Housing Finance Authority of Pinellas County

Accounting Procedures

Table of Contents

Introduction Accounting Procedures
The purpose of these procedures is to specifically set forth the steps to be followed when executing financial transactions for the Housing Finance Authority of Pinellas County (HFA) and recording the same in the accounting records. These procedures are to be reviewed at least annually. The procedures shall be updated and approved as necessary. The Senior Accountant is responsible for updating the procedures and all procedures and revisions thereto will be approved by the Executive Director. The procedures will be designed to accommodate the concept of segregation of duties that effectively promotes internal control. The procedures will be consistent with the Housing Finance Authority's Financial and Accounting Procedures.

In accordance with the Administrative Services Agreement and Interlocal Agreement, for purposes of these procedures, the Pinellas County Community Department staff serves as staff to the HFA. All rights and duties herein, except the review of internal control override, devolve to the Assistant Director in the absence of the Executive Director. In the absence of both the Executive Director and the Assistant Director, those rights devolve to the next highest level of management present, based on seniority and pay grade in accordance with the Community Development Department's organizational structure.

Each procedure or combination of procedures provides the necessary control environment to prevent, detect, and/or correct material misstatements to the financial statements. These controls are designed so that fraud cannot occur without collusion. These procedures should be followed in all instances and any override must be documented and such documentation must be submitted to the Executive Director and the Assistant Director for joint review and approval.

Budget Procedures
Separate budgets will be prepared for the General Fund and any Special Revenue Fund authorized by the Housing Finance Authority.

The staff will develop the budgets and the budgets shall be approved by the HFA at a regular board meeting, prior to October 1 of each year. The Finance Division Manager or his/her designee will be responsible for documenting and monitoring the budgets. The budget methodology, key assumptions, and supporting schedules will be included in the supplemental documentation to the budget provided to the Board of Directors at budget submittal.

Purchasing Procedures
These procedures apply to cash purchases, credit card purchases, or entering into any agreement with obligates the HFA. The purpose of these procedures is to ensure that all purchases are authorized and approved by the appropriate level of management. If it is discovered that required written approval was not obtained, written justification for overriding the control must be provided as described herein. Prudent purchasing practices should be followed in all circumstances.

In accordance with the HFA's Financial and Accounting Policies, all purchases of services and commodities in the amount of $5,000 or greater must be approved by the Board of Directors.

When a service or commodity is part of an approved budget line item or is part of an agreement that has been executed by the Board and results in a payment of $5,000 or more, that purchase is deemed to have received prior approval by the Board.

The Executive Director may approve non-budgeted purchases of up to $4,999.99 without prior approval from the Board of Directors. Those purchases shall be reported to the Board of Directors at the next regular meeting of the Board. All staff is authorized to make budgeted purchases of up to $150 without prior written approval. Budget purchases greater than $150 and up to $1,500 require written approval by the purchaser's Division Manager prior to committing the HFA to pay for the good or services. Purchases greater than $1,500 require prior written approval from the Executive Director. All non-budgeted purchases require prior written approval from the Executive Director, regardless of amount. The Finance Division Manager or his/her designee shall maintain all purchase approval documentation.

Purchase/Payment Request Forms

The proper Purchase Payment Request Form must be completed for each purchase. Currently there is a General Fund and Housing Trust Fund. The payment form for the Trust fund has the words "Housing Trust Fund" added in the title line of the form. When orders are placed after the proper approval has been obtained, all documentation shall be placed in the "Pending Purchases" file maintained in the HFA section of the Central Files.

Credit Card Purchase

The Housing Finance Authority has authorized the use of a Visa credit card. Personal credit card use is discouraged except when traveling or a vendor does not accept Visa. The Administrative Secretary will make all credit card purchases. If the purchase involves goods that require delivery, the purchaser will forward delivery documents to the Administrative Secretary upon receipt of the goods. The Administrative Secretary will assure that the delivery document is held in a pending file until the statement is received.

Upon receipt of the statement, the Administrative Secretary will forward the supporting documentation to the Finance Manager or his/her designee. The Administrative Secretary will mark on the bill the amount to pay and complete a Request for Payment Form for that amount. The Finance Manager or his/her designee will review the receipts and all supporting documentation. If there are issues with supporting documentation, the Finance Manager or his/her designee will pay the bill and handle the issue through the dispute resolution process herein.

If the credit card statement contains an error or a transaction for merchandise that has not yet been received, the purchaser/Administrative Secretary must first attempt to resolve the problem with the merchant by requesting a credit. If items purchased with the credit card are defective, the purchaser/Administrative Secretary must return the item(s) to the vendor within ten (10) working days for replacement or credit. If the service paid for is faulty, the vendor must be notified and asked to correct the situation or provide a credit. If the vendor refuses to replace or correct the faulty item or service, the purchase shall be considered in dispute.

A disputed item must be explained with a note on the statement before the statement is forwarded for processing. Follow-up with the charge company on disputed charges will be coordinated by the Finance Manager or his/her designee.

It is essential to follow the time frames and documentation requirements established by the credit card issuer in order to preserve the HFA's right to dispute. Dispute policies and procedures followed by the credit card issuer will be provided to purchasers when the card is issued. Follow-up with the charge company on disputed charges will be coordinated by the Finance Manager or his/her designee.

Receipt of Goods
The Office Specialist will verify the commodities received are as described on the delivery document. The Office Specialist will notify the purchaser when delivery has been completed. The purchaser will attach the delivery documents to the invoice and process them as noted below. In no case is the purchaser allowed to verify the delivery document; in the absence of the Office Specialist, another member of the staff must perform the verification.

Requests for Payment
After the invoice is received for the goods or services, the pricing on the invoice should be reconciled to the documentation containing the original price quote, where appropriate. The purchaser will mark the invoice "OK to Pay", complete a Payment Request Form with the appropriate approval signature and forward these and any other purchase and required approval documents to the . In instances where only a portion of the goods or services is received, the invoice must be marked so as to identify the items received and the payment request should only reflect those items. Where practical, vendors should make corrections to invoices and submit a corrected invoice. Copies of invoices should not normally be submitted for payment. If it is necessary to submit a copied invoice for payment, it should be stamped copy and contain a brief note why it is necessary to submit a copy of an invoice. If it is determined that a required prior approval was not obtained, a written explanation, approved by the Executive Director must accompany the payment request.

(NOTE: Email invoices and faxed invoices are considered original invoices. The vendor must note on the email or fax copy that it serves as the original invoice.)

Travel and Travel Advances:
Travelers will complete all travel forms within the prescribed limit on the required form. Advances will be permitted for up to 80% of all expenses approved for reimbursement. The traveler, or, in the case of a Board member, the Administrative Secretary, will provide a reasonable estimate of reimbursable travel expenses on the appropriate form. Travel advance requests can be submitted and approved at anytime however the advance will not be given to the traveler prior to 10 days before the anticipated travel. Travel advances will be approved for payment in the same manner as invoices. Estimates of per diem allowances will be obtained from the Administrative Secretary. Upon completion of the travel, the traveler will complete a travel reimbursement form and attach all necessary receipts. If an advance was received a copy of the travel form requesting the advance will be filed with the final travel reimbursement

form. Any funds owed the HFA will be paid within the prescribed time limits. Travel reimbursement requests must be accompanied by adequate supporting documentation and are submitted to the Finance Manager or his/her designee along with a Payment Request Form for payment.

Agreements/Promissory Notes/Specific Programs

Specific “draw request” procedures will be written for each promissory note or agreement executed by the board or program designed by the Authority. Each set of procedures will be listed by resolution and the procedures will be consistent with the term sheet of the same.

Administrative Services Agreement

The Office Specialist will prepare monthly invoices that result due to this Agreement. The Accountant II will verify the accuracy of the invoice before forwarding it to the Administrative Secretary. The Administrative Secretary is not responsible for the accuracy of the invoice. The Administrative Secretary will prepare a “Payment Request Form” approved in accordance with the procedures herein.

Accounts Payable

The Finance Division Manager or his/her designee is responsible for entering properly processed invoices in the accounting system for payment. The invoices will then be placed in Finance Division’s pending files according to the method of payment until time for processing.

Payment Procedures

Invoices will be paid in accordance with the requirements of the Prompt Payment Act. The method of payment, check or Automated Clearing House (ACH), will be indicated on the Payment Request. Procedures for both methods are noted below.

ACH Payments:

The current System Administrator is the Executive Director. The authorized users are the Assistant Director, the Planning Section Finance Division Manager, and the Senior Accountant. The primary control is that no user who has the right to set up vendors would also have access to the accounting records. The Systems Administrator has complete control over the system. However, the System Administrator does not have access to the accounting records and is unable to commit fraud and conceal the manipulation by altering the accounting records.

The Roles are as follows:

The Assistant Director has access to transaction reports, releases batches, create batch reports, and set up vendors. The Assistant Director cannot update the accounting records or create a batch.

The Finance Division Manager and the Senior Accountant, have access to transaction reports, create batches, delete batches, and create batch reports, and access accounting records. The Finance Division Manager and the Senior Accountant cannot add, change, or delete a vendor.

The method of segregating powers among the users reduces the possibility for fraud to occur absent collusion.

Processing of ACH Payments

The Senior Accountant will prepare batches and generate a batch report. The batch report and the invoices will be given to the Finance Division Manager.. The Finance Division Manager will release the batch and document the date and time the batch was released on the batch report. In the absence of the Finance Division Manager, both the Assistant Director and The Executive Director are authorized to release batches. The invoices and the batch report will be given to the Senior Accountant so payment can be recorded in the accounting system and filed.

Processing Payments Made by Check

The blank check stock is secured a locked filing cabinet after normal business hours. The Finance Division Manager or his/her designee will prepare checks. The Finance Division Manager or his/her designee will not distribute checks under any circumstances. The checks and the supporting documentation will be given to the Director for approval and signature. The Director will give the checks to the Administrative Secretary and the second signature for the check will be obtained. The Administrative Secretary or Office Assistant will then process and distribute the checks. The processing of checks requires copying the check after it has been signed and attaching the supporting documentation to the copied check. The copied check and the documentation will be returned to the Finance Division Manager or his/her designee so payment can be recorded in the accounting system.

The Finance Division Manager or his/her designee is responsible for recording ACH and check payments in the accounting system after the appropriate approval. The Finance Division Manager or his/her designee will stamp “paid” on the invoice and Payment Request Form immediately after it is recorded in the accounting system. Paid invoices will be filed by month.

Ratification of Payments by the Board

Monthly, a list of all payments will be generated for the invoices paid. This list of payments will be made part of the financial reports provided to the Board of Directors at each regular Board meeting.

Cash Disbursements / Petty Cash

The Senior Accountant is the Custodian of the $75.00 Petty Cash Fund. The Administrative Support Specialist is the Alternate Custodian for the Petty Cash Fund. The fund will be kept in a locked file cabinet. The Finance Division Manager and his/her designee are in possession of the keys to the cabinet. The fund shall be replenished when necessary. If it is necessary for the Finance Division Manager or his/her designee to be reimbursed from Petty Cash, another HFA employee must approve the reimbursement. Petty Cash Disbursement Slips are to be completed and signed prior to reimbursement of the expense. The business purpose is to be noted on the Petty Cash Disbursement Slip. Receipts are to be attached to the Petty Cash Disbursement Slip. The petty cash fund is to be reconciled by someone other than the custodian. The custodian should be present during the reconciliation. The petty cash fund is to be reconciled prior to being transferred to the Alternate Custodian, or prior to the reimbursement of the fund. Reconciling of the Petty Cash Fund will be completed on the Petty Cash Reconciliation Form. The Petty Cash Reconciliation Form is to be signed by the reconciler (verifier) and the custodian, or the alternate custodian as appropriate.

The Petty Cash Reimbursement Form is to be completed when requesting replenishment of the Petty Cash Fund. Reimbursing the fund requires cutting a check to the Finance Division Manager. The Finance Division Manager will cash the check and give the cash to the Senior Accountant in order to replenish the fund.

Check Deposits

When checks are received for the Housing Finance Authority (HFA), the Office Specialist logs all checks in the Department Check Log and immediately forwards the checks to the Accounting Assistant. The Accounting Assistant immediately endorses the checks with the HFA deposit stamp and prepares the deposit.

Deposits will be made within five business days from the date entered in the check log. Check payments that require research will be deposited. If research is required the check will be copied and the documentation forwarded to the appropriate personnel. If the check was received in error and deposited, a new check will be issued to the remitter after the appropriate authorization. If a check cannot be deposited within five business days after the receipt date in the Check Log, the Accounting Assistant will notify the Senior Accountant. Checks are not to be given to the person that is responsible for conducting research related to the payment. The Finance Division Manager or his/her designee will determine the appropriate action for checks that cannot be deposited.

The Accountant II will review the check log to determine the time frame between when the check was received and when it was deposited. The Accountant II or the Senior Accountant will compare the date on the deposit slip to the recorded deposit date on the check log. The Accountant II will notify the Senior Accountant of any exceptions to the five day deposit procedure outline above. The Senior Accountant will monitor the results of the review and will make recommendations as necessary.

Checks are always to be kept in a lockbox, locked file cabinet, or locked desk drawer until they are properly processed. There are no exceptions to this rule.

Each check will be listed separately on the deposit slip. The Accounting Assistant will copy the check. A designated employee will take the deposit to the bank. Documentation of the accounts affected by the deposit should be generated. The Accounting Assistant will give the copy of the deposit slip, the documentation, the copied check, and the deposit receipt to the Senior Accountant no later than one day after the deposit is made. The Senior Accountant will record the deposit in the accounting system. The effective date of the deposit in the accounting system and the date the deposit will be reflected on the bank statement should be the same. The Accounting Assistant will notify the Office Specialist of the date the checks were deposited and the Office Specialist will update the Check Log. A copy of the deposit slip and the documentation will be filed by bank account in date order.

Wire Transfers

The Executive Director or Finance Division Manager will complete wire transfers. Wire transfer confirmations for monies received and paid will be forwarded to the Senior Accountant. Wire Transfer confirmations will be filed by bank account and date order. The Senior Accountant will record the Wire Transfers in the accounting system. The effective date of the transaction in the accounting records will be the confirmed date of the wire transfer.

Bank Reconciliation

Reconciling bank accounts is the responsibility of the Senior Accountant. The Senior Accountant will file deposit slips and wire transfer documentation with the bank statement by month. Bank reconciliations will be reviewed by the Finance Division Manager or his designee. The Senior Accountant will not have input concerning the reconciliation review procedure.

Upon receipt of the bank statements the Office Specialist will forward them to the Finance Division Manager or his/her designee unopened. Canceled checks are to be kept in numerical order. The Finance Division Manager or his/her designee will identify checks each month that have been outstanding 180 days or more. The Finance Division Manager or his/her designee will discuss the checks that have been outstanding 180 days or more with the Director. A decision will be made to on a case basis what will be done in each instance of an outstanding check. The decision will be documented and the appropriate action will be taken.

Parity Release from Bond Programs:

Parity releases relating to programs in which Pinellas County General Fund dollars were contributed will be used to pay down that debt until it is fully eliminated. If there are parity funds remaining after the Pinellas County General Fund debt has been eliminated, those funds will be distributed first on a proportional basis between the HFA investment and the total jurisdictional investment in the bond program. The jurisdictional share will be distributed on a proportional basis among the various jurisdictions.

If Pinellas County General Fund dollars are not involved in a program, parity funds released relating to that program will be distributed on a proportional basis between the HFA investment and the total jurisdictional investment in the bond program. The jurisdictional share will be distributed on a proportional basis among the various jurisdictions. Parity releases will be distributed annually, at a minimum, at the end of the calendar year.

Unused SHIP Funds

Prior to Program 2003A, SHIP funds not used by the trustee and returned to the Authority will be returned to the jurisdictions based on the proportion of their original investment. For Program 2003A and subsequent programs returns to jurisdictions will be based on the specific use of SHIP funds related to loans purchased by the trustee in the jurisdiction. If more SHIP funds are used in a jurisdiction located in an incorporated jurisdiction inside of Pinellas County and there are excess funds available contributed by Pinellas County, those funds will be used to the extent possible to supplement the incorporated jurisdictions. Pinellas County SHIP funds will not be used to supplement jurisdictions outside of Pinellas County. If a refund is due to any jurisdiction based on the loans purchased by the trustee in that jurisdiction, and the funds returned by the trustee are not enough to satisfy the refund(s), the Housing Finance Authority will contribute the remaining funds necessary to make the refund(s). The HFA will increase their investment in the specific program by the amount it contributed. The return process will begin at the close of the program.

Capital Assets and Depreciation
Assets that cost $2,500 or more will be depreciated according to Generally Accepted Accounting Principles. It is the Finance Division Manager or his/her designee's responsibility to determine depreciation is in compliance with Generally Accepted Accounting Principles. Any purchase of assets of the Authority shall be tagged as property of the Authority if the purchase amount exceeds $1,000. The Administrative Secretary will list assets with a value between $1,000 and $2,499. The Senior Accountant will inventory the assets on the list annually. The list will be maintained in the HFA directory in the shared drive. The Inventory will be signed by the Finance Division Manager or his/her designee and filed in the accounting files.

General Instructions
Whenever it is necessary to copy documents it is highly desirable that the copied document be stamped "copy." It is strongly recommended that delivery documents are not copied under any circumstances..