RESOLUTION NO. 2014-20

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board approving Portal Agency Operating Policies related to delegation of authorities; communications; electronic signatures; emergencies, and finances.

Whereas, the Washington Multi-City Interlocal Business License and Tax Portal Agency ("Portal Agency") Interlocal Agreement ("Agreement") requires the development of Portal Agency Operating Policies;

Whereas, the Agreement contemplates that the Operating Procedures shall include policies to protect sensitive Taxpayer data, and ensure the relationship between the Portal and Participating Cities remains fully functional and secure, the Executive Board shall adopt a Portal Operations Policy and policies to determine the timing of payments by Participating Cities;

Whereas, the Agreement specifies that the Operations Committee shall assist in the review of Operating Policies and amendments thereto;

Whereas, Operating Policies will be developed over time and subject to amendments, and

Whereas, approval of Operating Policies requires a supermajority vote of the Executive Board;

Now Therefore,

BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. The Executive Board approves the Operating Policies chapter related to delegation of authorities; communications; electronic signatures; emergencies, and finances as described in Attachment A to this resolution.

SECTION 2. The Executive Board authorizes the Program Manager to maintain and update the Operating Policies to make technical corrections and ensure accuracy of information for named individuals and firms.

ADOPTED this 22nd day of September, 2014.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

Board Secretary

Board Chair

Purpose: Identifies and summarizes items FileLocal Executive Board has delegated to others

AUTHORITIES DELEGATED BY FILELOCAL EXECUTIVE BOARD	TOPIC	DOCUMENTATION	PROGRAM MANAGER	OPERATIONS COMMITTEE	OTHER	ACCOUNTANT	LEGAL	OIR
Executes agreements, deeds, etc involving expenditures less than $50,000	Fiscal	(B p10)	X					
Signs checks, drafts, warrants, credit cards or other orders for payment subject to such limits prescribed by Board resolution and conssitent with WA law. (In the absence of a provision - two officers sign.)	Fiscal	(B p10)	X					
Develops and reviews proposed agency budgets	Fiscal	(ILA 16-17)		X				
Advises on proposed budget	Fiscal	(ILA 18)	X					
Develops proposed operating budget in consultation with operations committee	Fiscal	(ILA 19)						
Submits quarterly budget and operation performance reports to Board	Fiscal	(ILA 18)	X					
Approves expenditures (Expenditures great than $10,000 also require Exec Board approval)	Fiscal	(Fiscal Manual, 6.1; FL2014-10)	x					
Reviews/approves cash disbursements	Fiscal	(Fiscal Manual, 6.2)	x					
Prepares checks, maintains and initiates electronic payments	Fiscal	(Fiscal Manual, 6.2)				X		
Reviews bank accounts and reconciliations	Fiscal	(Fiscal Manual, 6.2)	x					
Approves check requests (as authorized by Executive Board)	Fiscal	(Fiscal Manual, 6.3)				X		
Controls check stock	Fiscal	(Fiscal Manual, 6.4)				X		
Establishes and maintains accounting system	Fiscal	(FL2014-10)				X		
Prepares of financial statements	Fiscal	(FL2014-10)				X		
Provides external audit preparation and response	Fiscal	(FL2014-10)				X		
Conducts compliance monitoring, financial analysis, internal audits and other financial management and accounting services as directed by Board	Fiscal	(FL2014-10)				X		
Provides legal services regarding formation as a non-profit municipal corporation	Legal	(FL2014-04)					X	
Provides general legal counsel	Legal	(FL2014-04)					X	
Manages/oversees vendor performance	Operations	(ILA 18)	X					
Consults with Operations Committee on issues coming before Board	Operations	(ILA 18)	X					
Provide, equip, maintain office space for staff	Operations	(SLA, p4)			x Seattle			
Reviews and develops operations policy and amendments, new service options and other matters directed by Board	Policy	(ILA 16-17)		X				
Reports and recommends on policy matters deemed appropriate	Policy	(ILA 16-17)		X				
Assists in communications to City Councils, legislators, business community, etc.	Policy	(ILA 16-17)		X				
Conducts outreach to tech staff within respective cities	Policy	(ILA 16-17)		X				
Briefs executive board members	Policy	(ILA 16-17)		X				
Administers day-to-day operations consistent with policies	Policy	(ILA 18)	X					
Conducts outreach to taxpayers, licenses and businesses	Policy	(ILA 18)	X					
Advise on conflicts of interest	Policy	(SLA, p4)			x SEEC			

AUTHORITIES DELEGATED BY FILELOCAL EXECUTIVE BOARD	TOPIC	DOCUMENTATION	PROGRAM MANAGER	OPERATIONS COMMITTEE	OTHER	ACCOUNTANT	LEGAL	OIR
Preserves agency public records as required by state law, response to public records requests, segregation of agency records from city records	Policy	(SLA, p5)	X responsible for responding		X Seattle			
Outreach and communications with elected officials	Policy							X
Appoints other staff positions established by Board	Staffing	(B p9)	X					
Appoints persons to fill other staff positions (Administrative support staff, project manager/business analyst, etc.)	Staffing	(ILA 18, SLA 3)	X					
Backfills employees	Staffing	(SLA, p4)			X Seattle			

Revised 8/27/14

Attachment A

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

FILELOCAL

Operating Policies

SUBJECT: Communications Protocols

Ensuring that taxpayers and the general public receive timely and accurate information regarding FileLocal is a communication priority. The FileLocal staff and cities are charged with communicating with external audiences about FileLocal. The FileLocal program manager coordinates communications and relies on partner cities' communication resources. Effective communication requires strategic direction, coordination and clear roles and responsibilities.

Commitment

All parties commit to act in good faith in seeking to work together in an open and forthright manner. Communications between the parties will be early and frequent to guarantee strong coordination, maximize opportunities and minimize surprises. The public will not typically distinguish between FileLocal and the individual cities. It will benefit all parties to work cooperatively to inform the public that we are effectively and safely providing the level of services people expect and deserve.

FileLocal and the cities will coordinate communications to ensure:

- Timely information is easily accessible to businesses and the public
- Communication goals are met
- Messages are consistent
- Appropriate credit is shared

Background

- FileLocal offer a web-based service that will make it easier for businesses to obtain a business license and pay local Business & Occupation (B&O) taxes, for multiple cities, from one website
- FileLocal is a municipal corporation authorized by state law to issue local business licenses and collect a variety of local taxes.
- FileLocal makes it easier and more efficient for businesses to apply for local business licenses and file local taxes while

allowing cities to retain local control over licensing and tax collection functions and policies.
- The Principal cities – Bellevue, Everett, Seattle, and Tacoma – jointly facilitated the creation of FileLocal.

Roles

- The FileLocal Program Manager, is the communications lead, primary spokesperson and media contact for FileLocal. The Program Manager is provided through a Service Level Agreement between the City of Seattle and FileLocal. If the Program Manager is not available, the role defers to the FileLocal Executive Board Chair.
    - Jamie Carnell (FileLocal, Program Manager)
    - Andy Cherullo (FileLocal Board Chair)

- An Executive Board (Board) governs FileLocal (a not-for-profit corporation under Washington law, formed as Washington Multi-City Business License and Tax Portal Agency). As such, it provides leadership and overall direction on FileLocal communications. The Board is comprised of four directors, representing each of the Principal cities:
    - Jan Hawn (Finance Director, City of Bellevue | FileLocal Treasurer)
    - Susy Haugen (Treasurer, City of Everett | FileLocal Secretary)
    - Glenn Lee (Finance Director, City of Seattle | FileLocal Vice Chair)
    - Andy Cherullo (Finance Director, City of Tacoma | FileLocal Chair)

- City communications staff provide on-the-ground communications support.
    - Julie Moore (Communications Director, FAS, City of Seattle)
    - David Grant (Public Information Officer, City Manager's Office, City of Bellevue)
    - Meghan Pembroke (Public Information Director, City of Everett)
    - Gwen Schuler (Media and Communications Manager, City of Tacoma)

- FileLocal's technical providers (vendors) are e-Gov and KUBRA.

- City Intergovernmental Relations staff also support the project.
    - Nick Harper (City of Seattle, nick.harper@seattle.gov)
    - Scott Plusquellec (City of Seattle, scott.plusquellec@seattle.gov)
    - Doug Levy (City of Everett, levy4@msn.com)
    - Joyce Nichols (City of Bellevue, jnichols@bellevuewa.gov)
    - Randy Lewis (City of Tacoma, rlewis@cityoftacoma.org)
    - Brihna Taylor (City of Tacoma, btaylor@gth-gov.gov)
    - Serena Dolly (Association of Washington Cities, serenade@awcnet.org)
    - Victoria Lincoln (Association of Washington Cities, victorial@awenet.org)

Protocols

The following protocols serve as guidelines for communicating effectively with external audiences. The protocols are intended to be fluid – capable of reacting to feedback and changes as needed. The protocols should be reviewed regularly to ensure that they are effective and appropriate as needs change. Activities include, but are not limited to:

- Providing information to businesses/citizens/public
- Providing information to other cities/units of government
- Meeting requests and correspondence
- Media relations
- Materials, including content development and production of digital, print, signage and identity
- Coordination with the public, agencies, consultants, vendors, etc.

1. External communications with the public, stakeholders and the media will be coordinated by the FileLocal Program Manager to leverage resources, ensure accuracy of information and to minimize surprises. City/Executive communication staff will be included in information sharing so that they are prepared to respond.

2. As the governing body, the FileLocal Board will review policy, finance and planning-related communications.

3. As the service provider, the Program Manager will lead operations-related communications. This includes but is not limited to communications related to:
    - Project preparation, testing, launch and maintenance
    - Ongoing services
    - Operations, contractors and personnel

4. Service incident protocols are being developed by e-Gov. Please refer to these separate protocols for additional detail.

5. Production of materials will be coordinated and reviewed by the Program Manager to ensure accuracy.
    - The FileLocal logo will be included on all communication materials. Principal city logos should only be added when the material reflects a jointly-sponsored event.
    - Boilerplate language agreed upon by all parties describing the relationship between the cities and FileLocal will be included. (*FileLocal is an easy and flexible online tool that provides a streamlined approach to applying for business licenses and filing B&O taxes with any Washington member city.)*
    - Development of materials will be assigned appropriately to utilize expertise and leverage resources efficiently. The lead entity will be responsible for generating first drafts of materials.
    - All drafts will be reviewed and approved by the Program Manager before distribution.
    - Every effort to provide reasonable review time will be provided (taking into account unforeseen circumstances or constraints). Similarly, timely approval of materials is expected.

6. Appropriate contacts will be alerted of all media contacts and meeting requests and provided a brief summary of the interaction in a timely manner.
    a. Reporter or organization name and contact information
    b. Summary of the request and deadline
    c. Coordination between FileLocal and cities on appropriate and available spokesperson
    d. Follow-up to confirm reporter or organization has received a response

7. FileLocal will maintain project information on its website. It will work with cities to coordinate web sites and minimize duplication and confusion.
    a. The FileLocal site will include governance, policy and planning issues.
    b. Cities will include a banner or icon on their websites that links to FileLocal. They will not duplicate or maintain FileLocal information on city websites.

8. Every effort will be made to maintain clear and timely internal communications between FileLocal and its partner cities. This includes, at a minimum, quarterly communication meetings between FileLocal and city communicators and regular reports from the Project Manager to the FileLocal Board.

Key Contacts

- FileLocal
  Jamie Carnell
  Program Manager
  http://www.seattle.gov/; http://filelocal.org/
  Jamie.Carnell-FLO@seattle.gov
  PO Box 94669, Seattle, WA 98124
  206-615-0493

- Principal Cities
  Julie Moore
  Communications Director, FAS, City of Seattle
  julie.moore@seattle.gov
  206-684-0480 direct, 206-684-0909 media

  David Grant
  Public Information Officer
  City Manager's Office, City of Bellevue
  dgrant@bellevuewa.gov
  425-452-4397 office, 206-450-5432 cell, 425-452-5247 fax

  Meghan Pembroke
  Public Information Director, City of Everett
  mpembrok@everettwa.gov
  425-257-8687 office, 425-418-0936 cell

Gwen Schuler
Media and Communications Manager, City of Tacoma
gwen.schuler@cityoftacoma.org
253-591-5160 office, 253-365-0463 cell

Conflict resolution

It is the intent of all parties to act in good faith on all matters. Should a dispute arise between the FileLocal Board, Program Manager, Vendor and/or cities over any of the agreed upon protocols or related to communications, the FileLocal Board Chair and Program Manager will be the main points of contact.

The parties shall seek in good faith to resolve any such dispute or concern by meeting, as soon as feasible. The meeting shall include the Chair of the Executive Board, the Program Manager, and not more than two (2) representative(s) of the City with positional authority to negotiate and resolve the dispute.

9/22/14

Attachment A

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

FILELOCAL

Operating Policies

SUBJECT: Use of Electronic Signatures

PURPOSE: To detail the policy and procedures for control of signatures on resolutions and business correspondence and provide general direction on ensuring the authenticity, integrity, security, and accessibility of e-records including those that are electronically signed.

POLICY: Electronic signatures will be allowed for the officers of the Executive Board subject to the security procedures described below.

RESPONSIBILITY: Program Manager

PROCEDURE:

1. An electronic version of resolutions approved by the Executive Board shall be provided by the Program Manager to the signature authority such as the chair, vice, chair, secretary, and/or treasurer as appropriate for the document to be signed.

2. The signature authority shall sign in blue ink a printout of the document and return a scanned version of the signed document to the Program Manager along with an email stating that the attached document is signed and approved.

3. The signature authority may also send an email to the Program Manager stating in writing that the Program Manager is authorized to sign for the Executive Board member.

4. Guidelines for the retention and preservation of electronically signed records, including maintaining the attachment or logical association between the signed record and signature, will be addressed separately in the policy on public records.

9/22/14

Attachment A

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FILELOCAL

Operating Policies

SUBJECT: Emergency Procedures

PURPOSE: To clarify roles and responsibilities in the event of an emergency.

POLICIES:

1. FileLocal staff shall follow City of Seattle emergency procedures during the term of the Agreement between FileLocal and the City of Seattle for using City of Seattle office space.
2. Security procedures and roles and responsibilities during an emergency related to the tax portal are described in the service provider agreement between the City of Seattle and E-Gov.
3. FileLocal shall have a management group responsible for contingency plans including a line of succession.

RESPONSIBILITY: Program Manager

PROCEDURE:

1. The Program Manager shall brief the Executive Board on all emergency plans included within the City of Seattle emergency procedures, tax portal service agreement, and communications policies.
2. The Agreement between FileLocal and the City of Seattle provides that the City may backfill a support staff member for a period of less than three consecutive weeks.
3. The line of succession for the Program Manager Jamie Carnell is as follows: Information Technology Business Analyst (Project Manager).
4. The Executive Board shall establish a line of succession in the event of an emergency that affects personnel in the City of Seattle including the Program Manager Jamie Carnell, and Vice Chair Glenn Lee. This succession is as follows: Andy Cherulla, City of Tacoma, Executive Board Chair; Jan Hawn, City of Bellevue, Executive Board Treasurer.

9/22/14

Attachment A

FileLocal

WASHINGTON MULTI-CITY BUSINESS & TAX PORTAL AGENCY

FILELOCAL

FISCAL MANUAL

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1. INTERNAL CONTROL

FILELOCAL

FISCAL MANUAL

SUBJECT: Internal Controls

PURPOSE: To ensure that FileLocal assets are received when tendered, protected while in custody, and used only for the purpose intended. The objectives are to segregate duties and responsibilities so that one person does not handle all phases of a transaction, and establish policies and procedures so that errors, omissions, and irregularities are detected and minimized.

POLICY: Policies and procedures established for the accounting function shall be designed to achieve and preserve, to the maximum practical extent, internal controls to safeguard the assets of FileLocal, minimize and detect errors and omissions, and maintain an audit trail for independent review of FileLocal's activities.

RESPONSIBILITY: Executive Board, Program Manager, Francis & Company and Others

PROCEDURE:

1. Accounting work by Francis & Company staff on behalf of FileLocal will be reviewed by senior level staff within the firm.
2. Financial statements prepared by Francis & Company will be reviewed by FileLocal's Program Manager.
3. The Program Manager and Executive Board review, on a monthly basis, the financial reports, budget variance, and large or unusual transactions.
4. Accounting documents and records shall be maintained in safe, secured drawers at Francis & Company to prevent their inadvertent or intentional loss.
5. Although not designed exclusively to catch fraud, should our internal control procedures uncover fraud, the Program Manager, the Board, and the State auditor will be notified within 5 business days.

2. ACCOUNTING SYSTEM

FILELOCAL

FISCAL MANUAL

SUBJECT: Accounting System

PURPOSE: To describe the fundamental system for accounting, the internal controls within the system, and the reconciliation between functional areas.

POLICY: Automated and manual accounting systems shall be maintained and reconciled to provide a comprehensive and consistent accounting system that meets federal, state, and local requirements, as well as generally accepted accounting principles.

RESPONSIBILITY: Francis & Company shall establish and maintain a system that ensures that both integrated and independent accounting modules reconcile to the general ledger of FileLocal, and that proper internal controls exist within these systems to protect the integrity of the data, safeguard the assets of the organization and identify errors and irregularities in the normal course of operation.

PROCEDURE:

1. The automated accounting system QuickBooks consists of three components that integrate to produce accurate financial reports and other pertinent information related to the accounting process :
    A. General Ledger
    B. Accounts Receivable
    C. Accounts Payable
2. Capital assets, prepaid expenses and long-term assets and liabilities that are depreciable and amortizable are maintained in Excel spreadsheets. These are designed for FileLocal to keep detailed information to meet the accounting needs of the Agency. Manual systems are reconciled to QuickBooks on a monthly basis.
3. Backup of QuickBooks is performed routinely, each transaction; system is backed up daily. All essential worksheets and other files that are maintained by Francis & Company are stored on its network server. Records and files are retained at Francis & Company for 7 years.

3. Budget

FILELOCAL

FISCAL MANUAL

SUBJECT: Budget

PURPOSE: The biennial budget and related processes provide a tool for achieving financial oversight over the FileLocal's financial well-being. In addition, the budget enables the Program Manager and Executive Board to focus on anticipated revenue, estimated expenditures, capital asset acquisition, long term financial health, and continuity of services.

POLICY: On an annual basis, the Agency will develop and propose a budget for revenue and expenditures for overall program and administration. The budget will be developed, adopted and administered in accordance with Section 13 of the Interlocal Agreement.

RESPONSIBILITY: Executive Board, Program Manager, and Francis & Company

PROCEDURE:

1. On an annual basis, the Program Manager and Francis & Company draft initial revenue and expenditure forecasts. During the annual budget process, the needs of FileLocal are evaluated, to ensure proper staffing to meet the needs of the consortium, to ensure website data security, and to meet the organizational goals. This budget is - in part - established based on the number of customers and emerging community needs.
2. The proposed budget is submitted to the Operations Committee for preliminary review and to the Executive Board for its final review and ultimate approval of the final budget.
3. When there are significant reduction in funding and expenditures amounting to ___% of annual budget, the Program Manager may request a revision of the adopted budget. The revised budget is presented to the Executive Board for approval.
4. The budget is monitored through a monthly schedule of actual and budget comparisons submitted by Francis & Company. This schedule shows the variance between year-to-date revenue and expenditures, and amounts budgeted by the Agency.

4. CASH MANAGEMENT

FILELOCAL

FISCAL MANUAL

SUBJECT: Cash Management

PURPOSE: To outline the policy for cash management.

POLICY: FileLocal shall maintain an effective system of cash management that anticipates cash needs and have plans to meet its cash flow needs.

RESPONSIBILITY: Program Manager and Francis & Company

PROCEDURE:

1. All receipts shall be deposited within 3 business days
2. Disbursements shall be released within 30 days, no later than due date.
3. Every effort will be made to take advantage of early pay discounts if they result in benefit to FileLocal.
4. Francis & Company shall maintain a current daily balance of checking accounts and shall record deposits and checks in such manner to know the available cash balances at all times.
5. Bank reconciliation is performed by Francis & Company on a monthly basis and subject to review by the Program Manager.
6. Operating reserve will be maintained at 15% of annual budget.

5. CASH RECEIPTS AND DEPOSITS

FILELOCAL

FISCAL MANUAL

SUBJECT: Cash Receipts and Deposits

PURPOSE: To outline cash receipts and deposit policies and procedures.

POLICY: All fees, receipts and income collected or received are deposited into FileLocal's bank depository account.

RESPONSIBILITY: Program Manager and Francis & Company

PROCEDURE:

1. Cash receipts received by mail at Francis & Company are deposited into FileLocal's bank account at Wells Fargo within 3 business days.
2. Francis & Company Administrator opens, sorts, and deposits cash receipts. Deposit slips and copies of checks are given to an accountant at Francis & Company for booking cash receipts in FileLocal's accounting system.
3. Service fees collected or received by the third party service company are electronically swiped/transferred to FileLocal's bank account at Wells Fargo. The third party service company shall provide Francis & Company daily cash receipts data and documents on a monthly basis.
4. Cash receipt data and documents submitted by the third party service company are reconciled by Francis & Company and entered in FileLocal's accounting system. If any errors are encountered, Francis & Company will notify both the Program Manager and the third party service company of any overage or shortage. Francis & Company will contact the third party service company to obtain the necessary information to make the correction. Once the receipt is correct, Francis & Company will update the FileLocal general ledger and communicate the corrected data to the Program Manager.

6. DISBURSEMENTS

6.1 Authorizations

FILELOCAL

FISCAL MANUAL

SUBJECT: Purchase Authorizations

PURPOSE: To establish signature approval levels for the purpose of authorizing purchases, contracts, and expenditures.

POLICY: All expenditures require the signature approval of the Program Manager. All expenditures greater than $10,000 require the signature approval of the Executive Board Treasurer.

Expenditures requested by the Program Manager will be approved by the Board Treasurer.

RESPONSIBILITY: The Program Manager and Executive Board.

PROCEDURE:

Prior to purchase and/or disbursement all applicable forms must be authorized in accordance with the above policy.

6.2 Cash Disbursements

FILELOCAL

FISCAL MANUAL

SUBJECT: Cash Disbursements

PURPOSE: To outline the policy for cash disbursements**.**

POLICY: Disbursements shall be made only for valid transactions by authorized personnel only.

RESPONSIBILITY: The Program Manager and Executive Board

PROCEDURE:

1. All disbursements and electronic fund transfers, including ACH transactions, shall be for FileLocal business and each transaction must be supported with properly authorized documentation such as an invoice, payroll record, or expenditure/check request.
2. Invoices and requests for payment must be approved by the Program Manager before checks are prepared.
3. Francis & Company prepares checks and also maintains and initiates electronic payments. Maintenance of vendor information files and initiating of payments will be performed by two separate staff persons at Francis & Company.
4. Checks made payable to “bearer” or “cash” or signed blank are prohibited.
5. Checks are mailed directly to the payee.
6. Checks or electronic payments that are returned or rejected must be investigated and resolved within 2 business days of receipt/notification in order to avert loss from fraud or negligence.
7. Bank statements are received in the mail, reviewed, and reconciled to the general ledger on a monthly basis by Francis & Company. Copies of checks are to be matched to the supporting documentation. Prior to filing, all disbursement support shall be reviewed for proper documentation and approving signatures. Account reconciliations will be available for review by the Program Manager.
8. A list of vendor names and disbursements is prepared by Francis & Company and sent to the Executive Board for review on a quarterly basis.

6.3 Check Request

FILELOCAL

FISCAL MANUAL

SUBJECT: Check Request

PURPOSE: To outline the policy for check requests.

POLICY: The Check Request form (see attachment A) must be completed for all expenditures not covered by a Purchase Order Requisition or detailed invoice.

RESPONSIBILITY: The Program Manager shall be responsible for signing check requests to indicate approval. Check and reimbursement requests made by the Program Manager must be authorized by the Executive Board Treasurer prior to approval by the Executive Board.

POLICY EXCEPTIONS: The Executive Board shall authorize expenditures not anticipated or included in the budget. Payroll liabilities, taxes, and certain recurring costs do not require the Executive Board's direct authorization and do not require a Check Request.

Recurring payments do not require the Executive Board or the Program Manager's authorization. These expenditures have been constructively approved by virtue of the Executive Board's approval of the contracts and agreements giving rise to the recurring obligation. A sample list of these types of expenditures is as follows:

1. Purchase orders supported by purchase requisitions;
2. Contract payments supported by previously approved contracts;
3. Pre-authorized temporary personnel help;
4. Utilities invoices.

PROCEDURE:

For the items listed below, no Purchase Order Requisition form is required. A Check Request form may be used:

1. US Postal costs;
2. Licenses;
3. Legal services;
4. Conference fees, tuition, and temporary employment services;

5. Freight bills, express shipping, common carriers, import/export duties, customs & brokerage fees;
6. Travel expenses, including transportation, meals and hotel;
7. Dues, subscriptions, professional membership & association dues, and
8. Advertising.

6.4 Check Control

FILELOCAL

FISCAL MANUAL

SUBJECT: Control of Check Stock

PURPOSE: To detail the policy and procedures for control of signed checks and unsigned check stock.

POLICY: All checks are to be accounted for by check number. Francis & Company shall maintain internal controls with respect to custody of check stock, preparation, printing, signing, mailing, filing and voiding of all checks.

RESPONSIBILITY: Francis & Company

PROCEDURE:

1. Check stock is to be securely maintained in a locked cabinet at Francis & Company.
2. Francis & Company is responsible for typing or printing checks, and will not have access or authority to use the signature machine or request the hand-written signature of the authorized check signers.
3. Check reconciliation will include accounting for all void or destroyed checks.
4. All checks will be signed by the authorized check signers – the Program Manager or the Treasurer.

7. REVENUE AND RECEIVABLES

7.1 REVENUE RECOGNITION

FILELOCAL

FISCAL MANUAL

SUBJECT: Types of revenue and recognition policy and procedures

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PURPOSE: To establish revenue recognition policy and procedures.

POLICY: All revenue is recognized in accordance with generally accepted accounting principles.

RESPONSIBILITY: Executive Board, Program Manager, and Francis & Company

PROCEDURE:

1. Current revenue consists of service fees and reimbursable costs from participating cities of FileLocal, including the City of Seattle, City of Bellevue, City of Tacoma and City of Everett.
2. Service fees are recognized at the time a customer completes his or her licensing application.
3. Reimbursable costs revenue is pre-determined through budget and inter-local agreement, including any amendments. Reimbursable cost revenue is billed at the beginning of the year and recognized as revenue at that time. On an annual basis, actual costs to be reimbursed are compared to amounts budgeted and billed. Adjustments will be made to reconcile billed reimbursable costs to accrual amount of costs incurred. Credits will be issued to the four participating cities when an overbilled amount is identified; and as a result, a reduction of revenue is recognized. If additional costs are identified to be reimbursed from the four participating cities, additional invoices are submitted to the four participating cities. Additional reimbursable costs revenue is also recognized at year-end.
4. Any other contributions and donations are recognized as revenue when cash is received.
5. Any changes in revenue recognition shall be made in writing by the Program Manager and/or Francis & Company and is subject to approval by the Executive Board.

7. REVENUE AND RECEIVABLES

7.2 Billings and Accounts Receivable

FILELOCAL

FISCAL MANUAL

SUBJECT: Billings and Accounts Receivable

PURPOSE: To ensure billings are made for services actually provided and based on the Interlocal Agreement and budget.

POLICY: FileLocal shall follow prudent and efficient business practices to obtain payment of its receivables.

RESPONSIBILITY: Executive Board, Program Manager, and Francis & Company

PROCEDURE:

1. Service fees are paid by customers when they submit their licensing applications. Automatic billing and payment processing is done daily by the third party service company. Francis & Company performs a monthly reconciliation of service fees and cash receipts.
2. Francis & Company prepares invoices for reimbursable cost revenue based on the budgeted amount established at the beginning of the year. At year-end, Francis & Company conducts a reconciliation of reimbursables according to the actual operation revenue. Any refund or underbilled amounts identified by Francis & Company through the annual reconciliation is subject to review and approval by the Program Manager and then the Executive Board. Refunds or additional invoices are then processed by Francis & Company.
3. On a monthly basis, Accounts Receivable is reconciled by Francis & Company. For any delinquent balance, Francis & Company sends letters requesting payment and makes a reasonable effort via other means to contact and collect outstanding balances.
4. Any adjustments and write-off to Accounts Receivable is subject to approval by the Program Manager
5. All payments received by Francis & Company are reconciled to Accounts Receivable, the general ledger, and the bank deposits.

8. PROCUREMENT AND CONTRACT MANAGMENT

8.1 Procurement

FILELOCAL

FISCAL MANUAL

SUBJECT: Procurement

PURPOSE: To outline procurement policies and processes.

POLICY: All contracts for labor, professional services, lease of equipment and supplies for $10,000 or more must be let by free and open competitive bidding, on sealed bids, to the responsible bidder.

RESPONSIBILITY: Executive Board and Program Manager

PROCEDURE:

1. FileLocal is required to advertise for sealed bids on contracts for labor, professional services and equipment leases in excess of $10,000 by posting a notice at its website or by publication of a one-time notice in a newspaper published in the State of Washington.
2. In case of an emergency affecting the public's health, safety, economic welfare and security, a contract may be let to the extent necessary to meet the emergency without public advertisement. The Program Manager will honor payment for a period of six months from the date of declaration posting; should the emergency continue to exist after a six month period, it will be necessary to re-declare the emergency.
3. Sealed bids are accepted by the Program Manager for evaluation. Based on the Program Manager's recommendation, the Executive Board approves and awards the responsible bidder through competitive bidding with consideration given for the quality of the commodities, conformity to specifications, terms of delivery, and freight charges. Multiple-awards may be issued, if notice is contained within the competitive bid, when technical compatibility and/or operational specification are required.
4. A contract for labor, professional services and equipment leases will be let for periods no greater than five years.

5. An awarded contract is not assignable by the bidder without written consent of FileLocal. A contract cannot be assigned to a bidder whose bid was rejected.

8.2 Contracts

FILELOCAL

FISCAL MANUAL

SUBJECT: Contract Management

PURPOSE: To provide policy and procedures for the review, approval, establishment and modification of personal and professional services contract.

POLICY: All contracts for personal or professional services with private entities or individuals must be approved in writing by the Chair of the Executive Board

RESPONSIBILITY: Executive Board and Program Manager

PROCEDURE:

1. Personal and professional service contracts must include the following information
   a) Name, including contract name and tax identification number (Form W-9)
   b) Scope of contract – what is to be done, the purpose, goal, job, etc.
   c) Term of contract, including the beginning and ending dates
   d) Total contract amount and the method of payment
   e) Termination clause
   f) Signatures
2. All contracts for personal and professional services must be reviewed by the Program Manager and Executive Board within a reasonable time, not to exceed 45 days after it has been submitted.
3. All contracts for personal or professional services must be approved in writing by the Chair of the Executive Board.
4. A contract cannot be assigned to a third party. If a different contractor is required, the original contract must be canceled and a new contact must be initiated.
5. An emergency contract for personal or professional services shall be let for a period of not more than 6 months.

6. Contracts between governmental entities must be separately tracked to ensure additional reporting and regulatory compliance required by federal and state law.

9. CAPITAL ASSETS MANAGEMENT

9.1 Capitalization Policy

FILELOCAL

FISCAL MANUAL

SUBJECT: Capitalization Policy

PURPOSE: To define capitalization policy.

POLICY: All personal and real property with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years are recognized as capital assets. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the assets. The costs for normal maintenance and repairs are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Software 3 – 5 years

Computers and equipment 3-7 years

RESPONSIBILITY: Program Manager and Francis & Company

PROCEDURE:

1. Francis & Company shall assign the appropriate accounting classification codes to all purchases, contracts and acquisitions that qualify as capital assets.
2. The Program Manager shall provide Francis & Company copies of all purchase orders, requisitions, and receiver's reports covering capital asset purchases.
3. Francis & Company shall be responsible for recording the asset on the capital asset schedule, a manual spreadsheet/sub-ledger, showing the description, physical location, owners, cost, acquisition date, useful life, depreciation and disposition date including the date of disposal and sales price of the property.

9.2 Physical Inventory

FILELOCAL

FISCAL MANUAL

SUBJECT: Physical Inventory

PURPOSE: To establish physical inventory of capital assets.

POLICY: All capital assets should be inventoried periodically, but not less than every two years, to reconcile the total capital assets with the capital asset schedule (a sub-ledger).

RESPONSIBILITY: Program Manager and Francis & Company

PROCEDURE:

1. Francis & Company shall perform a physical inventory of capital assets at least once every two years.
2. Once the physical inventory is complete, it must be reconciled to the individual capital asset record (a manual capital asset sub-ledger) and general ledger.
3. Inventory count sheet and reconciliation is subject to the Program Manager's review. Any discrepancy is investigated by the Program Manager.

9.3 Disposition

FILELOCAL

FISCAL MANUAL

SUBJECT: Disposition

PURPOSE: To outline disposition of capital assets.

POLICY: All capital asset dispositions shall be approved by the Program Manager. Any disposition in excess of $10,000 shall be approved by the Executive Board.

RESPONSIBILITY: Program Manager and Francis & Company

PROCEDURE:

1. Disposition of capital assets shall be requested in writing and addressed to the Program Manager. Any disposition in excess of $10,000 shall be approved by the Executive Board.
2. All disposition documents shall be forwarded to Francis & Company to record the disposition. Gains and losses are recognized on the sale of capital assets.
3. The capital assets and related depreciation shall be removed from both the capital asset sub-ledger and general ledger.

9.4 Capital Asset Impairment

FILELOCAL

FISCAL MANUAL

SUBJECT: Capital Asset Impairment

PURPOSE: To outline capital asset impairment policy and procedures.

POLICY: Capital asset impairment is conducted on an annual basis or at the time the impairment occurs. Only permanent impairments of capital assets should be recognized in the financial statements.

RESPONSIBILITY: Program Manager and Francis & Company

PROCEDURE:

1. Francis & Company shall conduct an impairment analysis on an annual basis, or at time the impairment occurs in accordance with the generally accepted accounting principles.
2. A memo of impairment analysis with calculated loss prepared by Francis & Company is submitted to the Program Manager for review and approval.
3. Francis & Company records impairment loss in FileLocal general ledger system.

10. JOURNAL ENTRIES

FILELOCAL

FISCAL MANUAL

SUBJECT: Journal Entries

PURPOSE: To outline types of journal entries and internal controls over journal entries.

POLICY: All journal entries must be self-balancing and include an account type (asset, liability, revenue, expense, net assets) for each line of the journal entry. Journal entries are subject to review and approval based on the policies and procedures herein.

RESPONSIBILITY: Program Manager and Francis & Company

PROCEDURE:

Journal entries are used to:

1. Correct errors: most of journal entries will be to correct account-coding errors. The journal entry must include the debit entries and credit entries to correctly produce the required accounting effects. There is no review or approval for this type of journal entry prior to or after posting the journal entries.
2. Record cost allocation: cost allocation is processed by Francis & Company based on the approved cost allocation documents, including budgets. No review or approval is required for this type of journal entry.
3. Record recurring balance sheet transactions: recurring journal entries include monthly depreciation, amortization, receivable, and accrued liabilities. They are not required for review or approval.
4. Implement accounting policies and guidance: a memo is prepared for the implementation of a new accounting standard by Francis & Company to the Program Manager for review and approval. The memo will provide a reference of the new accounting standard, accounting effects, and a proposed journal entry.
5. Record nonroutine, nonrecurring transactions: a memo in writing to the Program Manager is required for review and approval of non-routine, non-recurring transactions.

Internal controls over monthly and annual financial reporting are considered an effective control over journal entry type 1, 2, and 3.

11. FINANCIAL REPORTING

FILELOCAL

FISCAL MANUAL

SUBJECT: Financial Statements and Management Reports

PURPOSE: To establish and catalog the reporting requirements for accounting.

POLICY: Financial statements and reports shall be prepared on a monthly and annual basis to provide the Program Manager and Executive Board, and outside auditors with sufficient financial information to report accurately the results of operations.

RESPONSIBILITY: Francis & Company shall maintain supporting records in sufficient detail to prepare financial statements or reports for the Agency.

PROCEDURE:

1. On an annual basis, Francis and Company prepares and presents:
    a) Annual financial statements with full footnote disclosures.
    b) Other required supplemental schedules and information.

    The annual financial statements are prepared in accordance with generally accepted accounting principles. The annual financial statements along with required supplemental information are subject to review by the Executive Board and the Program Manager. The Executive Board adopts the annual financial statements.

2. On a quarterly basis, Francis & Company submits to the Executive Board to adopt:
    a) List of vendor warrants.
3. On a monthly basis, Francis & Company prepares and presents:
    a) Internal financial statements.
    b) Schedule of actual and budget comparison.
    c) Variance analysis, as needed, will be prepared with monthly financial statements.

Attachment A: Check Request Form

FileLocal
Check Request Form

Deliver Check to:

Date Required	Check Amount

Purpose of Payment

G/L Account #:

Vendor Name	Invoice/Receipt Number	Invoice Date	Amount

Originator	Date

Approval	Date

Submit Form to Francis & Company PLLC
701 N Dexter Avenue, Suite 404
Seattle, Washington 98109