



# LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

## **FINANCIAL POLICY**

Adopted on June 2, 2004 (Resolution No. 2004-10)

Last Revision on February 5, 2020 (Resolution No. 2020-03)

### **1. OVERVIEW**

It is the policy of Santa Cruz LAFCO to follow ethical, responsible, and reasonable procedures related to purchasing, claims, auditing, money management, and other financial matters. The following accounting discussion is intended to provide an overview of the accounting policies and procedures applicable to LAFCO. This policy documents the financial operations of the organization. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

### **2. USE OF COUNTY FINANCIAL OFFICES, POLICIES AND PROCEDURES**

It is the policy of Santa Cruz LAFCO to utilize the offices, policies, and procedures of the County of Santa Cruz in the conduct of LAFCO's financial matters.

#### **2.1 Santa Cruz County Policies and Procedures Manual**

LAFCO shall follow "Title 1—Financing and Accounting Policies and Procedures" of the County of Santa Cruz Policies and Procedures Manual, except as specified in LAFCO's policies. LAFCO is an independent agency; therefore, neither the Board of Supervisors nor the County Administrative Officer has any authority over LAFCO's financial matters. The County Policies and Procedures shall be translated to LAFCO's Policies and Procedures by the following substitutions:

<b>County of Santa Cruz</b>	<b>Santa Cruz LAFCO</b>
Board of Supervisors	LAFCO Commission
County Administrative Officer	LAFCO Executive Officer
Department Head	LAFCO Executive Officer
Purchasing Agent	LAFCO Executive Officer

## **2.2 Santa Cruz County Auditor-Controller**

LAFCO shall use the Santa Cruz County Auditor-Controller for the following functions:

- Claims and warrants;
- Petty cash;
- Payroll and deductions;
- Collection of county, city, and independent district contributions to the LAFCO budget as required by Government Code Section 56381;
- Maintenance of the LAFCO trust fund; and
- Audits.

## **2.3 Santa Cruz County Purchasing Policy Manual**

For procuring goods and services, LAFCO may follow the most recent edition of the County of Santa Cruz, Purchasing Policy Manual.

LAFCO staff may choose to either use the purchasing services of the Santa Cruz County General Services Department, or may make direct purchases. In the case of direct purchases, LAFCO staff will follow to the extent possible the County's Purchasing Policy Manual, with the Executive Officer functioning as the Purchasing Agent.

## **3. AUTHORIZATIONS**

It shall be the responsibility of the Executive Officer to authorize expenditures of funds within the framework and limitations of the budget adopted by the Commission.

### **3.1 Payroll**

When payroll is due to be filed with the Auditor-Controller and the Executive Officer is absent from the office, the Secretary-Clerk shall attempt to contact the Executive Officer. The Secretary-Clerk may sign the payroll if either:

- The Executive Officer authorizes the payroll amounts verbally or by e-mail, and the Secretary-Clerk keeps a written record of the authorization; or
- The Executive Officer cannot be contacted, and the Secretary-Clerk presents the payroll to the Executive Officer as soon as possible after the Executive Officer becomes available in the office or electronically.

### **3.2 Claims**

When an urgent claim is due and the Executive Officer is absent from the office, the Secretary-Clerk may utilize LAFCO's designated County Administrative Office (CAO) representative to address the claim. If the Executive Officer and the CAO representative are unavailable, the Secretary-Clerk may sign the urgent claim if either:

- The Executive Officer authorizes the urgent claim amount verbally or by e-mail, and the Secretary-Clerk keeps a written record of the authorization, or
- The Executive Officer cannot be contacted, and the Secretary-Clerk presents the urgent claim to the Executive Officer as soon as possible after the Executive Officer becomes available in the office or electronically.

As used in this section, "urgent claim" means a valid claim for which LAFCO would incur a late payment penalty of \$25 or more if the claim were not submitted to the Auditor-Controller on that work day.

### **3.3 Executive Officer Follow-up Action(s)**

Upon returning to the office or becoming available electronically, the Executive Officer shall review any payroll or urgent claim that was authorized by the Secretary-Clerk, separately sign the payroll or claim, and take any necessary actions to correct any errors or oversights.

## **4. EXPENSES AND TRAVEL**

Commissioners (regular and alternate members), employees, and staff shall be entitled to reimbursement for all actual and necessary expenses incurred in the transaction of Commission business, including participation on the CALAFCO board and CALAFCO committees, in accordance with the following provisions:

### **4.1 Stipends**

Regular and Alternate Commissioners shall receive \$50.00 per meeting in order to help defray the costs of attending the meetings.

### **4.2 Travel Expenses**

Regular and Alternate Commissioners, employees, and staff shall be reimbursed in conformance with current County policy for out-of-county travel, meals, and related expenses incurred while on Commission business.

### **4.3 Mileage Reimbursement**

Regular and Alternate Commissioners, employees, and staff shall be reimbursed for authorized use of their private automobiles in conformance with current County policy.

#### **4.4 Lodging Expenses**

Travel reimbursements for lodging at rates higher than County policy shall be permitted when Commissioners (Regular and Alternate), employees, and staff stay at the host facility for CALAFCO events, including but not limited to, meetings, workshops, and conferences.

#### **4.5 Staff Definition**

As used in this section, "staff" means the LAFCO Counsel or the LAFCO Counsel's back-up attorney when either is traveling on LAFCO business.

#### **4.6 Reimbursement Authorization**

No travel expenses shall be reimbursable unless authorized by the Executive Officer.

#### **4.7 Extended Meeting Expenses**

For day meetings of the Commission that are expected to last more than four hours, or for any night meetings, the Commission authorizes expenses not to exceed \$5 per attending Commissioners for light refreshments (coffee, bottled water, soft drinks, cookies, etc.)

### **5. BUDGET**

Government Code Section 56381 indicates that LAFCO shall adopt a proposed budget no later than May 1 and a final budget no later than June 15. LAFCO shall prepare an annual budget in conformance with Government Code Section 56381.

#### **5.1 Performance Evaluations**

Completion of staff's performance evaluation, as outlined in the Personnel Policy, should be completed by February of each year.

#### **5.2 Salary & Benefit Adjustments**

Following the Commission's review and consideration of staff's performance evaluation, any adjustments to their salaries and benefits should occur by March of each year.

#### **5.3 Proposed Budgets**

The Commission should consider adopting a draft budget by April of each year. Copies of the draft budget, with the proposed allocation breakdown, should be shared with the funding agencies for review and comments.

#### **5.4 Final Budgets**

The Commission should consider adopting a final budget by May of each year. Copies of the final budget, with the final allocation breakdown, should be shared with the funding agencies for their records.