

**BURLINGTON HOUSING AUTHORITY**  
**INTERNAL CONTROLS POLICY**

*Approved 12/19/2017*

- 1) Internal controls are defined by the Burlington Housing Authority as “the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability financial records.” Local housing authorities should address financial controls through both prevention and detection. Internal controls of Housing Authority are designed to accomplish the following:
  - a) Safeguarding resources against waste, fraud, and inefficiency
  - b) Promoting accuracy and reliability in accounting and operating data
  - c) Encouraging and measuring compliance with local agency policy
  - d) Evaluating the efficiency of financial operations in all departments of the authority.
  
- 2) Burlington Housing Authority shall maintain and periodically review (at least annually) policies related to personnel, procurement, rentals, collection, fiscal operations, and investments. All revisions shall be board approved. All policies are submitted to HUD for review as a part of the five year planning process.
  
- 3) Burlington Housing Authority shall segregate duties to the greatest extent possible given organization size and staffing levels. Due to the size of Burlington Housing Authority, the human resource function and network administration function are consolidated within the accounting department.
  
- 4) Cash loans to employees are prohibited. This includes payroll advances. Loans against employee retirement plans are prohibited by the plan policy.
  
- 5) Burlington Housing Authority Insurance Coverage
  - a) An insurance schedule is to be maintained and updated annually by the Accounting Department that lists carrier, coverage limits, premiums, deductibles and expiration dates. This schedule will be reviewed by the Executive Director annually.
  - b) Insurance coverage limits for property are reviewed periodically via an on- site review by a professional in the insurance field to ensure that coverage amounts are adequate.
  
- 6) All Burlington Housing Authority general ledger records shall be kept up to date and in accordance with the HUD system of accounts.
  - a) Control accounts (rental and pet deposit accounts) shall be balanced with subsidiary accounts monthly by the accounting clerk. Rent rolls are also balanced for Section 8 HAP properties when preparing HAP checks by the Accounting

- Clerk with consultation with leased housing manager. All rent rolls are to be maintained by the Property Managers.
- b) Journal entries shall be approved by Fee Accountant prior to the monthly closing of the books. (Including automatic entries detailed below)
  - c) Recurring, automatic posting journal entries shall be used for repetitive items to the greatest extent possible (i.e. amortizations, accruals, etc.). This reduces the potential for human entry error.
  - d) Financial Statements, to include Income Statements and Balance Sheets, shall be presented to the board monthly. The Income Statement shall compare YTD expenditures to YTD budget. Any abnormalities, significant variances with the budget, or significant expenditures shall be reviewed with the board by the Fee Accountant and Executive Director.
  - e) All accounting records are backed up continuously to an alternate location by the Fee Accountant and the Burlington Housing Authority via the internet.
- 7) All Burlington Housing Authority sets of books shall adopt a formal budget each year that will be presented to and approved by the Board of Commissioners by approval. If necessary, mid-year budget revisions shall also be board approved.
- 8) Burlington Housing Authority Petty Cash
- a) Responsibility for petty cash is assigned to the Accounting Clerk.
  - b) Petty cash is limited to \$100.
  - c) Petty cash is signed for, in ink on a preprinted form, by the person receiving the cash
  - d) Valid receipts are required for the use of petty cash
  - e) Petty cash is not to be utilized for check cashing purposes
  - f) Petty cash must be reconciled by the Accountant clerk prior to replenishment
  - g) Petty cash lock box shall be stored in the vault as a protection from misuse and fire
- 9) Burlington Housing Authority depository accounts
- a) All bank accounts shall be authorized by the Board of Commissioners
  - b) All bank account statements shall be directed initially upon receipt to the Executive Director for review, then forwarded to the administrative assistant for review. Statements are reconciled monthly and reviewed by the Fee Accountant after reconciliation. This review shall include the following:
    - i) review of check numbers
    - ii) review of authorized signatures
    - iii) comparison to general ledger cash balance
    - iv) review of transfers, direct deposits, and direct drafts
    - v) review of NSF items
    - vi) comparison to cash logs
  - c) All bank accounts shall have running balances available to accurately forecast cash uses, receipts and needs. Excess cash should be transferred to higher yield

investment accounts in accordance with the Burlington Housing Authority Investment Policy.

- 10) Burlington Housing Authority disbursements
  - a) With the exception of petty cash and pre-authorized vendor direct drafts, all disbursements are to be made by check
  - b) All checks are to be issued in sequence
  - c) All bank and other information is printed on the checks by the software and only authorized users have password access to the software.
  - d) All vouchers are prepared by the administrative assistant and approved by the Executive Director prior to preparation of checks. Vouchers will have the following components reviewed:
    - i) Authorization (PO, etc.)
    - ii) Receipt of goods
    - iii) Amount paid
    - iv) Account coding
    - v) Expense reasonableness (travel and training expenses and reimbursements)
    - vi) all reimbursement transfers between accounts are approved by the Executive Director and Accountant prior to the transfer
    - vii) all vouchers are to be marked paid after check is issued to prevent duplicate payments
  - e) Checks are processed through the PHA Web software system by the administrative assistant.
  - f) Checks are presented along with invoices to the Executive Director.
  - g) All invoices are marked paid with the administrative assistant signature
  - h) Administrative assistant is responsible for mailing of the Checks.
  - i) All transactions are to be paid by check disbursement or pre-authorized vendor direct drafts. No direct wire payments are permitted.
  - j) At the end of each month, bank reconciliation will be performed by the Executive Director who will reconcile amounts shown on the bank statement with cash deposits and disbursements.
  - k) Bank statements and reconciliations are reviewed each month by the fee accountant, verifying that all the checks have the appropriate signature and that the check payee and amount have not been altered.
  
- 11) Burlington Housing Authority Purchasing
  - a) Purchasing shall be accomplished through the Executive Director with the exception of routine office and maintenance supplies. These items may be procured by the administrative assistant and Maintenance Director respectively.
  - b) Non-routine purchases in excess of \$100 will be approved by the Executive Director. All purchases are reviewed by the Executive Director prior to signing check payments.
  - c) Food purchases shall be approved by the Executive Director.
  - d) All items shall be procured in accordance with the Procurement Policy.
  - e) Purchasing shall be independent of the receiving and payment functions.

- f) Procurement card purchases shall be made in accordance with the procurement card policy.
- g) Received goods shall be inspected for condition and quantity when received.

12) Burlington Housing Authority Payroll

- a) Personnel records shall be maintained in a locked area with access restricted to those payroll clerks with human resource responsibilities
- b) Executive Director approval is required for both addition to and deletion of names from the payroll listing
- c) Executive Director approval is required for interim changes to salary rates of employees
- d) The salary schedule is presented to the Board of Commissioners and approval is done through approval of budgets that incorporate wages as line items.
- e) Straight time, overtime, holiday, personal and major medical amounts paid are all reviewed by the administrative assistant prior to preparation of paychecks.
- f) All data in the timesheet must be completed (either typed or printed). All eligible employees must sign all completed time sheets at the end of the pay period. The supervisor is responsible for verifying that the time sheet is complete and accurate, including hours worked. All time sheets will be turned into the Executive Director and then to the accounting clerk for processing.
- g) An outside payroll company (1<sup>st</sup> Payroll), administrative assistant and Executive Director are currently tracking all accrual time (sick, vacation, personal) for all employees in the Authority.
- h) Burlington HA also requires that all sick, vacation, or personal time off scheduled in advance be documented and sign off by the supervisor and Executive Director filed in each individual personnel file.

13) Accounts receivable

- a) Amounts contained in the general accounts receivable are reviewed monthly by the Fee Accountant.
- b) Past due resident accounts receivable are reviewed by the administrative assistant and the Executive Director.
- c) Write offs of uncollectible resident accounts receivable requires prior board approval
- d) Accounts receivable access is to be limited to housing and accounting department.

Accounts receivable data is contained in written and computerized form. The computerized form is backed up continuously to an alternate location via the internet

14) All Burlington Housing Authority investments and pledged securities shall be obtained, recorded (including investment and interest revenue) and reviewed.

15) Issued Credit Cards

- a) The Burlington Housing Authority will only apply for credit cards from businesses that refuse to directly invoice the Burlington HA, such as Home Depot and Lowes etc in compliance with the Burlington Housing Authority Credit Card Policy.
- b) Any credit card the Burlington HA issues to an employee must only be used for business purposes. Employees with such credit cards shall not use them for any non-business, non-essential purpose, i.e., transactions for the benefit of anyone or anything other than the Burlington HA. Use of the issued credit cards is a privilege, which may be withdrawn in the event of any suspected abuse. Unauthorized usage of credit card(s) issued in accordance with the Terms & Conditions will be considered a violation of this policy and could result in disciplinary action up to and including termination. Additional penalties could include professional sanction, debarment, and/or criminal prosecution.
- c) To ensure good financial management and sound governance, credit cards will be issued to the minimum number of employees that will allow the Burlington HA to satisfy its business objectives. Credit card(s) must be kept in a secure location at all times. The Authorized User will be responsible for custody of the card. In order to guard against possible fraud, the Authorized User should not lose sight of the card during a transaction. Credit Card usage in the day to day business of the Burlington HA is intended to facilitate transactions on a limited basis, primarily to provide simpler means of purchasing materials for the Burlington HA.
- d) All Credit Card transaction must have an authorized Purchase Order Number (PO) from the Burlington HA when purchasing and all PO will be crossed referenced with all transaction on the credit cards monthly

#### 16) Physical Assets

- a) Board approval is required for real property acquisition.
- b) Parts inventory shall be maintained in a locked facility with access granted only to authorized personnel.
- c) Perpetual inventory records shall be maintained with periodic counts being performed annually at a minimum.
- d) Accounting records will be adjusted as appropriate if differing quantities appear in the physical counts.
- e) Inventories are covered under “contents value” on the Property Insurance Policy
- f) Fixed assets detail records are balanced monthly to general ledger accounts
- g) All physical assets are bar coded and inventoried annually
- h) Residents acknowledge receipt of appliances for use in their unit at move in on the “Residents Lease”
- i) Board approval by resolution is required for disposition of assets maintained on the books (in accordance with property disposition policy)

17) Burlington Housing Authority Property Management Department shall maintain occupancy records that indicate when each unit vacates, how long it is in maintenance, how long it is in management for leasing and the re-rent date. These

records are reviewed monthly by the Executive Director. Extended vacancies are reviewed in depth by the Executive Director.

- 18) Board Meetings shall be held in accordance with the By-Laws and recorded by detailed minutes which are approved monthly and maintained indefinitely.
  
- 19) Section 8/HUD/VMS Reporting Requirements
  - a) Section 8 contract rents shall be reviewed and adjusted annually (if factors are high enough for an adjustment).
  - b) Executive Director and administrative assistant have signatory authority to execute Housing Assistance Payments Contracts for units assisted on the Section 8 Housing Choice Voucher Program.
  - c) Annual HUD required reports shall be submitted timely by the appropriate responsible staff member.
  - d) VMS data shall be reviewed by appropriate staff and/or fee accountant on a monthly basis prior to VMS submission.
  - e) Appropriate staff and/or fee accountant shall report each VMS category as per the VMS Manual definitions and shall include all revisions and adjustments for prior month corrections.
  
- 20) Miscellaneous Provisions
  - a) Partisan political activity is prohibited.
  - b) Davis Bacon and related acts are to be adhered to according to the Procurement Policy.
  - c) Executive Director and administrative assistant have signatory authority to execute State Aided Public Housing Leases for units assisted through the State Public Housing Program.