

## **Chapter 12 -Section 12.03**

### **BUDGET & FINANCE COMMITTEE, INCLUDING AUDIT**

Date of Board Approval: 01/26/2023

#### **POLICY**

The Rotonda West Association (RWA) is authorized by Florida Statutes 720 and 617 to organize according to the needs of the Association. The RWA Governing Documents allow the Board to establish committees in order to facilitate the over-all operations of the Association.

The Budget & Finance committee, having been approved by the Board of Director on July 15, 2015, is hereby authorized as a non-required Standing Operating Committee according to the RWA's Policy for Committees, Section 12.0, to carry out the purposes stated in the Charter. The Board has the option of modifying the Charter at any time.

The Budget & Finance Committee is authorized to make recommendations to the Board of Directors, as may reasonably be necessary, to advance the interests of RWA.

#### **CHARTER**

The Budget & Finance committee shall provide information and assistance to the Board of Directors relating to the financial matters for the Rotonda West Association, as identified under its charter, as follows:

12.03.01 – Purpose

12.03.02 – Membership and Structure

12.03.03 – Duties and Responsibilities

12.03.04 – Annual Budget Development – Refer to Chapter 4.1

12.03.05 – Monthly Financial Reports – Refer to Chapter 4 – Section 4.2

12.03.06 – The General Ledger

12.03.07 – Cash Receipts

12.03.08 – Petty Cash

12.03.09 – Reserves – Refer to Chapter 4 – Section 4.3.01

**TITLE: PROCEDURES**

**12.03.01 - PURPOSE**

Budget & Finance is an advisory committee to the Board of Directors. In this role it provides advice to and responds to inquiries from the Board of Directors and the Manager or his/her designees, as described in the RWA Governing Documents relating to financial matters which include but are not limited to the budgetary process, the operating and reserve budgets that may be contemplated by the Board, staff, or other committees. This Committee does not seek to determine operational policy or directly influence RWA operations. The purpose of the Committee is to:

- A. Review the financial operations of the Association as established by the Board of Directors
- B. Make recommendations for improving the financial operations; and
- C. Work collaboratively with staff in the development of proposed budgets for each fiscal year. Make recommendations to the Board regarding the adoption of the budgets for each fiscal year.

**12.03.02 – MEMBERSHIP AND STRUCTURE**

- A. The Budget & Finance Committee shall consist of no less than five nor more than seven members in good standing, appointed by the Board in accordance with the RWA Governing Documents.

The current elected Treasurer of the Board shall serve on Committee as either the Chairperson and/or Board Liaison.

- B. The Committee shall elect from its members a liaison person for communications with other committees, as appropriate.
- C. The Manager and/or his/her designee shall serve as the management liaison to the Committee.

**12.03.03 – DUTIES AND RESPONSIBILITIES**

The Budget & Finance Committee shall be responsible for:

- A. Working collaboratively with the Board, Committees and Staff in the development of annual proposed RWA Operating and Reserve budgets for each fiscal year. Making recommendations regarding the adoption of these budgets to the RWA Board of Directors not later than the first RWA Board meeting of October meeting of each fiscal year. The desired outcome is budget material supported by the Committees, Staff and the Budget & Finance Committee.
- B. Monitoring the status of the Operating and Reserves Budget, as to (a) status of expenditures, (b) status of revenue, and (c) emergency needs (unbudgeted).
  - 1. The Committee will meet at least monthly and will report, in writing, the results of each meeting to the Board of Directors as requested.
  - 2. The Committee will make recommendations, as appropriate and necessary as to major variances in the Operating and Reserve Budgets during the fiscal year.
- C. Aid the Treasurer in special research projects as specifically requested by the Board.
- D. Present the Treasurer's Report to the Board of Directors when the Treasurer is unavailable.
- E. Assist a new Treasurer in getting acclimated to his/her responsibilities.
- F. Advise on rules and regulations from federal, state, and local regulatory agencies that may impact RWA as specifically requested by the Board. This information may be obtained by visiting the websites of appropriate regulatory agencies.
- G. Advise on issues relating to Grant Assistance for various related projects as specifically requested by the Board.
- H. Such other responsibilities as may be referred to it from time to time by the Board.
- I. All Actions of, and conduct by, the Budget & Finance Committee shall be in strict compliance with RWA Board directives.

**12.04 – ANNUAL BUDGET DEVELOPMENT** – Refer to Chapter 4 – Section 4.1

**12.05 – MONTHLY FINANCIAL REPORTS** – Refer to Chapter 4 – Section 4.2

**12.05.01 – THE GENERAL LEDGER**

A. Policy

It is the policy of the RWA Board of Directors that all Association records be maintained in a proper manner. The General Ledger is specifically identified to be protected by this policy because the financial statements are drawn from general ledger balances.

B. Responsibilities

The internal control system is to insure the mechanical accuracy and integrity of the records and to determine the overall propriety and adequacy of the journal entries and ledger accounts. All entries must be posted from authentic sources. Under no circumstances is there to be recording of unsupported debits or credits in the General Ledger. Also journal entries are to be considered in terms of their general reasonableness.

It is the responsibility of the Board President, Board Treasurer and Manager that proper internal controls exist with the General Ledger and proper verification takes place.

C. Application

All employees are to provide accurate information with properly supported invoices, etc. The Manager and/or designee shall approve and designate line items(s) to expense. All entries are to meet any and all State, Federal, and/or Local statutes governing proper accounting of the Association's assets and/or Audit recommendations to assure the accuracy, fairness, and general acceptability of RWA's accounting records and statements.

**12.05.02 – CASH RECEIPTS**

A. Policy

The RWA Board of Directors affirms the necessity of maintaining a system of internal control over cash receipts. The system should provide assurance that all receipts are recorded promptly and accurately. Prompt entry and deposit of receipts are basic to the integrity of the system.

B. Application

- a) Payments for all fees, dues, and/or purchases in any RWA facility are encouraged to be in the form of:
  - 1. Credit Cards honored by RWA (VISA – Master Card – Discover)
  - 2. Personal Check made out to RWA
  - 3. (Note: Cash for any expenditure is allowable)

- b) Overdue RWA Accounts will carry a finance charge of 1.5% per month – 18% annually, simple interest, on the balance due. Checks returned to RWA from Banks will carry a penalty fee as set by the Board of Directors.
- c) All records of financial transactions (e.g., checks, charge card forms, cash, etc. together with matching receipts) shall be reconciled each normal working day and properly recorded as received.

Individuals handling monies/financial records are required to be responsible to document at any given time the financial transaction for which they have been assigned as part of their job responsibility.

- d) Receipts will be posted to the appropriate accounting records each normal day.
- e) All cash is to be placed in the Office safe daily.

## 12.06 - RESPONSIBILITIES

The Manager and Treasurer are to see that this policy is implemented as written and approved.

### 12.06.01 - CASH DISBURSEMENTS

#### A. Policy

It is the policy of the RWA Board of Directors that the Cash Disbursements System provides Assurance that cash disbursements have been made only for authorized business purposes and have been properly recorded.

#### B. Responsibilities

- a) It is essential that all checks be pre-numbered and all numbers in the series be accounted for. Voided checks should be defaced to eliminate any possibility of further use.
- b) Officials authorized to sign checks will review the documents supporting each disbursement to ensure that the transaction has been fully verified and that payment is justified. He/she will perforate or otherwise mark the supporting documents to prevent reuse. **Only original invoices from vendors should be paid.**

#### C. Administration

The Manager is responsible to assure that the above policy is administered at **all times**. The Manager or his/her designee is responsible to report to the Manager and Board Treasurer any infraction of the rules and procedures of this policy and to assure that the personnel handling cash disbursements are fully aware of the rules and procedures.

**12.06.02 – PETTY CASH FUND – CONTROL****A. Policy**

The RWA Board of Directors affirms the necessity of maintaining a system of internal control over a Petty Cash Fund. It is the policy of the RWA Board of Director that this fund is handled through a voucher system in which the person desiring the money submits a receipt properly authorized and receives the cash.

The internal control system provides assurance that:

- a) Cash disbursements have been made only for authorized business purposes and have been properly recorded. A ceiling of \$200.00 is set for each individual petty cash transaction.
- b) Cash on hand balance is accurately stated and subject to appropriate safeguards.
- c) A Petty Cash balance of \$400.00 shall be maintained. Replenishment will be required as necessary.

**B. Responsibilities**

The designated custodian of the Petty Cash Fund will:

- a) Provide adequate safeguards for the Fund.
- b) Limit Petty Cash disbursements to the maximum amount prescribed by the RWA Board of Directors.
- c) Request the replenishment of the Petty Cash Fund as necessary. List all vouchers by amounts and accounts numbers and attach the voucher to the list. The total amount of the vouchers added to the total cash remaining must equal the authorized amount of the fund.

The person(s) responsible for signing checks will review the documents supporting each disbursement for completeness and authenticity and perforate or otherwise mark to prevent reuse. The replenishment check will be made out to Cash.

**C. Application**

The Petty Cash Fund is subject to a no-notice inspection at any time when requested by the President or Treasurer of the RWA Board of Directors and/or the Manager.

**12.03.10 - RESERVES** *Refer to Chapter 4 – Section 4.3.01***Annual Audit Report**

For voluntary reserves that are not governed under Florida Statues, the annual audit report must include a disclaimer statement consistent with the Florida Statutes language.

**12.03.11 – RELATIONSHIP WITH AUDITORS**

A. Purpose

An independent CPA firm shall conduct an annual audit within the first quarter of the new fiscal year and provide a written report on its findings to the Board and Budget & Finance Committee to review. For voluntary reserves that are not governed under Florida Statutes, the annual audit report must include a disclaimer statement consistent with the Florida Statutes language. Per Florida Statutes the annual audit shall be made available to any owner upon request.

A mid-year review by and independent CPA firm shall be conducted & reported on review of best practices/procedures and results of management advisory services, and implementation of annual audit recommendations.

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