



Topic: **Joint Authority Board & Reservoir
Committee Agenda Item 1.5**

2020 September 17

Subject: **Advance Check Approval Policy Revision**

Requested Action:

Consider approval of a revision to the Advance Check Approval Policy, Number 01-2019, to increase the non-routine amount allowed to \$500,000 for payment authorization.

Detailed Description/Background:

The Board previously approved the Advance Check Approval Policy to allow the timeliness of the accounts payable and to streamline the monthly Payment of Claims processes. With the implementation of Amendment 2 Work Plan it is anticipated that There will be a need to increase the non-routine amount as some engineering design review applications and permit submittal fees may exceed the current \$100,000 limit for these transactions. In order to maintain project schedule, it is recommended that delegated authority for Advance Checks be increased to \$500,000 to coincide with the established threshold for consent agenda items. All other conditions and requirements of the Policy would remain unchanged. The additional delegation has been reviewed and recommended by the Budget & Finance Committee.

Prior Action:

January 22, 2020: Approved the annual renewal of the Advance Check Approval Policy.

June 24, 2019: Approved the Advance Check Approval Policy to allow the timeliness of the accounts payable and to streamline the monthly Payment of Claims processes.

Fiscal Impact/Funding Source:

None, the Policy states the expense must have been included in the current approved Budget and Work Plan, which will be the Amendment 2 Work Plan for this revision.

Staff Contact:

Joe Trapasso

Attachments:

Attachment A - Sites Project Authority Advance Check Approval Policy, Revision 2.



**SITES PROJECT AUTHORITY
ADVANCE CHECK APPROVAL
POLICY NUMBER 01 - 2019**

1. Purpose:

To improve the timeliness of the accounts payable and to streamline the monthly Payment of Claims processes.

2. Policy Statement:

Timely payment of bills is a best management practice.

3. Policy:

To provide a limited delegation of authority to the ~~Executive Director~~~~General Manager~~ and Treasurer to ensure timely payments.

When a need occurs requiring the timely payment of an invoice or issuance of a check prior to the Authority Board's next regularly scheduled meeting, the Sites Project Authority's ~~Executive Director~~~~General Manager~~ is authorized to issue a check up to the below limits.

- a. Reoccurring expenses such as, but not limited to, rents and utilities: The delegated not to exceed amount of \$15,000 for each occurrence.
- b. Monthly services or vendor invoices: The delegated not to exceed amount of \$25,000 for each occurrence.
- c. Non-routine payments: The delegated not to exceed amount of ~~\$100,000~~ \$500,000 for each occurrence.
- d. The aggregated amount authorized by this policy in a single month for the above categories 3a through 3c is limited to ~~\$150,000~~ \$550,000 unless otherwise approved in advance by the Authority Board Chair.

4. Process:

For each of the above Section 3 categories, the expense must have been included in the current approved Budget and Work Plan.



For items to be addressed under categories 3a and 3b, the amount must not exceed the approved annual budget amount.

Each check requires two approvals and two check signatures; one by an authorized Authority Board member in addition to the Authority Board's Treasurer.

5. Policy Term:

This Advance Check Approval Policy will be ~~confirmed~~memorized by way of a resolution adopted annually at the January Authority Board meeting. The existing policy will remain in effect if no new resolution is approved and signed.

6. Reporting:

All advanced payments will be reported by the Treasurer to the Reservoir Committee and Authority Board as part of the regular financial reporting process.

7. Justification:

The current check approval process includes the Authority Board at their monthly meeting reviewing the monthly Payment of Claims for all consultant and all vendor invoices that were submitted by the first Monday of the month. They consider the recommendation of the Reservoir Committee on the payment of invoices and, if the Authority Board approves the invoices, payment checks are then issued. Instances have occurred where this process has resulted in a payment delay of 1 ½ months after an invoice has been received or has delayed payment for non-invoiced items.

8. Definitions:

Payment of Claims: The monthly inventory of accounts payable to each consultant and vendor.

9. Revision History:

<u>Revision</u>	<u>Effective Date</u>	<u>Status or Authorizing Action</u>
0	IBD June 24, 2019	Approved by Sites Project Authority Board for use.
<u>1</u>	<u>IBD</u>	