

Section:	FB-4 Finance and Business Services	Approval Date:	7/28/2017
Policy:	FB-4.2 Internal Controls	Latest Revision:	6/4/2021

FB-4.2 Internal Controls

4.2.1 Purpose

This policy sets forth the system of internal controls the Association implements and maintains to safeguard assets, operate effectively and efficiently, record financial transactions accurately, report financial information reliably, and comply with applicable laws and regulations.

4.2.2 Conflict of Interest

All employees are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest. A conflict of interest occurs when the personal, professional, or business interests of an employee conflict with the interest of the organization. Both the fact and the appearance of a conflict of interest should be avoided.

4.2.3 Physical Security

The Association maintains physical security of its assets to ensure that only people who are authorized have physical or indirect access to money, securities, real estate, and other valuable property.

4.2.4 Segregation of Duties

The Association's financial duties will be distributed among multiple Association staff to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the Association's assets while also considering efficiency of operations. Whenever practical the duties of recording, custody, and authorization will be segregated.

4.2.4.1 Cash Controls

The duties of initiating billings, recording collections, depositing funds, and subsequently reconciling bank statements will be divided so that no individual is in a position to complete the entire series of accounting functions.

References:

Previous Board Policy G.2.a.

See Administrative Procedure: *To be determined.*

Revision History:

Revision Date	Description of Changes	Requested By
7/28/2017	Initial Release	ACWA Staff and Governance Workgroup
6/4/2021	Revised Policy 4.2.4 Segregation of Duties to delete reference to Finance and Business Services Department and replace with updated language.	ACWA Staff based on organizational changes approved by the Executive Committee and Board of Directors, effective January 2021.