent policies of the district. Personnel policies, including position descriptions, should be approved by the district BOD and be reviewed and updated at least annually and when employment conditions change.

Establishment of new employee positions, as well as approval of new hires, should be approved by the district BOD and recorded in the minutes. Pay rates of each employee should be discussed and approved by the BOD and recorded in the district minutes. The district should maintain a personnel file for each district employee containing essential data. The ultimate responsibility for hiring/terminating employees and increases/decreases in employee salary rests with the BOD. Use of an Employee Pay Action Approval Form is required.

Hiring a New Employee

All individuals applying for a job at the district should complete an application. Once the BOD selects the individual it desires to employ, a letter stating the position, job description, salary, and FLSA exempt or non-exempt status should be prepared and sent to the individual. The district should maintain a copy of the letter sent to the individual. The letter should include a signature line for the individual to sign indicating acceptance of the position and the stated salary. If the individual accepts the position, the district should include the signed original in the employee’s personnel file.

Orientation

All employees should receive an initial orientation from their district when they begin employment with the district, and should receive additional training and instruction necessary to perform their duties. The initial orientation should include:

- Training in specific district policies and fiscal procedures;
- Strengthening understanding of conservation issues;
- Communicating precise job duties, as determined by their district BOD; and,
- Assuring a mutual understanding between the BOD and staff as to the roles and responsibilities of each.

Fair Labor Standards Act (FLSA) Exempt/Non-exempt

Each district personnel policy should specifically address the provisions of the Fair Labor Standards Act (FLSA) as well. The FLSA governs whether individual employees are compensated for over-time hours worked based on their employment agreement assigned primary duties. SWCDs should test each position description on a periodic basis (no less than every 3 years) to determine exempt or non-exempt status. Tests should also be performed when changes are made to job descriptions and/or salaries. Tests should be maintained in the position description file and available for review by auditors. Employees are required to be notified when they are hired whether their positions are exempt or non-exempt from the provisions of the FLSA. For further information on the FLSA refer to the Department of Labor's website: <https://webapps.dol.gov/elaws/flsa.htm>. See Section XVI for FLSA Checklist.

One district director, usually the personnel committee chair, should be identified to serve as the liaison between the staff and the BOD.

Timesheets

Timesheets should be prepared and signed by each district employee and approved by his/her immediate supervisor (or an individual designated by the Finance Committee) for each pay period. The timesheet should serve as the required documentation for payment of salary. The district should maintain the timesheet (or a copy of the timesheet if a local county processes the district's payroll).

Telework

For SWCDs that allow employees to telework, telework hours should be logged on the employee's timesheet. It is also suggested that the District adopt a formal telework policy and have a telework agreement with each employee.

Payroll and Taxes

If a local governmental entity pays the district employee salaries and does not require reimbursement from the district, this is neither a cash receipt nor a disbursement. This transaction has no impact on the accounting records or financial statements and thus no accounting entry is required.

District recordkeeping should reflect best practices of separating payroll information by Gross Pay, Fringe Benefits, Payroll taxes, etc. A paystub documenting pay and deductions must be given to the employee (see VASWCD Personnel Management Handbook)

If Districts process their own payroll, Districts are responsible for filing all required Federal and State tax forms and making applicable tax deposits. The 941 (Federal withholdings) should be filed on a quarterly basis and tax deposits should be made on a monthly basis. State

withholdings information and deposits should be submitted on a monthly basis, unless the withholdings are less than \$100, in which case, the withholdings should be submitted on a quarterly basis, unless otherwise specified by the Virginia Department of Taxation. State unemployment taxes should be remitted to the Virginia Employment Commission on a quarterly basis. The District should be cognizant that the taxing authority may change the timing of these filings and deposits.

All applicable processing policies and procedures apply to payroll processing. It is the responsibility of each district to ensure proper tax withholding occurs, as well as proper withholding and tax application of various voluntary deductions (such as pensions, cafeteria plans, health insurance, dental insurance and garnishments).

The processing and handling of payroll checks should be in a manner similar to that described in Section VIII – Expenditure Processing.

Personnel Evaluations

Written evaluations of each district employee's performance should be prepared, ideally, on a quarterly or semiannual basis, but, at a minimum, annually. The Personnel Committee or the employee's immediate supervisor should complete the evaluations. The Chair of the Personnel Committee, or other authorized individual, and the employee being evaluated should both sign the evaluation. The Personnel Committee should recommend raises/dismissals (based on the evaluations) to the BOD. The raises/dismissals should be approved/denied at an official BOD meeting and included in the minutes. The evaluations as well as the minutes from the BOD meeting where the raise/dismissal was approved/denied should be maintained in the appropriate employee's personnel file. For more information about Personnel Evaluations, reference the VASWCD Personnel [Management Handbook](https://vaswcd.org/personnel-management) (<https://vaswcd.org/personnel-management>)

Salary Adjustments

When a salary change is approved, it is required that an "Employee Pay Action Approval Form" or something similar be completed showing the previous rate of pay, the new rate of pay and the effective date. After action by the BOD, this form should be signed by the chair of the BOD or another designated BOD member and filed in the personnel files of the affected employee. An Employee Pay Action Approval Form is also required to document any bonus payments for employees. Bonus payments are considered compensation by the IRS and as such are subject to payroll and FICA taxes. In addition, any gift provided to a district employee valued in excess of \$25 is taxable. Please consult IRS guidelines for further information on the tax implications of bonus payments and employee gifts. The IRS website is can be found at <https://www.irs.gov>.

Personnel Files

Personnel files should also include a signed W-4, VA-4, and I-9 (with required documentation attached). These documents should be obtained prior to 1st day of employment. W-4s and VA-4s should be updated at least annually for each employee or upon employee request. All new

hires must be reported to the Virginia New Hire Reporting Center. Information can be found at <https://va-newhire.com/>.

SWCD Employee vs. an Independent Contractor

The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. The earnings of a person who is working as an independent contractor are subject to Self-Employment Tax.

An independent contractor is generally self-employed. The Self-Employed Tax Center provides additional information.

A person is not an independent contractor if he/she performs services that can be controlled by an employer (what will be done and how it will be done). This applies even if the person is given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed.

Payment of more than \$600 per year requires that the District issue a 1099-MISC declaring the amount paid for the contractor's services, as well as submit a 1096 and government copy of the 1099-MISC to the Internal Revenue Service by January 31st of the following year.

If an employer-employee relationship exists (regardless of what the relationship is called), the person performing the work is not an independent contractor and earnings are generally not subject to Self-Employment Tax.

However, earnings as an employee may be subject to FICA (Social Security tax and Medicare) and income tax withholding.

XIV – Appendix A

The following pages contain sample policies and forms that Soil and Water Conservation Districts are encouraged to adopt and implement. The policies and forms are only templates and should be customized to better fit the unique nature of your District. It should be noted that there is no requirement by DCR or the Commonwealth of Virginia that these sample policies be adopted exactly as presented; however, Districts are expected to adopt policies which outline proper procedures and process for, at a minimum, the following topics: purchasing, vehicle use, credit card usage, and check signing.

Sample 1 – Purchasing Policy

It is the intent of the District that all purchases be made as the result of a competitive and open process that encourages participation by all qualified vendors. It is also the District's intent that all District procurement be in accordance with the Virginia Public Procurement Act, § 11-35 of the *Code of Virginia*.

The following guidelines set forth the District's policy for competitive procurement, based on the dollar amount of the anticipated purchase. It is intended that the lowest cost quotation will be accepted. However, should the District determine that acceptance of the least costly price is not in the District's best interest, a written justification for accepting an offer other than the low bid shall be prepared and maintained as the record of district action with the quotations.

The District's annual budget is developed to cover anticipated purchases. If sufficient funds do not remain in a particular budget sub-category to cover a purchase, this shall be brought to the attention of the Board of Directors (BOD) by providing them with a copy of the "budget vs. actual" report. If sufficient funds do not remain under the main category heading (i.e. total budget for Educ, PR & Youth) the BOD must first authorize the purchase and/or amend its annual budget.

Accounting Procedures: All District checks greater than \$ _____ must have two signatures. Two individuals must approve each invoice (Director and employee other than one who prepares the payment/check).

Credit Card Policy: All purchases shall be made in accordance with the limitations of this policy. District credit card(s) shall only be used by District staff for the purchase of the necessary items needed for operations and to carry out District programs. Credit card(s) may be provided for use to the Office Administrator, Conservation Specialist and/or Education Specialist. Credit card purchases will be consistent with the approved budget. Non-budgeted purchases will be made in accordance with the District's purchasing policy.

No personal items will be purchased using the District's credit card.

Receipts for all purchases must be turned in to the Office Administrator when the purchase is made. This is the responsibility of the staff member making the purchase.

When the credit card statement is received, the Office Administrator or designated staff member shall check each charge against the receipt and code each purchase according to the chart of accounts. A District Director and an employee other than the one reconciling the statement shall also review and initial each credit card statement, with receipts attached.

The following serve as guidelines for procurement of goods and services:

- **Purchases less than \$600** – District officials and/or staff will procure goods and services using sound business practices and will endeavor to obtain the best product available for the lowest cost.

- **Purchases between \$600 and \$1,000** – Quotations shall be sought, where practical and available, from at least three (3) vendors. These quotations may either be in writing or by telephone. In either case, all quotations shall be maintained on file for subsequent review and inspection. If three (3) quotations are not available, circumstances shall be documented and retained on file.
- **Purchases greater than \$1,000** – At least three (3) written quotations (or sealed bids) shall be obtained for these purchases. If three (3) quotations (or sealed bids) are not obtained, circumstances must be documented and retained on file. The BOD or a committee, or those authorized by the BOD shall review quotations or bids. The decision to purchase shall be recorded in the minutes.

In the case of an emergency (i.e. securing contractor for work on a flood control dam, etc.) when obtaining three (3) written quotations (or sealed bids) is not possible, the employee or other individual(s) securing the service/purchase shall contact one or more directors for permission to proceed, followed by written documentation of circumstances involved in securing said service/purchase. This action shall be brought to the attention of the BOD at its subsequent meeting and recorded in the minutes.

Inventory – An inventory list shall be developed and updated on an annual basis. This list shall be maintained in a safe, secure location where risk of damage or alteration is reduced.

The inventory list should be a detail of all fixed assets (e.g., computers, vehicles, equipment, etc.) owned and/or controlled by the District whose purchase price is \$500 or more. Any item with a purchase price of \$500 or more shall be maintained on the inventory list until it is disposed of by one of the ways listed below. All inventory items should be tagged and the tag number included on the inventory listing. The net asset should be included for each item on the inventory list.

Disposal of District Property – The following serve as guidelines for the disposal and removal from inventory of District property:

- Trade in on a replacement or acquisition of similar property.
- Advertisement for sale by receiving bids.
- Advertised public auction.
- Donation to a non-profit organization.
- Other method as declared by the BOD.

No tangible property of the District with a value greater than \$_____ shall be sold or otherwise disposed by the District without authorization by the BOD, taken and recorded by an action of the BOD during a monthly or other public meeting of the District.

Chair

Date

Sample 2 – Purchasing Policy

I.1 III.5. PURCHASING POLICY

The following guidelines set forth the District's policy for competitive procurement based upon the dollar amount of the anticipated purchase. It is intended that the lowest cost quotation will be accepted; however, in some instances, the District may believe that the least costly price is not in the District's best interest. In this case, a written justification for taking other than the low bid shall be maintained with the quotations.

Before any purchase is initiated, the item being procured must have been contemplated and included in the District's annual budget. Additionally, sufficient funds must remain in the particular budget category to make this purchase. If either of these criteria is not met, the Board must first authorize the purchase and/or amend its annual budget.

In accordance with the Virginia Public Procurement Act (VPPA), the District has adopted small purchase procedures not requiring competitive sealed bids or competitive negotiation for single or term contracts for goods and nonprofessional services if the aggregate or sum of all phases is not expected to exceed \$100,000. The limit for professional services is \$80,000. Such small purchase procedures shall provide for competition whenever practical.

Price quotations will be solicited for goods and services requested based on the following guidelines:

- PURCHASES UNDER \$2,500 IN VALUE - District personnel will procure goods and services using sound business practices and will endeavor to obtain the best product available for the lowest cost.
- PURCHASES BETWEEN \$2,501 AND \$10,000 IN VALUE - Solicit at least three (3) telephone, catalog, electronic, or written quotes. Posting of notice on an appropriate website is encouraged.
- PURCHASES BETWEEN \$10,001 AND \$30,000 IN VALUE - Solicit at least three (3) electronic or written quotes. Written solicitation and posting of notice on an appropriate website are encouraged.
- PURCHASES BETWEEN \$30,001 AND \$100,000 (or \$80,000 for professional services) IN VALUE - Solicit, in writing, four (4) written quotes. Posting of notice on an appropriate website is encouraged.

Competitive sealed bidding or competitive negotiations may be required for amounts less than \$100,000 for goods and nonprofessional services and \$80,000 for professional services, at the discretion of the District Board. VPPA procedures for formal competitive sealed bidding or formal competitive negotiations, as applicable, are required for all purchases above these thresholds unless specifically exempted.

Term Contracts: The District may elect to establish term contracts for goods and/or services that are purchased on a repetitive basis. Term contracts are established through the competitive

sealed bid (IFB) or competitive negotiation (RFP) process. Purchases made through term contracts may exceed the established thresholds defined elsewhere as these contracts have been competitively procured. A term contract shall be approved by the Board of Directors.

Cooperative Procurement: The District may participate in, sponsor, conduct, or administer a joint procurement agreement on behalf of or in conjunction with one or more other public bodies, state or federal agencies, public institutions, or localities for the purpose to increase efficiency or reduce administrative expenses in any acquisition of goods, services, or construction. The District may purchase from another public body's contract even if the District did not participate in the request for proposal (RFP) or invitation for bid (IFB), if the request for proposal or invitation for bid specified that the procurement was being conducted on behalf of other public bodies. Cooperative procurement shall be in accordance with VPPA §2.2-4304 Section A.

Emergency Procurement: In the case of an emergency (i.e. securing contractor for work on a flood control dam, etc.) when obtaining multiple written quotations or sealed bids is not possible, the employee or other individual(s) procuring the service/purchase shall contact one or more Directors for permission to proceed, followed by written documentation of circumstances involved in procuring said service/purchase. The procurement shall be made with such competition as is practicable under the circumstances. This action shall be brought to the attention of the Board of Directors at its subsequent meeting and recorded in the minutes. Public notice of an emergency contract award shall be posted on an appropriate website.

Sole Source Procurement: Upon written determination that there is only one source practicably available for that which is to be procured, a contract may be negotiated and awarded to that source without competition. Public notice of a sole source contract award shall be posted on an appropriate website.

Sample – Vehicle Use Policy

Purpose

The purpose of this policy is to set guidelines for the use of District-owned vehicles. The District (SWCD) maintains an interest in providing for the official transportation needs of District personnel and/or directors. The District seeks to maintain quality, safe transportation for such uses. In order to do that, the proper use, care, and supervision of District-owned vehicles are required. Drivers must be licensed to operate vehicles they use; only properly maintained vehicles will be made available for such uses and the transportation program will be supervised and administered by both the District manager (or other designated individual(s)) and the District Board of Directors (BOD).

Vehicle Use and Responsibilities: Drivers shall practice defensive driving techniques including anticipating and observing the actions of other drivers and controlling the vehicle in a manner to avoid accidents. When operating the vehicle, drivers must be aware that averting their eyes from the road may cause or contribute to an accident. Drivers should use “best judgment” when changing climate control settings, using the radio, or accessing other settings on the vehicle’s dashboard. Operation and maintenance of District vehicles needs to be assigned to a staffer by District Manager or District BOD.

Responsibilities of Drivers: Use District owned vehicles for official business only. Completion and submission of a vehicle mileage report is required. Items tracked could include: date, driver, destination, mileage in, mileage out and a grand total of miles for the month. All gas receipts shall be kept and turned in to the Administrative Secretary on a monthly basis. It is the responsibility of each individual driver to observe all motor vehicle laws of Virginia. Under no circumstance may a District employee operate a vehicle while under the influence of intoxicating beverages, drugs or other substances.

Responsibility of District BOD: It is the responsibility of each District to guarantee their employees possess a valid driver’s license prior to authorizing use of a District vehicle.

Policy

A. Licensure: Persons operating a District-owned vehicle must be licensed in Virginia to operate the type of vehicle they are using.

- Vehicle operators must show a valid license to the District Manager or BOD prior to obtaining initial authorization to use any vehicle owned by the District.
- Vehicle operators must read and sign the Vehicle-Use Policy prior to obtaining initial authorization to use any vehicle owned by the District.
- Authorized vehicle operators must immediately notify the District Manager and/or District BOD if their license has been suspended or revoked.
- During June of each year, the District Manager or BOD will review the driver authorization list to ensure it is current and to ensure all vehicle operators are driving under a valid license.

B. Conditions of Use: Persons violating conditions of use may be subject to disciplinary action. The District Manager and/or District BOD will monitor all conditions of use.

1. District-owned vehicles are to be used for official business only.

- Passengers – passengers who are not on official District business may not operate or ride in a District-owned vehicle at any time, unless authorized by the District BOD or their designee(s).
- Hitchhikers – Hitchhikers may not be transported in District-owned vehicles at any time.
- Use for Obtaining Meals and Other Necessities – District-owned vehicles may be used to obtain meals and/or other necessities while on official travel.
- Out-of-State Travel – The District BOD must approve all out-of-state travel using a District-owned vehicle.

2. General Vehicle Operating Rules

- Drivers must obey all traffic regulations, including posted speed limits.
- All operators and passengers must wear seat belts at all times while traveling.
- Alcohol and Drug Use – Alcohol and illegal drug-use is prohibited while traveling in a District-owned vehicle. Persons found in violation of this rule are subject to immediate termination. (Also authorized vehicle users are advised to carefully consider whether or not to drive a District-owned vehicle when taking certain prescription drugs.)
- Smoking – Smoking in a District-owned vehicle is strictly prohibited.
- Adverse Weather Conditions – Weather conditions must be evaluated and travel should be postponed when conditions are hazardous. (This includes, but is not limited to: fog, heavy rain, snow, ice, high winds, etc.)
- Keys/Credit Cards – Under no circumstances should keys be left in a District-owned vehicle when not in operation. District credit cards should not be left where they are visible inside the vehicle but rather should be maintained in the glove compartment.
- Parking/Security Considerations – District-owned vehicles should not be left on non-residential streets or highways overnight, unless required due to mechanical failure. Towing costs for improper parking are the responsibility of the driver.
- Fines/Parking Citations – Any fines and parking citations incurred by the driver are the responsibility of the driver and not the District. Persons incurring fines for traffic violations must report such circumstances to their supervisor, as soon as in practically feasible for conveyance to the District BOD; and may be subject to disciplinary action by the District which could include loss of privileges to use District-owned vehicles.
- Personal Property – Personal property left in District-owned vehicles when not in operation is the responsibility of the operator/passenger. Loss or damage to personal items is the responsibility of the operator/passenger.

3. Maintenance and Care of District-owned vehicle

- The District Manager and/or BOD will be responsible for the monitoring and control of the routine maintenance and repair of vehicle(s).

- It is the responsibility of all vehicle operators to routinely check the vehicle(s) to ensure proper oil level, water and antifreeze for radiators, battery, wear on belts, proper inflation of tires, etc. This service should be performed at time of fueling.
- If maintenance repairs are required, the District Manager and/or District BOD should be notified and consulted as to the procedure for maintenance.
- When returning the District-owned vehicle, all garbage shall be removed from the vehicle including both the cab and bed areas.
- Personnel will share the following cleaning responsibilities: the exterior of the vehicle will be washed on an as needed basis; the interior will be vacuumed on an as needed basis; and windows will be cleaned as often as needed.

4. Insurance

- The District maintains vehicle insurance coverage through _____.
- Insurance information can be found in the vehicle's glove compartment and on file in the District office.

5. Vehicle Accidents

- Any driver using a District-owned vehicle who is involved in an accident should contact the police immediately.
- The driver should obtain the name, address, phone number and operator's license number of all parties involved in the accident or witnesses to the accident.
- The driver should refer to the insurance card found in the glove compartment of the vehicle. Refer to instructions on the back of the insurance card and the agent name and contact number found on the front of the card.
- If the vehicle is safely operable, it should be driven to the District office; the District BOD will be responsible for determining a procedure for estimates and repairs.
- If the vehicle is not safely operable, with guidance from the police, the vehicle should be towed to a nearby service facility. The District BOD should be notified and will be ultimately responsible for determining a procedure for estimates and repairs.

6. Driving a Privately Owned Vehicle

- A privately owned vehicle may be used on official business if no District-owned vehicle is available or in other special circumstances with the approval of the District Manager and/or District BOD.
- An official *Travel Expense Reimbursement Voucher* must be submitted with appropriate receipts attached within 30 days of travel to the designated District staff member for payment.

7. Carpooling Related to Trips

If a number of individuals will be attending a workshop, conference or other activity, the District expects that, barring unusual circumstances, District employees attending will car pool using the District-owned vehicle. The District Manager and/or BOD will consider any exceptions to this policy.

Chair Signature: _____

Date: _____

Sample Mileage Sheet

DISTRICT _____

VEHICLE MILEAGE LOG

License#:

MONTH:

Year:

Vehicle:

PERSON ASSIGNED:

Date	DRIVER'S NAME	DESTINATION	MILEAGE IN	MILEAGE OUT	TOTAL MILEAGE

Sample 1– Credit Card Policy

All purchases shall be made in accordance with the limitations of this policy. District credit card(s) shall only be used by District staff (or other authorized individual(s)) for the purchase of the necessary items needed for district operations and to carry out District programs. Credit card(s) may be provided for use to the Office Administrator, Conservation Specialist and/or Education Specialist. Credit card purchases must be consistent with the approved budget. Non-budgeted purchases must be made in accordance with the District’s purchasing policy.

No personal items will be purchased using the District’s credit card.

Original receipts for all purchases must be turned in to the Office Administrator when the purchase is made. This is the responsibility of the authorized individual making the purchase.

When the credit card statement is received, the Office Administrator or designated staff member shall check each charge against the receipt and code each purchase according to the chart of accounts. A District Director and an employee, other than the one reconciling the statement, shall also review and initial each credit card statement, with receipts attached.

Chair

Date

Sample 2– Credit Card Policy

_____ SWCD CREDIT CARD POLICY

Original Adoption Date: _____

Amended Date(s): _____

_____ SWCD has obtained three VISA credit cards from _____; Identified as _____ SWCD Card #####, _____ SWCD Card #####, and _____ SWCD Card #####. The purpose of these credit cards is for authorized _____ SWCD employees to make necessary purchases associated with carrying out SWCD programs and office operations.

The purpose of this Credit Card Policy is to ensure that all authorized users understand the procedures and responsibilities associated with the assigned credit card.

Policy and Procedures

☐ Use of the credit card must be controlled and limited to business use only. The credit card shall not be used for any personal expenses on the part of employees, directors, or associate directors, with or without the intention of reimbursing the SWCD. Any violation shall be referred to the _____ SWCD Personnel Committee and/or Finance Committee and appropriate action taken.

- The maximum limit for the three credit cards is cumulative and will not exceed \$5000.
- It is not the intent of this policy that the credit card displaces the normal procurement process.
- All purchases shall be consistent with _____ SWCD's current Purchasing Policy and with the approved fiscal year _____ SWCD Budget.
- Debit use of the card is not allowed.
- Cash advances are not allowed on the credit card.
- Individual employees will be assigned a business credit card, for which each is responsible.
- The following purchases may be made with the credit card, taking into consideration the current Purchasing Policy and approved SWCD Budget:
 - Educational Program Supplies
 - Gas and Routine Vehicle Maintenance
 - General Operating Expenses
 - Lodging
 - Meals Outside _____ County(ies) (excluding alcohol)
 - Office Equipment and Repairs
 - Postage

Other purchases must be approved by the _____ SWCD Treasurer or a voting member of the Board of Directors (BOD).

- It is the responsibility of the individual user to obtain transaction receipts each time the card is used. All receipts must be submitted to the Administrative Secretary in a timely manner. Either the signature or initials of the employee must be written on the receipt. Failure to do so may result in an employee being responsible for disputed charges.
- Should a receipt be lost, the individual making the purchase should immediately attempt to acquire a second receipt from the merchant. If a second receipt is not available, the individual must provide a signed affidavit indicating the date and approximate time of purchase, name of merchant, and the amount of the charge. The Treasurer and/or Budget

Committee must determine if the individual is personally responsible for the associated charges or if the SWCD will authorize payment.

- When using the credit card for Internet purchases, individual users should ensure that the site utilizes industry recognized encryption transmission tools.
- When the credit card statement is received, the Administrative Secretary shall check each charge against the receipt and code each purchase according to the QuickBooks Chart of Accounts. A SWCD Director shall also review and initial each credit card statement, with receipts attached. Payment of the balance of the credit card shall be made by the due date, in order to avoid unnecessary finance charges or late payment fees. A copy of the statement shall be included with the monthly Treasurer's Report submitted to the BOD.
- Validation and Safekeeping: The cardholder (_____SWCD) shall sign the card(s) immediately upon receipt. If a card is lost, damaged, stolen, or misplaced, the employee assigned the card and the cardholder (_____SWCD) shall notify the credit card company immediately. The Administrative Secretary and Treasurer shall be notified immediately of the situation.
- Credit Card Violations: Credit card violations include, but are not limited to:
 - Purchase of items for personal use.
 - Failure to submit receipts or other back-up documentation to the SWCD's Administrative Secretary in a timely manner for the purpose of establishing accountable reconciliation procedures.
 - Failure to return the credit card when an employee is reassigned, terminated, or upon request.
- Unauthorized use of the credit card is a violation of the _____ SWCD Personnel Policy and may result in either one or more of the following actions: written warning, revocation of credit card privileges, cancellation of purchasing authority, disciplinary action, and termination and/or criminal prosecution. Human error and extraordinary circumstances may be taken into consideration when investigating any violation. The Personnel Committee and/or Finance Committee will be responsible for investigating unauthorized use of the credit card.
- Authorized credit card users must sign an agreement indicating acceptance of all the conditions of use of the credit card, as stated in this document, including possible penalties for unauthorized use.

Authorized Users and Titles

- 1) Employee/Title
- 2) Employee/Title
- 3) Employee/Title

Credit Card Authorized User Agreement

I, _____, have read, understand, and accept all terms and conditions of use of the _____SWCD credit card as stated in the _____SWCD Credit Card Policy. Assigned Card #####.

Signature Date

I, _____, have read, understand, and accept all terms and conditions of use of the _____SWCD credit card as stated in the _____SWCD Credit Card Policy.

Assigned Card #####.

Signature

Date

I, _____, have read, understand, and accept all terms and conditions of use of the _____ SWCD credit card as stated in the _____ SWCD Credit Card Policy.
Assigned Card #####.

Signature

Date

Sample 1- Check Signing Policy

District checks may only be signed by individuals with check signing authority registered with the financial institution.

Any District check under the amount of \$1,000 may be signed by a single District check signatory, except for the District Manager. The District Manager may not serve as the single check signer for checks under \$1,000 since he/she also serves in an administrative role at the SWCD.

Any check written for \$1,000 and over must receive two signatures and may be signed by any check signatory as noted below.

Check Signatories and Authorized Amounts are as follows:

- District Manager – may only sign checks over \$1,000 since his/her signature must be accompanied by that of another check signer.
- Director #1 (currently the Chair) may sign checks of any amount.
- Director #2 (currently the Vice Chair) may sign checks of any amount.
- Director #3 (currently a Director) may sign checks of any amount.

Checks must be made payable to specific payees based upon appropriate documentation; and never to “cash” or “bearer”. Check signers should be presented with vouched invoices at the time the checks are presented for signature.

A check signer (staff or director) is not authorized to sign a check made payable to himself/herself.

Disbursements must be recorded in the checkbook when the check is written. Individual disbursements must be recorded in the general ledger (QuickBooks).

Access to blank checks must be limited to directors and district employees. Individuals with check signing authority shall not have access to the supply of unused checks. Blank checks must be kept locked in a secure place when not in use. Checks shall not be signed prior to completion of the check.

Chair

Date

Sample 2- Check Signing Policy

District checks may only be signed by individuals with check signing authority registered with the financial institution.

All District checks must have two signatures. Check signatories for the District include the following:

- Chair of the board
- Treasurer
- Administrative Assistant
- TMDL Conservation Specialist

Checks must be made payable to specific payees based upon appropriate documentation; and never to “cash” or “bearer”. Check signers should be presented with vouched invoices at the time the checks are presented for signature.

A check signer (staff or director) is not authorized to sign a check made payable to himself/herself.

Disbursements must be recorded in the checkbook when the check is written. Individual disbursements must be recorded in the general ledger (QuickBooks).

Access to blank checks must be limited to directors and district employees. Individuals with check signing authority shall not have access to the supply of unused checks. Blank checks must be kept locked in a secure place when not in use. Checks shall not be signed prior to completion of the check.

Chair

Date

Sample Employee Pay Action Approval Form

Soil and Water Conservation District
Employee Pay Action Approval Form

Employee Name:

Position title:

Initial Employment Date: ____/____/____ Exempt or Non-Exempt status: _____

SWCD Board Meeting Approval Date ____/____/____

Date	Description of Pay Action	Amount of Pay Action	Employee Current Pay Rate	Employee New Pay Rate	Signature (Chair or Personnel Comm. Chair)

Sample Telework Policy

PURPOSE

The _____ SWCD's telework and alternate site work policy provides guidelines under which eligible staff may telecommute, for all or part of their work week, in order to promote general work efficiencies. Telework may also enable the District to respond to certain employee needs, such as the economics of commuting and respond to unforeseen office or public emergencies that do not allow employees to work from the central workplace. The following policy defines the requirements for establishing a telework arrangement for staff.

POLICY

Telework is defined as allowing employees to work at an alternate location. Employees perform essentially the same work that they would in the central workplace in accordance with their same performance expectations and other agreed upon terms. Telework arrangements may be established for long-term or short-term periods. Although many of the programs, operations, and services are normally performed on office premises and require the presence of employees at the central workplace, the District does have the authority to designate positions eligible for telework or alternate work arrangements. While alternate work arrangements may meet the needs of both the District and the employee, the District Manager and Personnel Committee have the sole discretion to determine when this is appropriate. In certain cases, a telework arrangement could be considered a reasonable accommodation for an employee with a disability covered under the Americans with Disabilities Act (ADA). Approvals for telework should be made on a case-by-case basis. The approval of a position for telework does not mean that any employee who later may fill that same position would be authorized to work at alternate work sites. The position should be periodically re-evaluated to determine if telework continues to best meet the District's needs. If telework is expected as a condition of employment, the job announcement should include a statement describing this requirement.

TELEWORK AGREEMENT

Work performed in alternate work locations is considered official business; therefore, the District may establish specific conditions that apply to employees engaged in telework. Prior to beginning a telework arrangement, a telework agreement must be signed and agreed upon by both parties.

EXCEPTIONS TO TELEWORK AGREEMENT

A telework agreement will not be required for employees who wish to telework a minimum of 2 days per work week. On occasion, the District may also determine that employees may need to work at alternate worksites for a few days to accommodate unusual circumstances, such as a brief office closing for renovations or relocation. In such cases as an emergency governor declaration or natural disaster, a telework agreement is not required but telework authorization should be documented for District files by memorandum or email, specifying work expectations and duration.

TERMINATION OF THE TELEWORK AGREEMENT

The District reserves the right to end the telework arrangement at any time. Employees should be given reasonable notice of the termination of the agreement. Employees may be required to return to the central workplace if deemed as having performance or work conduct problems, or if the SWCD Board of Directors feels it is in the best interest of the District and/or the employee to end the arrangement, either permanently or temporarily.

GENERAL EXPECTATIONS AND CONDITIONS

There are a variety of issues which the District Manager, the Personnel Committee and the employee should discuss before implementing a telework agreement. An employee's classification, compensation and benefits will not change upon implementation of telework.

HOURS OF WORK

The amount of time the employee is expected to work will not change due to participation in a telework agreement. Hours of work should remain the same unless specified in the agreement. The employee agrees to apply her/himself to work during work hours. The procedures for approval of overtime and the approval and use of leave should also be specified.

TELEWORK OBJECTIVE

The opportunity to telework is not intended to be used in place of leave, nor is telework designed as a substitute for child or adult care. If children or adults in need of care are in the home during the employee's at-home working hours, another individual should be present to provide the primary care.

COMPLIANCE WITH POLICIES

Employees must agree to comply with rules, policies, practices and instructions and understand that violation of such may result in the termination of the telework arrangement and/or disciplinary action, up to and including, dismissal.

SECURITY OF AGENCY INFORMATION AND RECORDS

Employees are responsible for the security of all documents and records in their possession while teleworking and must adhere to the normal PII (Personally Identifiable Information) security procedures to ensure confidentiality and security of data. Any use of restricted-access information or materials at an alternate work location must be approved and described in an agreement, along with procedures for removing and returning those materials. If any documents or records containing PII are misplaced, the District Manager must be notified immediately so proper procedures can be followed to notify the affected individual(s).

AUTHORIZED CENTRAL WORKPLACE CLOSURE (in the event of power outages, inclement weather, etc)

Employees who telework must continue to work their allotted daily hours in the event of a workplace closure for the day due to power outage or inclement weather.

EQUIPMENT AND MATERIALS

Employees may be authorized to use their own equipment. Where agreements specify, the District may provide equipment and materials needed by employees to effectively perform their duties; however, they are not required to do so. Employees must agree to use equipment provided by the District and supplies for business purposes only and to notify the District Manager immediately of equipment malfunction in order to schedule repair or replacement. All equipment located at an employee's premises is fully insured. Any damage or theft of the equipment should immediately be reported to the District Manager. Equipment used in the normal course of employment will be maintained and repaired by the District. When employees are authorized to use their own equipment, the District will not assume responsibility for costs of repairs, maintenance, or service.

OTHER COSTS

The District is not responsible for operating costs (such as electric bills, phone costs and internet), home maintenance, or other costs incurred by employees in the use of their homes as alternate work locations.

LIABILITY

The District assumes no responsibility for injuries occurring in the employee's alternate work location outside the agreed upon work hours, or for liability damages to employee's real or personal property resulting from participation in the telework program. General liability insurance protecting the actions of District employees is provided 365 days per year subject to the provisions of the insurance policy in effect at the time. Workers' compensation coverage is limited to designated work areas in employees' homes or alternate work locations. Employees agree to practice the same safety habits they would use in their daily District duties and to maintain safe conditions in their alternate work locations. Employees must follow normal procedures for reporting illness or injury.

SAFETY CONFIRMATION

As it deems necessary, the District may wish to include additional conditions in its telework agreement that require employees to: maintain safe work conditions and practice appropriate safety habits, confirm that the work location is free from hazards, and notify the District Manager immediately of any injury incurred working.

PROCEDURES

The District has developed a telework agreement that incorporates the employee's conditions of employment. The executed telework agreement for all employees shall be maintained by the District Manager in accordance with the Virginia Public Records Act. A copy of the telework agreement, and any subsequent changes to it, should be kept in the employee's personnel file. The termination of such an agreement should be in writing.

DEFINITIONS

Telework – A work arrangement in which supervisors direct or permit employees to perform their usual job duties away from their central workplace for at least one day per week or 32 hours per month and in accordance with the telework agreement.

Alternate work location – Approved work sites other than the employee's central workplace where official District business is performed. Such locations may include, but are not limited to, employees' homes and satellite offices.

Central workplace – the location where the employee normally performs her/his duties.

Work agreement – The written agreement between the employer and employee that details the terms and conditions of an employee's work away from his or her central workplace.

Approved by _____ SWCD Board of Directors Date: _____

Sample Telework Agreement

Approved by District Board:

SAFETY

- Employees will self-verify the safety of an alternate worksite.
- Employee is covered the District Workers' Compensation Program if injured while working at the alternate worksite.
- Employee agrees to bring to the immediate attention of their supervisor any accident or injury that occurs while working at an approved alternate work location.
- Supervisor will investigate all accident and injury reports immediately following notification.
- Supervisor or District reserves the right to inspect the alternate work site to ensure safety standards are met any time before or during this agreement.

CONFIDENTIALITY AND INFORMATION SECURITY

- Employee will apply approved safeguards to protect any records from unauthorized disclosure or damage, and will comply with all records and data privacy requirements set forth in state law, District specific policies, and state policies.
- Employee will conduct work at the alternate work location in compliance with all information security standards.

WORK STANDARDS AND PERFORMANCE

- Employee will meet with their supervisor to receive assignments and to review completed work as the supervisor deems necessary.
- Employee may be required to return to the central work location on scheduled telework day based on work requirements for meetings and daily operation requirements.
- Employee will complete all assigned work according to the procedures agreed upon by the employee and the supervisor and according to guidelines set forth in the employee's performance plan.
- Employee agrees to perform telework at the alternate work location and times defined in the agreement unless they notify and receive approval from a supervisor to make a temporary shift in telework location to another alternate site.
- If there is someone in the alternate work location that needs primary care another individual must be present to provide the care.

COMPENSATION AND BENEFITS

- All salary benefits, leave/retirement benefits, and travel reimbursements will remain as if the employee performed all work at the employee's base work location.
- Employee understands that failing to obtain proper approval for overtime work may result in termination of the telework agreement and/or appropriate disciplinary action.
- Employee must obtain supervisory approval before taking leave in accordance with established office procedures. By signing this form, employee agrees to follow established procedures for requesting and obtaining approval of leave.

EQUIPMENT AND EXPENSES

- Employee who borrows District equipment agrees to protect such equipment in accordance with District guidelines. District owned equipment will be serviced and maintained by the agency.
- If the employee provides their own equipment, the employee is responsible for servicing and maintaining it.
- The District will not be liable for damages to the employee's personal or real property during the performance of assigned work or while using District equipment at the employee's residence.
- The District will not be responsible for operating costs, home maintenance, or any other incidental costs (phone, electric, or any utilities) associated with the use of the employee's residence.

INITIATION AND TERMINATION OF AGREEMENT

- The District and the Employee understand that telework should be governed by the same personnel policy as those applicable to employee's working at the District central workplace except as modified by this agreement.
- District concurs with employee participation and agrees to adhere to applicable policies and procedures.
- The District or Employee may terminate this telework agreement at any time unless telework in a condition of employment. Two weeks' notice should be given to either party.

AGREEMENT:

EMPLOYEE NAME/TITLE: _____

AGENCY: _____

TELEWORK AGREEMENT START DATE AND END DATE:

(should be reviewed and revalidated at least once every two years)

ALTERNATE WORK LOCATION ADDRESS:

ALTERNATE WORK LOCATION PHONE NUMBER IF APPLICABLE

ALTERNATE EMAIL ADDRESS IF APPLICABLE:

TELEWORK ARRANGEMENT CATEGORY: Full-Time _____, Hybrid (32 hours or more week) _____, Limited (less than 32 hours weekly) _____

TELEWORK PATTERN (circle days): Monday, Tuesday, Wednesday, Thursday, Friday

EMPLOYEE (circle one) IS OR IS NOT expected to work for the duration of an emergency pursuant to a pandemic or when the employee's central workplace is closed due to emergency situations (weather events, act of terrorism, etc.) If the employee is unable to telework during an emergency due to illness or dependent care responsibilities, the employee must use appropriate leave. The employee may be asked and expected to report to the District central workplace, or another alternative location, or be granted emergency leave, on a case-by case basis, when other circumstances (power outage, etc.) prevent the employee from teleworking at the alternate work location listed above.

Employee Signature: _____

District Representative Signature: _____

Date: _____

Approved by _____ SWCD Board of Directors on _____

Sample Telework Log

SOIL & WATER CONSERVATION DISTRICT TELEWORKING ACTIVITY LOG

Employee Name: _____

[illegible]

Employee Signature:

*By signing this form, I certify that this is a true and accurate description of the time and work that I completed.

Instructions: Use this form to document your teleworking activities. You may use more than one line per day for logging your activities. Please submit a copy of this form to your supervisor.

Sample Gift Card Log

_____ **Soil and Water Conservation District**
Fiscal Year _____ Gift Card Log

Name of Recipient	Type	Value	Reason for Award	Date Awarded
Ex: John Doe	Visa Gift Card	\$25	Poster Contest Winner	October 1, 2019

FLSA Fair Pay Exemption Questionnaire

Note to Employers: This questionnaire serves as a basic outline for an employer's initial analysis of positions being considered for exemption under the FLSA and is meant to serve as one of several tools in an employer's analysis. Job titles are insufficient to determine exempt status.

Position: _____

Employee: _____

Date: _____

Completed by: _____

Completion of this questionnaire helps determine the exemption status of a position. Check the appropriate exemption (Executive, Administrative, Professional, Computer-Related, Outside Sales and Highly Compensated). Then check all boxes under the selected exemption that are applicable. To qualify for an exemption, all boxes must be checked for that exemption. To access the Department of Labor (DOL) online resources for FLSA compliance assistance here is the website: <https://www.dol.gov/whd/flsa>/<https://www.dol.gov/agencies/whd/flsa>

Section II - EXECUTIVE (examples: chief executive officer, controller, vice president, director)

☐ Regularly receives a predetermined amount constituting all or part of the employee's salary, which is not subject to reduction because of variations in the quality or quantity of work performed.

☐ Is paid at least \$35,568 annually (\$~~648~~684 weekly).

☐ Primary duty consists of managing the enterprise or a customarily recognized department or subdivision of the enterprise.

☐ Customarily and regularly directs the work of two or more full-time employees or their equivalents (for example, one full-time employee and two half-time employees).

☐ Has the authority to hire or fire other employees **OR** makes recommendations that carry particular weight as to the hiring, firing, advancement, promotion or any other change in status of other employees.

Section III - ADMINISTRATIVE (examples: manager, supervisor, administrator)

☐ Regularly receives a predetermined amount constituting all or part of the employee's salary, which is not subject to reduction because of variations in the quality or quantity of work performed.

☐ Is paid at least \$35,568 annually (~~\$648-684~~ weekly).

☐ Primary duty consists of performing office or nonmanual work directly related to the management or general business operations of the employer or the employer's customers.

☐ Work includes the exercise of discretion and independent judgment with respect to matters of significance.

Section IV - PROFESSIONAL: LEARNED AND CREATIVE (examples: accountant, nurse, engineer, composer, singer, graphic designer)

☐ Regularly receives a predetermined amount constituting all or part of the employee's salary, which is not subject to reduction because of variations in the quality or quantity of work performed.

☐ Is paid at least \$35,568 annually (~~\$648-684~~ weekly). Note: For teachers, licensed or certified practitioners of law and medicine, medical interns and residents covered under this exemption, the salary basis and salary requirements do **NOT** apply.

Section V - Learned Professional

☐ Primary duty consists of the performance of work that requires advanced knowledge (beyond high school) and that is predominantly intellectual in character and consistently includes the exercise of discretion and independent judgment.

☐ The advanced knowledge is in a field of science or learning.

☐ The advanced knowledge ~~was~~must be customarily acquired by a prolonged course of specialized intellectual instruction (position possesses the appropriate academic degree or has substantially the same knowledge level and performs substantially the same work as degreed

employees but possesses advanced knowledge only through a combination of work experience and intellectual instruction).

Section VI - Creative Professional

☐ Primary duty consists of the performance of work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor as opposed to routine mental, manual, mechanical or physical work.

Section VII - COMPUTER-RELATED (examples: network or database analyst, developer, programmer, software engineer)

☐ Is paid at least \$35,568 annually (~~\$648-684~~ weekly) **OR** \$27.63 per hour. That is, this exemption does **NOT** have to meet the salary basis requirement to regularly receive a predetermined amount constituting all or part of the employee's salary, which is not subject to reduction because of variations in the quality or quantity of work performed **IF** paid at least \$27.63 on an hourly basis.)

☐ Primary duty consists of:

- The application of system-analyst techniques and procedures, including consulting with users to determine hardware, software or systems functional specifications, OR
- The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, OR
- The design, documentation, testing, creation or modification of computer programs related to machine-operating systems, OR

Section VIII - A combination of these duties which requires the same level of skills. OUTSIDE SALES (examples: salespersons, contract negotiators)

The salary basis and salary requirements do **NOT** apply for this exemption. That is, this exemption does **NOT** have the salary basis requirement to regularly receive a predetermined amount constituting all or part of the employee's salary, which is not subject to reduction because of variations in the quality or quantity of work performed, **AND** this exemption does **NOT** have to be paid \$35,568 annually (~~\$648-684~~ weekly).

☐ Primary duty consists of making sales or obtaining orders for contracts for services or for the use of facilities for which consideration will be paid by the client or ~~customer~~-customer.

“Sales” includes any sale, exchange, contract to sell, consignment for sale, shipment for sale, or other disposition. It includes the transfer of title to tangible property, and in certain cases, of tangible and valuable evidences of intangible property.

☐ Customarily and regularly is engaged away from the employer’s place or places of business.

Section IX - HIGHLY COMPENSATED EMPLOYEES PERFORMING EXECUTIVE, PROFESSIONAL OR ADMINISTRATIVE DUTIES

☐ Is paid an annual total compensation of \$107,432 or more, which includes at least \$~~648~~684 per week paid on a salary basis. The required total annual compensation of \$107,432 or more may consist of commissions, nondiscretionary bonuses and other nondiscretionary compensation earned during a 52- week period, but does not include credit for board or lodging, payments for medical or life insurance, or contributions to retirement plans or other fringe benefits.

☐ Primary duty consists of performing office, nonmanual work. Note: No matter how highly paid, manual workers or other “blue-collar” workers, including nonmanagement construction workers, who perform work involving repetitive operations with their hands, physical skill and energy are not eligible for this exemption.

☐ Customarily and regularly performs at least one of the exempt duties or responsibilities of the Executive, Professional or Administrative Exemption.