

MEXICO HOUSING AUTHORITY

FISCAL POLICY

I. ACCOUNTING METHODS

The Mexico Housing Authority uses Generally Accepted Accounting Principles (GAAP) for governmental entities. The Enterprise Fund method of accounting per the Governmental Accounting Standards Board (GASB) will be maintained as recommended by the United States Department of Housing and Urban Development (HUD). This method of accounting requires full accrual of revenues and expenditures within the accounting period as they are earned or expended. Depreciation of capitalized assets will also be recorded on a straight line basis over the useful life as recommended and allowed by the Internal Revenue Service Code or as may be required by HUD. Generally Accepted Accounting Principles from all Accounting Standard Boards will be compiled with in the total operation of the Authority including but not limited to any non-profit corporations, partnerships or joint ventures that the Housing Authority may establish. Project based budgeting and accounting will be utilized to the fullest extent possible, if applicable.

The Mexico Housing Authority utilizes an in-house accountant, fee-accountant or as required, to compile all necessary financial data on a monthly, quarterly, semi-annual, and annual basis.

II. INDEPENDENT AUDIT

The Mexico Housing Authority fiscal year end is March 31 with two major programs of 133 units with the Section 8 Voucher program and 212 units with the Low Rent Public Housing. Capital Fund Grants, along with any other current available grant(s) with necessities of the agency, is additional with the Low Rent Public Housing and/or Section 8 programs.

An independent audit of the operation of Mexico Housing Authority occurs yearly. The auditor utilizes governmental auditing standards, which includes financial information, internal control of assets, operations and compliance with all Federal, State and Local government laws and regulations. The final audit reports will be sent to the Housing Authority Board of Commissioners for motion. Once accepted by the Board of Commissioners a report will be sent to HUD and Federal Audit Clearinghouse as well as Financial Institutions and other third parties as requested of the Authority. A Data Collection Form (SF-SAC) must also be sent to Federal Audit Clearinghouse. The Mexico Housing Authority prepares a Request for Proposal for audit services on a yearly basis to ensure cost efficiency yearly. In addition, the Independent Auditor must be certified with HUD through the HUD Quality Assurance Sub System as provided on the HUD internet web site. Once

completed, the independent auditor will present the audit report to the Board of Commissioners at a regularly scheduled Board Meeting in an agreeable matter, unless, stated in a signed contract with the auditor. The Independent Auditor is expected to follow all federal, state and local laws and regulations during the audit period.

III. COST ALLOCATION

The Housing Authority prepares a yearly budget as required by HUD regulations. The yearly budget contains a cost allocation that includes all Authority operations. This allocation is necessary to ensure that costs of operating each program are charged to the correct fund in our general ledger. Each program and individual grants have a separate fund number to record direct and allocated revenues and expenditures. Allocation methods are reviewed and changed periodically as necessary. Allocations of costs traceable to grants that do not provide administrative fee are allocated on a basis that is the best for the financial needs of the Authority. The general allocation process is as follows:

1. Direct cost by fund and project or grant.
2. Cost of support services and support staff are allocated based on a time study of a month, number of units square feet of space used, number of units per program divided by total of overall units available, any other reasonable and fair method and goals of the Authority as stated in the Annual and Five Year Agency Plan.

IV. INTERNAL CONTROL

The Authority shall maintain a system of internal, administrative, and accounting controls consisting of all economically feasible measures necessary to protect the Housing Authority assets and operations. Internal controls are for:

1. Safeguarding the Mexico Housing Authority resources against waste, fraud, mismanagement and inefficiency, (See Fraud Policy in book of policies and procedures under tab Internal Control)
2. Promoting accuracy and reliability in accounting and operating data, including Financial Reports preparation by the fee accountant, if applicable.
3. Encouraging and measuring compliance with Housing Authority Policy,

4. Evaluating the efficiency of financial operations in all Departments and programs operated by the Authority,
5. To assist in verifying that standards of operating procedures established for each department are followed,
6. To provide creditability of sound operating standard to third parties such as independent auditors, HUD, the State and Local government,
7. To ensure that Ethical Policies are followed as set forth in the PHA Ethics Reference Manual and in Chapter 6 of the Personnel Policy.
8. To ensure that the Authority is in compliance with federal, state and local laws and regulations.

V. BUDGETS AND BUDGET CONTROL

The Mexico Housing Authority defines a budget as a realistic estimate of the operating revenue and expenditures to be incurred in connection with the prudent operation of any project or program during a specified period, broken down according to a classification of accounts as recommended by HUD and as required by Generally Accepted Accounting Principles when utilizing the Governmental Enterprise Fund Accounting Method.

The budget shall be prepared both on a program basis and on an operational basis. Each program, grant or project administered by the Authority shall have a separate operating budget.

Budget Preparation: The in-house account, fee-accountant, Ex. Or Finance Dept., whom ever is appropriate, is primarily responsible for the Low Rent Operating budget preparations with the assistance of staff. The list above and the S8 department head will be responsible for S8 budget preparations. Each grant funded department head is responsible for their grant budget preparation. The Executive Director or appointed designee submits budgets for the Board of Commissioners.

The budget shall be by program, grant or project and shall include adequate justification of revenues and expenditures. The Executive Director or appointed designee will then recommend the budgets to the Board of Commissioners. The Board of Commissioners shall review the recommended budget, request any additional information they desire, and make such changes to the proposed budget as they determine appropriate. The Board of Commissioners must adopt the budgets each year. Revisions in the budget document necessitated by changes in

circumstances or estimates during the fiscal year shall be processed in the same manner as the original budget. Approval of program budgets by the United States Department of Housing and Urban Development (HUD) shall be obtained where applicable.

Budget Control: The Executive Director or his/her designee shall be responsible for the efficient and effective use of budget appropriations and control of costs in relation to each program budget. No expenditure shall be made that exceeds an appropriation for a major expenditure category of a program/department budget except in emergency situations as determined by the Executive Director or appointed designee. Monthly budget reports comparing the budgeted revenues and expenditures with actual revenues and expenditures shall be supplied by the in-house or fee-accountant and presented to the Board of Commissioners by the Executive Director or appointed designee.

VI. PROCUREMENT

The procurement of goods and services shall be accomplished in a manner that will ensure the combination of price and quality that will promote the highest level of efficiency and economy. The Procurement Policy is a separate policy that specifies the various laws; regulations and procedures the Authority must follow and is located in the Policies and Procedures handbook in the Administrative Office.

VII. DISPOSITION OF EXCESS PROPERTY AND CAPITALIZATION

The Authority disposes of excess property in accordance with federal, state, and local laws. The Authority has a separate policy with specific guidelines that must be followed and is located in the Policies and Procedures handbook in the Administrative Office under Disposition Policy.

Capitalization is to establish and maintain effective financial controls for fixed asset accounts for land, structures, and equipment. The Authority has a separate policy with specific guidelines that must be followed and is located in the Policies and Procedures handbook in the Administrative Office under Capitalization Policy.

VIII. HOUSING ASSISTANCE PAYMENTS (HAP)

Housing Assistance Payments shall be made in a timely manner each month. The Section 8 Manager is responsible for the HAP preparation and a designee is responsible for the accounts payable check run and is only paid to the landlord for rent. The S8 program does not have an accounts receivable program. Utilities check due for S8 residents will be made directly to its appropriate utility company.

General Procedures:

1. The in-house accountant or designee before proceeding must close accounts Payable for the month with HAP payments for the following month.
2. S8 Manager must have all changes and information needed in the computer before preparations can proceed. Once completed and all users are out of the authority's software program, a backup is then made through the authority's software program. S8 Manager then does an update pending files along with another backup. Once this is completed the S8 Manager tells the in-house accountant or designee to proceed with HAP check run.
3. In-house accountant or designee then follows the procedure, "Instruction for Section 8 HAP and Utilities". The generated report is printed and not to be updated and will be submitted to the Section 8 Manager to make any proper changes, if necessary, before check run. Once the Section 8 Manager has made the adjustments then the generated report is printed again with an update and then checks are printed.
4. The checks and Accounts Payable HAP register is then given to the Executive Director or appointed designee and a Commissioner for their review and initials on the HAP register. Once completed the checks are mailed to the landlords.

UNITS UNDER LEASE:

The Mexico Housing Authority maintains a record or log that provides information concerning units under lease for each annual contribution contract And a report is prepared monthly from this record.

IX. PAYROLL

Payments of salaries and wages to employees shall be made expeditiously and in accordance with all Federal, State, and Local Laws and Regulations.

Internal Procedure: The payroll schedule shall be every two weeks and the in-house accountant, Executive Director or immediate supervisor, will distribute payroll checks on every other Friday no later than 11:30 a.m. The Housing Authority's current pay period begins on Wednesday and ends on Tuesday. The Finance

Department or the Executive Director or the Maintenance Director or supervisor will distribute your time sheets to employees generally on every other Wednesday to process for the current Friday's paycheck.

If time off request is needed, an absentee report (yellow slip) is available through the immediate supervisor, administrative department or Executive Director and is to be completed in advance of requested leave to the supervisor. The supervisor, after supervisor's approval, will forward the slip to the Executive Director and lastly to the responsible designee where it will be recorded in the daily attendance record. First, the Executive Director must approve the request before any employee leaves the premises, unless emergency arises. If a sickness occurs or circumstances prevent the employee from working, it is the employee's responsibility to notify the immediate Supervisor or Executive Director as soon as possible of their absence. The supervisor will then report to the Executive Director. The approval of any vacation time of four(4) hours or more will be marked on the Vacation Board located in the Administrative Office. If the name is not on the board, the question must be stated with the supervisor or Executive Director. No employee should leave the HA premises without the knowledge of their supervisor, Executive Director or appointed designee.

UPON ABSENCE OF THE SUPERVISOR ALL PROCEDURE ABOVE MUST BE DIRECTED TO THE EXECUTIVE DIRECTOR, UPON THE ABSENCE OF EXECUTIVE DIRECTOR WILL THEN BE DIRECTED TO THE APPOINTED DESIGNEE MADE BY EXECUTIVE DIRECTOR.

Any change of address or phone number must be reported to the immediate supervisor, the Executive Director, and the Finance Department. A new W-4 Federal Tax Withholding and MO W-4 State Tax Withholding will need to be filled to show employees current address for the year ending W-2 Tax forms.

No loans to any employees for any reasons. You may receive your check after 2:00, upon your request, the day before payday of Friday only if Friday is your personal day of request for leave; this excludes the exceptions of holiday early payments. No checks are allowed to be cash from the cash drawer.

Employee records shall be confidentially maintained and shall include adequate documentation and authorization to support every transaction from employment through termination in accordance with the Mexico Housing Authority's Personnel Policy.

X. TRAVEL

Travel shall require the prior authorization of the Executive Director as provided for in the travel policy.

The travel policy may be found in the Personnel Policy section 10.9.

XI. INVESTMENTS

The Mexico Housing Authority shall invest all available funds in those investments funds or securities approved by HUD and state law. The Executive Director, or appointed designee is hereby designated the administrator of the Authority's funds and will be responsible for their timely and appropriate investment. State law and good business practices require that all governmental agencies prepare an investment policy and to be approved by the Board of Commissioners. The Authority Investment Policy and procedures are separate from this document. The document is located in the Policies and Procedures handbook in the Administrative Department under Investment Policy.

XII. ACCOUNTS RECEIVABLE AND COLLECTIONS

Resident Accounts: A detailed record of all transactions shall be maintained for each resident of the Mexico Housing Authority, including documentation of each transaction's nature, justification, and authorization. Notice to residents regarding delinquency of account balances shall be processed as promptly as allowed by State and Federal laws and regulations. Legal eviction proceedings shall be instituted promptly for accounts that remain delinquent upon expiration of the required notice period.

Collection Loss: All account balances determined to be uncollectible shall be presented to the Board of Commissioners at least yearly for approval to be written off to collection loss. All account balances shall be assigned to a collection agency or as may be deemed appropriate. The Authority shall employ all legal, reasonable, and economically feasible measures necessary to collect all debt owed to the Authority. Apart from this document there is a separate procedure for the disposition of uncollectible resident accounts. See Rent Collection Policy located in the Policies and Procedures handbook in the Administrative Department.

XIII. CHECK SIGNING/AUTHORIZATION AND FUNDS TRANSFER POLICY

See Check Signing Authorization Policy and Funds Transfer Policy a separate policy located in the Policies and Procedures handbook in the Administrative Department located under the tab of Internal Control.

XIV. HANDLING OF CASH

The Authority has a blanket policy of not accepting cash for any payment of debt to the Authority. Under reasonable accommodations cash may be accepted upon approval of Executive Director.

XV. PETTY CASH

See Procurement Policy Section 4-4.22 and Petty Cash Procedure in the Administrative Policies and Procedures located under the tab Internal Controls.

XVI. INSURANCE COVERAGE

The Mexico Housing Authority shall obtain coverage of the following insurances to protect the Authority from loss of assets and liability protection for Commissioners and or employee actions.

1. Workers Compensation to assist employees who have been injured Or become ill due to accidents or other unforeseen events while on Duty.
2. General Liability protects the Authority assets against claims from Outside individuals or businesses due to unforeseen events.
3. Fire and Extended Coverage insurance protects the assets of the Authority from disasters and casualties losses such as fire, wind, Hail, rain and other events.
4. Automobile coverage protects the Authority assets in case of an Accident with another vehicle or other property or an unforeseen Event. Must have a MO State valid driver license if required by job description and/or to be covered under the insurance plan for certain Circumstances.
5. Electronic Data Processing coverage protects the Authority electronic equipment from casualty losses such as fire or water damage and other unforeseen events, if applicable.
6. Errors and Omission insurance protects the Commissioners and

Officers in the event of a third party claim that is an insurable event, if applicable.

7. Fidelity Bond protects the Authority against employee theft or Embezzlement.
8. Employment liability insurance will be procured to protect the Authority from any employee or prior employee actions.

XVII. DISCLAIMER

This Fiscal Policy is intended to provide general guidance for the operation of the Housing Authority programs. If a conflict in law occurs with this policy, the law shall prevail. The Executive Director, and/or Commissioners of the Mexico Housing Authority retain the right to make changes as necessary in this policy. The Executive Director must direct any interpretation of this policy.

PETTY CASH PROCEDURES

Petty cash funds may be used for small purchases that cannot be obtained on an open vendor account. No purchase may exceed \$25.00 without prior verbal or written approval of the Executive Director or a designee.

The Finance employee will keep the petty cash in the Finance office at all times. The money will be kept in a zipper moneybag and will be placed and locked in a secured area. The petty cash will be segregated from any other cash.

The amount of petty cash allowed will be recommended to the Board of Commissioners and approved for any and all locations. Currently, the total petty cash is \$100.00.

A petty cash voucher is pre-numbered. The petty cash voucher must be filled out completed with signature from the employee receiving the cash and the custodian giving the cash with a brief purpose of cash needed. Original receipts must be received, if applicable and attached to the petty cash voucher. If a receipt is not given for support of the petty cash purchase and is required then the individual receiving the cash may be liable for reimbursement to the Housing Authority.

A petty cash journal is kept to record all disbursements and each time petty cash is replenished, the balance at that time must be equal to the amount approved by the Board of Commissioners.

The following procedures apply to the use of petty cash fund disbursement:

1. All petty cash forms and authorizations must be completed in ink
And only the original receipt will be accepted for proof of purchase.
2. No person may borrow from the petty cash fund for personal use.
3. No personal checks may be cashed from the petty cash fund.
4. When petty cash is advanced, the receipt (if required), cash or change must be returned within 24 hours.

See also Procurement Policy Section 4.2.2 Petty Cash Purchase.

CHANGE FUND POLICY AND PROCEDURES

The amount of change fund allowed will be recommended to the Board of Commissioners and approval. The change fund is currently zero dollars.

The Administrative staff, other than the Finance employee, is allow to take rent and security deposits. The payments are then posted through the Housing Authority's software program. The Finance employee, if needed, may take payments manually through a written receipt and other administrative staff will then post payment through the software program for verification.

Money orders and checks are only allowed to receive for payment. Cash is only allowed if under consideration of reasonable accommodations with approval of the Executive Director.

The Finance employee, as necessary, will prepare a deposit of funds from the cash drawer. This may require a daily deposit during the beginning of the month due to heavy rent flow. The Executive Director or a designee will then make the deposit to the bank. If the Finance employee is unavailable to prepare a deposit, the Executive Director or an appointed designee will then prepare a deposit while another administrative staff will make the deposit.

Procedures that must be followed:

1. All checks or money orders received must be stamped on the back of Of the check or money order "For Deposit Only and the Company's Name."
2. No personal checks cashed for any reasons.
3. No two-party checks accepted for any reason, unless authorized by Executive Director.
4. No money can be borrowed out of the cash drawer.

BANK ACCOUNTS

All banks used by the Housing Authority of the City of Mexico as depositories are to be authorized by the Commissioners. The banks used for HUD funds must have an approved depository agreement from them. Bank accounts must be reconciled promptly and separately after the end of each month by in-house, fee-accountant or designee.

The reconciliation procedures for bank accounts include the following, with respect to deposits:

1. Comparison of dates and amounts of daily deposits as shown on the bank statement with the cash receipts records.
2. Investigate bank transfers to determine that both sides of the transaction has been properly recorded on the books.
3. Items rejected by the bank:
 - a. Deposits or collection items are subsequently charged back by the bank (because of insufficient funds, etc.) delivered directly to an employee independent of those who prepares the deposit or maintains the cash receipt records.
 - b. A responsible person independent of those responsible for receipt or recording of cash investigates items above.

The reconciliation procedures for bank accounts include the following with respect to disbursements:

1. Comparison of cancelled checks with the cash disbursement journal as Number, date, payee and amount.
2. Account for sequence of check number.
3. Random examination of cancelled checks for authorized signature(s).
4. Random examination of cancelled checks for irregular endorsements.
5. Random examination of cancelled checks for alterations.

The completed bank reconciliation will be reviewed by the Executive Director periodically and the balances are to agree to the general ledger amount (vs. books or check stub balances). Each grant, other than the development grant are to be received, deposited, and recorded into separate accounts from that of the Housing Authority's general fund.

CASH RECEIPTS

Deposits received are made to separate program accounts so that they are not commingled, (rent receipts from Public Housing to Public Housing account etc.). The receipts of currency are adequately controlled until deposited. The facilities and methods are used adequately for protection of cash, checks and money orders. All checks and money orders should be stamped “for deposit only” immediately after receipt.

The receipts are in numerical sequence through the Mexico Housing Authority’s receipt system program when payments are made. When rent is received by mail, it is then posted through the receipt system program. A receipt is mailed to the payer upon their request. All payments received by the Housing Authority are turned over, as necessary, to the person who prepares the bank deposit. Otherwise, payments received are placed in the locked fire safe cabinet each night during close up.

MAIL RECEIPTS

An employee designated by the Executive Director other than the Finance employee, opens the mail receipts at the Mexico Housing Authority. The mail receipts are endorsed and posted, immediately. The cashing of checks out of cash receipts is prohibited.

Miscellaneous receipts should be effectively controlled by:

1. Collection for resident-caused damages. (See Policy Accounts Receivable & Collections).
2. Recovery of amounts previously written off. (Same policy as above).
3. Sale of non-expendable equipment after proper authorization. (See Capitalization and Disposition Policy).
4. Collection/disbursement of rental fees. (See Collection Policy).

CASH DISBURSEMENTS

All cash disbursements, except petty cash items are made by check, unless money order is requested. All checks are numbered and issued in sequence through the computer-generated system. The controls over the numbering of the checks should be adequate. The supplies of checks are blank, safeguarded and locked in the Finance office. When printing checks, automatic signature is printed through the computer system with password access. All checks require two signatures and the check signers are the Executive Director and the Chairperson of the Board of Commissioners. Other active Commissioners, listed on the bank account, may sign, if necessary, in place of the Executive Director and/or Chairperson.

APPROVAL PROCEDURES:

The following approvals by properly responsible employees are required before vouchers are submitted for payment:

1. Authorization (purchase order) and prices
2. Receipt of Goods
3. Footing, extensions, discounts, etc
4. Account distribution
5. Initials written by the necessary department heads and Executive Director (Assistant Director upon Executive Director's Absence) must be placed on invoices

The approved invoices are presented to the in-house accountant or acting designee for check preparation and payment.

CHECK PREPARTION AND SIGNING:

The practice of drawing checks to “cash” or “bearer” is prohibited. In case of voided checks, the signature area can be removed or stamped over with a “void” stamp or written to prevent reuse and kept on file for subsequent inspection. Any voided checks and a check register showing the “void” are submitted to the Executive Director or designee acting on behalf of the Executive Director for review and initials upon approval.

When checks are processed, the checks and check registers are presented to the Executive Director or designee acting on behalf of the Executive Director and Chairperson for their review. Initials of each reviewer must be written on the register for approval. Check signers or other responsible officials who review checks and supporting documents should determine that:

Cash Disbursements (con't)

1. Disbursement is authorized and recorded in proper fund or account.
2. Being expended from the proper program or fund.

The listing of account payable and grant funding checks are provided monthly to the board of commissioners for review of expenditures.

INVOICES AND ACCOUNTS PAYABLE

The person, who opens the mail, excluding utility bills, sends maintenance invoices directly to the Maintenance Director and the Maintenance Director submits to Executive Director for review and initials, after the review from Maintenance Supervisor. All other invoices are sent directly to the Executive Director or to appointed designee upon ED's absence for review and initials. The vendor invoices are checked against the purchase orders and receiving reports for terms, prices and quantities. The documents, including necessary purchase orders, are retained together with the invoice and is the responsibility of the Administrative Assistant for administrative purchasing and Maintenance Director for the maintenance department and then given to the Executive Director or appointed designee upon the Executive Director's absence. All utility bills will be sent directly to the appropriate departments to verify for proper payment and utility record keeping. The appropriate departments will then forward the utility bills to the Finance Department for check processing. Every two weeks, accounts payable checks will then be made for payment. All invoices that are received are maintained or filed in a manner that assures they will be recorded and charged to the proper account in a timely manner.

The processing of invoices for payment includes:

1. Check of account distribution
2. Mathematical check of footing, extensions, and discounts
3. Check to be sure the Housing Authority is paying only the proper amount of Federal Excise Taxes and State Sales Tax.
4. Check to insure that only original invoices are processed for payment (as opposed to statements or duplicate invoices).

MAIL PROCEDURES

The mail will be retrieved and opened by the Administrative Assistant. Upon the absence of the Administrative Assistant a designee will be assigned. For proper distribution of invoices, please read the Invoices and Accounts Payable procedure. To the exception of below, all other mail will be forwarded to the Executive Director or to the appointed designee upon the absence of the Executive Director.

Unauthorized opening of the mail will be related to or as is in the below criteria and forward to the Executive Director or appointed designee, upon the Ex. Director's absence (unopened):

Mail Procedures (con't.)

1. All mail being received from banks
2. All mail addressed to the Trustees of Employers Retirement Plan, which may include directly from William Patrick Farris or R.E.R. Services (Richard Ripper).
3. All mail received from Internal Revenue Service (IRS)
4. All mail being received from MO Department of Labor and/or MO Division of Employment Security

If the Administrative Assistant or a designee receive any other mail or sealed documents and to their best of judgment that it should be handled as a confidential matter may forward to the Executive Director (unopened).

INVESTMENT PROCEDURES

Reference is to the Investment Policy

The Finance Department is responsible to be familiar with the Authority Investment Policy and to ensure that the Policy is followed at all times.

The Investment Policy appoints the Executive Director or his/her designee to prepare written procedures to follow the requirements of federal, state, and local laws and regulations. The Finance Department has been designated by the Executive Director as the primary person to attend to the daily requirements of tracking cash flow and investments. The procedures herein will be followed when attending to the Investments of the Authority.

The Finance Department will determine the amount of cash that will be needed as appropriate for payment of all Housing Authority cash payments, including those times of the week or month where large payments are to be made. Examples of this are vendor invoices that are paid for a full year such as insurances and other like expenditures.

The Finance Department will check monthly the balances of the checking accounts after completion of bank reconciliation. If it is determined that there is excess cash available the Finance Department or designee will call at least three qualified financial institutions requesting an interest rate for the amount of cash to be invested. The Finance Department will prepare to invest funds with the financial institution that offers the best rate after board approval, if board approval is required. The Executive Director will then set up the investment with the financial institution requested by the Finance Department. Work papers or notes documenting these steps will be filed in an investment file for independent audit purposes.

The Finance Department at this point will determine the length of time to maturity for the investment basis on cash needs analysis that takes into account any unusual expenditure such as large contracts or once a year payments as mentioned above. The Finance Department will determine the length of the investment time but in no case shall that time be more than three (3) years. The Finance Department will at all times utilize variable maturity dates to ensure proper cash flow as needed.

When the investment matures the Finance Department will determine if there will be a need for the cash to pay Housing Authority related expenditures. If it is projected that there is a need for the funds, the investment is not renewed and the Executive Director upon board approval transfers it to the proper checking account.

Investment Procedures (con't)

If the funds in the maturing investment are not needed for cash flow purposes, the Finance Department will again ask at least three banking institutions for a proposed interest rate and renew the investment at the same financial institution or change the investment to another financial institution by the Executive Director. The Finance Department shall take administrative costs to service the investment when deciding to renew with the same financial institution or to change the investment to another financial institution. An example of this would be if there exists a small difference (.005 percent or less) between the proposed rates of interest. The Finance Department could multiply the rate of difference by the investment amount and decide if the administrative cost would reduce the yield on the investment such that renewing the investment at the lower cost rate would be more cost efficient.

The required reports and documents to be prepared by the Finance Department are as follows:

1. Daily report of cash on hand;
2. Listing of financial institutions called for interest rate quotes, including name of person that rendered the quote as well as the phone number and date of conversation;
3. Rating certificates for the financial institutions holding Housing Authority investments;
4. A monthly report to the Executive Director and the Board of Commissioners showing the total investments on hand; unless otherwise prepared by fee accountant

The Finance Department will ensure that an independent public accountant audits the investment transactions during the year and any findings or recommendations are immediately expressed to the Executive Director and corrected.

The Finance Department is responsible to ensure that all Federal, State and Local Laws are enforced, including the Depository Agreements as required by HUD in the cash management handbook.