

**SOIL AND WATER CONSERVATION DISTRICTS**

# **Desktop Procedures for District Fiscal Operations**

Adopted by the Virginia Soil and Water Conservation Board  
June 26, 2024

Effective Date  
July 1, 2024

Issued by:  
**The Virginia Department of Conservation and Recreation**

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**Section I – Introduction**

The Virginia Soil and Water Conservation Board’s (VSWCB) Desktop Procedures for District Fiscal Operations (Procedures) are provided to assist Soil and Water Conservation District (SWCD or District) Boards of Directors (BOD) and staff in obtaining a full and rapid understanding of their fiscal duties and fiduciary responsibilities so they can appropriately execute their fiscal operations. The Procedures shall be reviewed annually by the District BOD or its Finance Committee and documented in the official minutes.

**Development of and Revisions to the Desktop Procedures for District Fiscal Operations**

The Virginia Department of Conservation and Recreation (DCR), Division of Soil and Water Conservation, contracted with professional staff of private accounting organizations to develop and, later, refine the contents of these Procedures. It is the intention of DCR to continue to revise the Procedures as needed and share these revisions with each District. Any questions regarding the information in the Procedures should be directed to the DCR Conservation District Coordinators (CDC).

Version History

Version	Effective Date
Original	August 1998
Revision 1	December 2001
Revision 2	December 2003
Revision 3	July 2006
Revision 4	October 2014
Revision 5	July 2016
Revision 6	July 2017
Revision 7	July 2019
Revision 8	July 2020
Revision 9	July 2022
Revision 10	July 2024

## **Section II – Board Requirements and Responsibilities**

### **Directors**

Each District is required to have a Board of Directors (BOD) comprised of local citizens elected or appointed to four-year terms of office. The Directors are not public employees and do not receive a salary for their District work. However, Directors may receive reimbursement for expenses associated with performance of their District functions. The District BOD may appoint associate Directors who do not have voting capabilities, but augment the Directors' knowledge and experience. Associate Directors may serve on District committees when requested, are encouraged to attend at least 75 percent of the monthly BOD meetings, and may receive reimbursement for District-related expenses.

Responsibilities of BOD members include, but are not limited to, the following:

- Identify local conservation needs
- Ensure the proper management of the District's financial and personnel resources
- Represent local citizens in conservation issues
- Educate others about conservation issues and programs
- Work effectively with local, state, and federal agencies to resolve conservation problems
- Attend regularly scheduled BOD meetings and meetings of allied organizations
- Serve on standing and ad-hoc District committees

DCR has produced a Soil and Water Conservation District Director Resource Notebook. All new Directors should obtain this notebook and read it thoroughly. The Director Resource Notebook is also available online (<https://www.dcr.virginia.gov/soil-and-water/document/2024-Director-Resources-Notebook-combined.pdf>). It provides guidance that should be helpful in performing the Director responsibilities and covers the following topics:

- Roles and Responsibilities of Directors
- Administration of the Districts
- District Issues
- Conservation Programs
- A list of common acronyms
- Partners and contact information
- Quick guides for Parliamentary Procedure, the Freedom of Information Act, and the Conflict of Information Act

In order to be adequately prepared to serve the District, all new Directors are expected to complete Director training within six months of qualifying for office as a BOD member. The online training is available on the VASWCD website: <https://vaswcd.org/leadership-course/>.

As an elected or appointed official, Directors are required to take an oath of office and make a personal commitment to fulfill the responsibilities of the position. Further, as public officials, Directors must uphold laws of the Commonwealth. Among the many state laws and regulations that are directly applicable to Districts and their boards of Directors, the Virginia Freedom of

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Information Act (FOIA) has particular significance to the ways Districts as “Public Bodies” must conduct business.

**Freedom of Information Act (FOIA)**

Newly elected, re-elected, appointed and reappointed Directors should receive a copy of the current FOIA law within two weeks following their election, re-election, appointment or reappointment. Pursuant to § 2.2-3704.3 of the *Code of Virginia*, each elected Director is required to complete the biennial FOIA training for local elected officials. An online training course is provided by the Virginia Freedom of Information Advisory Council (<http://foiacouncil.dls.virginia.gov/foiacouncil.htm>). It requires an individual email address. In-person, group training is also available by request from the Virginia Freedom of Information Advisory Council or the local government attorney. This training must be completed within two months of assuming office and every other year thereafter. It is recommended that all appointed Directors and associate Directors take the training as well.

Furthermore, each District is required to designate a FOIA Officer, who may be staff or a Director, and have that person complete required biennial training for FOIA Officers. Once designated, the FOIA Officer information must be reported to the Virginia FOIA Council; instructions for reporting this information can be found on the FOIA Council webpage (<http://foiacouncil.dls.virginia.gov/foiacouncil.htm>). When questions arise, counsel may be sought from the Attorney General’s Office or from the Virginia FOIA Council. The FOIA Council can be reached via telephone at 866-448-4100 or via email at [foiacouncil@dls.virginia.gov](mailto:foiacouncil@dls.virginia.gov).

**Conflict of Interest Act (COIA)**

The State and Local Government Conflict of Interests Act ("COIA"), § 2.2-3100 et seq. of the *Code of Virginia*, prohibits a range of behavior relating to impermissible conflicts. COIA, along with federal corruption statutes, applies to public officials and employees of the Districts. Newly elected, re-elected, appointed, and reappointed Directors, as well as recently hired staff, should receive a copy of the current COIA law within two weeks of their election, re-election, appointment, reappointment, or hire. Familiarity with provisions of this law is expected of every District Director and employee. Each District elected or appointed Director must complete the required biennial COIA training provided online or in person by the Virginia Conflict of Interest and Ethics Advisory Council. The online training is available at <http://ethics.dls.virginia.gov/index.asp> (Directors should select “Local elected officials or EDAs/IDAs” when registering).

The COIA law provides for both civil and criminal penalties for violations. District officers or staff who are concerned that certain conduct might violate COIA should ask legal counsel at the Office of the Attorney General or the Virginia Conflict of Interest and Ethics Advisory Council for an opinion and may rely on such advice as a shield to prosecution pursuant to § 2.2-3121 of the *Code of Virginia*.

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District Directors are not permitted to decide or vote on matters in which they have a personal or professional stake. Directors with potential conflicts of interest must disclose to the BOD or other committee members the material facts as to their personal interest in the transaction and/or in any corporation, partnership, association, or other organization that may receive financial benefit as a result of the decision of the BOD or committee.

After disclosure of the possible conflict of interest, the Director or staff person (interested individual) shall leave the room prior to the discussion of the issue. The interested individual shall not participate in any discussion or the making of any decision or recommendation associated with the subject issue. Such action shall be noted in the minutes of the BOD or committee. The interested individual may return to the room and resume participation in the proceedings once all discussions have concluded and decisions and recommendations have been rendered pertaining to the issue. Specific questions pertaining to conflicts of interest should be directed to the District's assigned Assistant Attorney General. District Directors should take care to maintain their professional independence in both fact AND appearance.

### **Records Management**

Records generated and/or received, regardless of format (electronic or hard copy), within the course of a District's operations must be maintained in accordance with the Library of Virginia Records Retention Schedules available at [http://www.lva.virginia.gov/agencies/records/sched\\_local/index.htm](http://www.lva.virginia.gov/agencies/records/sched_local/index.htm).

All District BODs are required by the *Code of Virginia* §42.1-85 to designate a Records Retention Officer, who may be staff or Director. This officer is responsible for ensuring that all supporting documentation is maintained according to the record retention policy and schedule and serves as the liaison to the Library of Virginia. A Virginia RM-25 form must be completed and submitted to the Library of Virginia to formalize the Records Retention Officer designation. This form and accompanying instruction can be found at <http://www.lva.virginia.gov/agencies/records/forms.asp>.

### **Board of Directors Meetings**

The BOD should meet on a monthly basis, and minutes of each meeting must be prepared and maintained by the District in accordance with FOIA. Minutes should capture the essence of the meeting and the decisions reached, not the content of every conversation. The minutes must document attendance, any motion that is made and by whom, whether it is seconded and by whom, the motion, discussion of the motion, and the final vote or disposition. The minutes must be signed by either the Secretary or Chair or both and approved by the District BOD at the following meeting.

### **Committees**

All committees established by a District must prepare and maintain committee meeting minutes in accordance with FOIA. Each time a committee meets, a committee report should be presented to the BOD at the BOD meeting following the committee meeting. Committee minutes should be



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approved by the committee at the next committee meeting; however, they can be reviewed by the full BOD if no committee meeting is scheduled for the near future, in which case they should be signed by the committee Chair.

**Finance Committee**

Each District is expected to have a Finance Committee (or group charged to fulfill this function) and a Treasurer to oversee all financial activities of the District and advise the BOD in financial matters. Responsibilities of the Finance Committee (or designated group) include the following:

- Review all sources of funding and develop acquisition strategies
- Work with staff to develop budgets and budget reports
- Ensure finances are handled according to generally accepted accounting principles (GAAP)
- Arrange for required audits
- Check the reliability of financial information
- Formulate and recommend policies for consideration by the District BOD (such as a purchasing policy or a check-signing policy)
- Establish a system to ensure prompt, accurate payment of invoices and other financial obligations
- Ensure compliance with surety bond requirements
- Annually review the Desktop Procedures for District Fiscal Operations to ensure the District maintains compliance and fulfills its responsibilities

The Finance Committee (or designated group) should meet at least twice a year to establish a budget and to review financial statements. Minutes of these meetings must be prepared and maintained by the District in accordance with FOIA.

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**Section III – Accountability**

District Directors are responsible for the proper stewardship of all District assets and resources, including direct accountability for actions taken by staff employed by the District and all funds, property, and equipment belonging to the District. Accountability also requires promoting the integrity of staff actions in executing District functions, especially District financial functions.

Proper financial stewardship requires

- accurate and detailed documentation of all financial transactions
- installation of and compliance with proper internal controls
- clearly established policies and procedures and adherence to such
- timely and sufficient corrective actions to resolve known or identified issues
- utilization of all District funds in a manner that best serves the public's interest

**Bonding**

All employees and BOD members with access to District funds must be bonded. Bonding provided through DCR covers all SWCD Directors, associate Directors, and employees that handle District monies. Bonding guidelines require that District fiscal practices comply with the policies and procedures established in this document.

In dealing with both clients and employees, the District must comply with all federal and state laws established to protect citizens' civil rights and employment opportunities.

**Budget Development**

As stated in Section II, the Finance Committee should develop a budget for each fiscal year. The budget should include the following elements:

- Consideration of unexpended funds from the previous year as presented in the financial statements and plans for their use
- Projected revenue and expenses
- A detail of the actual revenue and expenses of the previous year
- An estimate of staff and volunteer time and costs to accomplish proposed activities
- A narrative summary that ties planned expenditures to the District's Annual Plan of Work

The budget shall be reviewed and approved by the District BOD and included as part of minutes. The Treasurer should review the budget on a monthly basis and any significant variances between budget and actual revenue and expenses should be researched and reconciled.

**Treasurer's Report**

On a monthly basis, the Treasurer, working closely with appropriate staff, should prepare and disseminate to the Board the following financial statements and documentation:

- Monthly and year-to-date budget-to-actual expenses by funding source
- Monthly and year-to-date projected-to-actual revenues by funding source
- Notes for any significant budget-to-actual variances or individual transactions

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- Changes in cash
- Anticipated obligations of a material amount
- List of outstanding checks

This information should be used by the District to provide quarterly and annual reports to DCR as required by SWCB policies and grant agreements.

Annual reports should be developed and provided as public record for information regarding accomplishments, financial status, and volunteer support. All supporting documentation (such as records and reports documenting volunteer time and match requirements) must be maintained on file by the District or in accordance with the Library of Virginia record retention schedules.

### **SWCD Policies**

All District-specific policies should be reviewed and approved by the BOD before implementation by staff; updates and revisions to approved policies should likewise be reviewed and approved by the BOD. A comprehensive manual of all approved District policies should be maintained in the District office and all policy updates and revisions approved by the BOD should be reflected in board meeting minutes

**Districts should conduct an annual review of all District policies and record the review/approval** of these policies in Board meeting minutes. The documented policies should be updated to show the most current review/revision date listed on each policy document.

### **Debt/Leases**

The BOD must approve any lease agreement to be entered into by the District *prior to the District's making the commitment with the leaser*, and the approval must be documented in District BOD meeting minutes. All lease agreements must be written agreements and should be maintained with District records according to the Library of Virginia records retention policy and schedule.

Soil and Water Conservation Districts are not authorized by the Code of Virginia to incur debt. All property must be acquired through full purchase or lease agreements.

### **Audits**

All Districts are required to accommodate an audit of accounts of receipts and disbursements on an annual basis by the Auditor of Public Accounts or a certified public accountant approved by Auditor of Public Accounts in accordance with the *Code of Virginia* § 10.1-535.

DCR has currently contracted to have each SWCD audited on a two-year rotating basis. Additional audits may be requested by the Virginia Soil and Water Conservation Board or Audit Subcommittee or to meet federal requirements. These audits are designed to gain reasonable assurance of the following:

- The reliability of the financial statements and records

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- The adequacy internal controls
- Compliance with established policies, procedures, generally accepted accounting procedures (GAAP), and applicable laws and regulations for designated funding

To accommodate the significant time constraints on the auditors to perform all designated District audits within the required performance period, Districts should make every effort to provide timely responses and submissions to them. In the event of scheduling conflicts for the proposed District audit period, the District should notify the auditors and DCR as soon as possible to ensure the annual audit schedule is not delayed.

Prior to the beginning of an audit, each District should have completed and have available the following items:

- BOD member listing
- Signed BOD meeting and committee meeting minutes
- Lease agreements
- Debt agreements
- Property (inventory) listing
- Financial statements that roll forward by line item [i.e., (beginning balance) + (receipts) – (disbursements) = (ending balance)]. The current year beginning balance must equal the prior year ending balance in total and by financial statement line item. The statements must agree in total and by line item with the general ledger (e.g. Quick Books)
- Reports submitted to DCR that agree with the financial statements and the general ledger
- Detailed listing of cash receipts that agree in total and by line item with the financial statements
- Detailed listing of cash disbursements that agree in total and by line item with the financial statements
- List of authorized bank signatories
- Bank reconciliations with the bank balance agreeing with the bank statement and the checkbook balance agreeing with the general ledger
- Reserved fund(s) list with balance(s)
- Unreserved fund balance
- Determination of FLSA exempt and non-exempt statuses by position description
- Supporting documentation for all transactions within the audit period (cancelled checks, receipts, letters, invoices, etc.). If cancelled checks are not returned to the SWCD, the District should request printed or electronic bank copies of the cancelled checks.
- Documentation of sources for funds (i.e., local, state, and federal)
- Payroll tax returns and personnel records (IRS Form 941, timesheets, W-4s, personnel files, W-2s, and 1099s issued)
- All additional questionnaire responses, documentation, or account analysis requested by the auditors within the time frame requested

During the course of the auditor's field work and upon completion of the audit, District management will be advised of identified or potential issues of concern and will be given an opportunity to address and correct the issues before the issues become formal findings within the

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auditor's final report. At the end of the auditor's field work and/or upon completion of the audit, an exit interview will be conducted. It is expected that District staff (in person) and a Director (in person or by phone) will participate in the exit interview. DCR Conservation District Coordinators (CDC) will participate (in person or by phone) when schedules allow. Upon completion of the audit, DCR and the SWCB will be advised of identified or potential issues of concern.

The District Board must act upon any findings that are formalized in the final audit report, as directed by the SWCB, the Audit Subcommittee of the SWCB, and DCR. If the audit report identifies any significant areas of concern or material weakness, more frequent audits of the District may be required by the Audit Subcommittee of the SWCB and DCR.

### **Records Management**

Records generated or received, regardless of format (electronic or hard copy), within the course of a District's operations must be maintained in accordance with the Library of Virginia records retention schedules available at [http://www.lva.virginia.gov/agencies/records/sched\\_local/index.htm](http://www.lva.virginia.gov/agencies/records/sched_local/index.htm), as well as any federal or funding specific requirements. The Records Retention Officer is responsible for ensuring that all supporting documentation is maintained according to the record retention policy.

Records include, but are not limited to the following:

- General ledger reports at the summary and detail levels
- Cancelled checks or check images from the bank
- Check registers
- Invoices or other support as applicable for disbursements
- Receipt logs
- Check copies for receipts
- Letters or other support as applicable for receipts
- Personnel folders including salary approvals
- Bank statements and reconciliations
- Payroll records
- Leave records
- Meeting minutes
- Financial reports
- Contracts
- Grant agreements
- SWCD policies

Electronic files, including the general ledger system (i.e., QuickBooks), should be backed up on a regular basis (most auditors would recommend at least weekly, preferably daily). The backup should be maintained either in a fireproof, heat-resistant cabinet or safe at the District office or at an off-site location (e.g., bank lock box or post office box).

## **Section IV – Cash Control**

### **Bank Accounts and Signatories**

The opening of all bank accounts, as well as a list of all check signatories, must be authorized by the BOD and recorded in the District BOD minutes. Check signatories should be updated whenever a signatory is added or deleted.

### **Insured Accounts**

All funds are to be maintained in fully insured bank accounts. Generally, the Federal Deposit Insurance Corporation (FDIC), through the local bank, provides such insurance coverage. Each bank the SWCD does business with should be informed that the District accounts contain public funds and should be insured accordingly.

All accounts should be interest-bearing to the extent possible. The District shall maintain a separate bank account for Agricultural BMP Cost-Share Program funds. Interest earned from this account must be applied to additional program practices and expenses and must be logged in the Agriculture BMP Tracking Module.

All cash should be maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, § 2.2-4400 et seq. of the *Code of Virginia* and covered by FDIC (The following website may be helpful with addressing questions that pertain to the Virginia Security for Public Deposits Act: <http://www.trsvirginia.gov>). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC (\$250,000) must pledge collateral in the amount of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying Districts of compliance by banks. Accounts maintained in National Credit Union Accounts (NCUA) should be also be insured up to \$250,000. Districts that maintain investment funds with a broker should be insured by Securities Investor Protections Corporations (SIPC) up to \$500,000.

To ensure all SWCD bank accounts are classified by the bank as public funds and secured by the Virginia Security for Public Deposits Act (SPDA), SWCDs are required to verify all bank account information through the Virginia Department of Treasury SPDA Account Balance Search system (<https://trsvirginia.gov/Operations>) quarterly. . If a District finds that its account(s) has not been reported or if balances are reported inaccurately, it should address the issue with the financial institution.

In accordance with § 2.2-4518 of the *Code of Virginia*, Districts can elect to participate in the IntraFi Network Deposits program (formerly Insured Cash Sweep, or ICS) and Certificate of Deposit Account Registry Services (CDARS), which allow large deposits of funds to be placed across multiple participating institutions in increments below the standard FDIC insurance maximum of \$250,000 so that both principal and interest are eligible for FDIC insurance. Visit this link for more information: <https://www.intrafinetworkdeposits.com/>.

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Districts are also authorized to participate in the Virginia Department of Treasury's Local Government Investment Pool (LGIP). However, cost-share funds must be invested separately from all other districts funds and interest earned on cost-share funds must be applied to program practices and expenses. When funds are transferred from the LGIP they must be transferred into bank accounts that meet the requirements of the Virginia Security for Public Deposits Act. For more information about the LGIP, contact the Department of Treasury at (800) 643-7800 or <https://trs.virginia.gov/Cash-Management-Investments/LGIP>.

### **Check-Signing Policy**

A check-signing policy should be developed and adopted by the District BOD and reviewed annually. Checks issued over \$1,000 shall require dual signatures. All authorized check signers should be approved by the BOD and included as check signatories in the appropriate documentation at the bank. Check signers should sign only checks presented with vouched invoices. Check signers should never sign any check that does not have appropriate documentation or is to be paid to themselves. Check signers should never sign incomplete checks (those where date, payee, or amount is left blank). Electronic or stamped signatures shall not be used for signing checks.

All checks should be preprinted with the name and address of the District and pre-numbered.

The supply of unused checks should be maintained in a locked cabinet or desk at the District office. To safeguard against loss or theft, individuals who have check-signing authorization should **not** have access to the supply of unused checks.

### **Outstanding Checks**

The recipient of any check that has been outstanding for six months should be contacted; if the recipient cannot be contacted, issuance of a stop payment should be considered. If a substitute payment will not be issued, documentation should be made to ensure the original transaction is reversed. If a substitute payment will be issued, all accounting records should be updated to note the change.

Per the Commonwealth of Virginia's Unclaimed Property Act, a check that is outstanding for more than one year must be tracked in a liability account and the amount of the check remitted to the Commonwealth of Virginia per § 55.1-2500 of the *Code of Virginia*. Due diligence must be shown prior to reporting unclaimed property to the Virginia Department of Treasury; see Virginia's Unclaimed Property website <http://vamoneysearch.org/> for additional information, including the required reporting schedule.

### **Voided Checks**

Voided checks should have "VOID" written or stamped on them and the signature lines obliterated to ensure alteration of the check does not occur. They should then be stapled back into the check register. If checks are printed, rather than hand-written, and a check register is not

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maintained, voided checks should be placed in a voided checks file. The transaction/expense related to the voided check should be reversed.

**Bank Reconciliations**

Bank statements should be reconciled to the District's accounting records on a monthly basis within 30 days of the statement closing date. Bank reconciliations should be prepared by an individual authorized by the District to perform this task, and that person should initial and date each completed reconciliation. Any unrecorded bank transactions identified during the bank reconciliation process (e.g., interest earned or service charges) should be posted in a timely manner (i.e., prior to the next bank statement being received). **A second individual other than the preparer should review, initial, and date the reconciliations and periodically review canceled checks for proper signatures and authority.** When reviewing bank reconciliations, the reviewer should check the prior month's statement and reconciliation to ensure all outstanding items from the previous month have been properly accounted for.

**Segregation of Duties**

Segregation of duties is an important aspect of a sound internal control system. Proper segregation of duties provides a system of checks and balances so that the functions of one member (employee, Director, or other empowered individual) of the District are subject to review through the performance of interrelated functions of another member. The following list provides examples of adequate segregation of duties:

- Check signers should not have access to the unused check supply.
- One individual should not be responsible for both opening the mail and recording and depositing receipts.
- One individual should not be responsible for approving, recording, preparing, and mailing disbursements.
- Employees or Directors should never be the check signers for payroll and/or reimbursement checks made payable to themselves.
- Bank reconciliations should be performed monthly and reviewed and approved by someone other than the preparer.

Due to the small size of some Districts, it may be unreasonable to expect segregation of all duties as outlined above. Districts should keep in mind that the bookkeeper and BOD members need not be the only people assigned to perform these procedures. Conservation specialists and District managers (program personnel) may also play a key role in the internal control structure. Here are two examples of how program personnel might play a role in segregation of duties:

- The bookkeeper and the program person sign all checks below \$1,000, and the bookkeeper and the Treasurer sign all checks greater than \$1,000.
- A program person provides the review of bank reconciliations performed by the bookkeeper.



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Whenever the size of the District's staff precludes the proper segregation of duties, compensating controls should be established to ensure adequate review and oversight of financial transactions and timely detection of errors and irregularities. In these cases, the BOD may need to provide oversight and independent review functions in the day-to-day financial affairs of the District. Established roles for Board members should be designated for these functions.

## **Section V – Cash Management**

### **Accounting Method of Cash Basis Versus Accrual Basis**

*Cash basis* – Revenue is recorded when the funds are received, and expenses are recorded when payment is issued. It is easiest to account for transactions using the cash basis since no complex accounting transactions such as accruals and deferrals are needed. Given its ease of use, the cash basis is widely used in small businesses.

*Accrual basis* – Revenue is recorded when earned and expenses are recorded when incurred. Its use is required for tax reporting when sales exceed \$5 million.

Based on SWCD auditor recommendations, Districts shall maintain their financial records based on a cash basis. This will enable Districts easily reconcile their accounting records with the DCR Attachment E reporting form. For QuickBooks users, this is a simple change in the preferences to the Cash Basis setting and will automatically generate QuickBooks reports that correspond to Attachment E reporting.

### **Reserve Fund Balances**

Each District should limit its level of unobligated reserve funds. Unobligated funds are monies maintained in the District account(s) that may be spent on reasonable business-related purposes by the District. It is inadvisable for any District to accumulate more than 12 months of undedicated reserve funds. Funds beyond this level must be accumulated for specific dedicated purposes (for example, vehicles, equipment, dam maintenance, computers, or funding unanticipated staff severances) as directed by an action of the BOD and recorded in the minutes of the District; these funds are not to be used for routine operating expenses. At the end of each fiscal year, the District should review its reserve funds and determine which funds are to be dedicated for specific future expenses. A list should be maintained of these dedicated reserves and reviewed and updated annually. Public funds from local, state, and federal sources are provided to Districts strictly for performance of conservation, not for savings. DCR will monitor the growth of unexpended funds through grant agreement-required audit reports and report situations of concern to the VSWCB.

Reserve funds can be maintained in CDs or MMAs; however, Districts are also encouraged to participate in the Virginia Department of Treasury's Local Government Investment Pool (LGIP). For more information about the LGIP, contact the Department of Treasury at 800-643-7800 or <https://trs.virginia.gov/Cash-Management-Investments/LGIP>.

### **Petty Cash Accounts**

Petty cash accounts should contain no more than \$100 at any given time, and one individual should be designated as the custodian of the fund. The custodian is the person responsible for properly securing the fund, for approving each transaction, and for ensuring proper documentation (receipt or invoice) is received for each transaction. Petty cash should be used only for small purchases of supplies, food, postage, etc., and its use limited as much as possible.

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A person independent of the petty cash function should perform surprise counts of the petty cash at least twice a year and document these counts to ensure funds are intact. Alternatively, a system may be established in which an individual independent of the petty cash account is responsible for reconciling the account monthly. The reconciliation must be conducted in the presence of the petty cash custodian to maintain proper oversight of the fund; at no time should the custodian allow unsupervised access to the fund. This arrangement can replace the petty cash surprise counts since counting the cash on hand and the supporting receipts is part of the monthly reconciliation process.

#### **Gift Cards**

Gift cards are often given to recipients of District awards or winners of competitions (i.e., District Envirothon and poster contest winners and District-level awards for conservation-friendly farms). Gift cards are a form of currency and should be managed with the same sensitivity as cash or checks. A policy should be developed by the Board that includes the following information:

- Which funding source may be used to purchase gift cards (must be allowable under the regulations of the funding entity/award)
- Clear and detailed criteria or categories for the awarding of gift cards, such as for competitions, recognitions, and/or events
- Amounts associated with each criterion or category
- Restrictions on eligibility of recipients
- Required approval for issuance of cards
- Detailed procedures for purchasing and securing cards
- An annual log for purchase and issuance of cards, noting their type, value, and purpose, along with the name of the recipients and the dates awarded
- Procedure for reconciliation of expenses for cards purchased, the log, and the count of cards on hand that is documented, dated, and maintained with the annual log

The purchase of all gift cards should be approved by the Board and recorded in the Board meeting minutes with the purpose and value of each gift card.

Gift cards given to District employees are considered taxable income and should be reported as such to the IRS. For that reason, gift cards are not recommended for employee compensation.

#### **Transfers**

When transfers are made between bank accounts, including to open new bank accounts, these amounts should not be reflected as receipts or disbursements for financial reporting purposes. These transfers should be shown in the transfer in/out column on the Attachment E.

## **Section VI – Receipts Processing**

### **Direct Deposit (EDI)**

Pursuant to the State Appropriation Act, all Districts shall be set up to receive electronic payments from the Commonwealth. See Chapter 732: § 4-5.04 Goods and Services H. Electronic Payments: “Any recipient of payments from the State Treasury who receives six or more payments per year issued by the State Treasurer shall receive such payments electronically. The State Treasurer shall decide the appropriate method of electronic payment and, through [their] warrant issuance authority, the State Comptroller shall enforce the provisions of this section.”

### **Sales**

When receipts (cash or checks) are received by Districts, the following procedures should be followed:

#### **Checks**

- Each check should be endorsed with a stamp including the phrase “For Deposit Only,” the name of the District bank account, and the bank account number.
- Each check should be immediately recorded in a pre-numbered, three-part receipt book, specifically citing the following information:
  - the name of payer or name associated with the accounts receivable account
  - check number of the check received
  - purpose or fund associated with the receivable
- The three copies of the individual, numbered receipt should be used as follows:
  - Top copy provided to the payer, if present
  - Second copy placed with the deposit documentation maintained in the files
  - Third copy maintained in the receipt book
- Each check should be placed in the secure location or lockbox designated for pending deposits.

#### **Cash**

- Cash receipts should be immediately recorded in a pre-numbered, three-part receipt book, specifically citing the following information:
  - the name of payer or name associated with the accounts receivable account
  - the purpose or fund associated with the receivable
- The three copies of the individual, numbered receipt should be used as follows:
  - Top copy provided to the payer, if present
  - Second copy placed with the deposit documentation maintained in the files
  - Third copy maintained in the receipt book
- Cash should be placed in the secure location or lockbox designated for pending deposits.
- ***Cash pending deposits should never be comingled with the petty cash fund.***

In the instance the sales receipts are immediately entered to QuickBooks, a copy of the sales receipt should be immediately printed and given to the payer if present, and a copy should be printed and maintained with the deposit documentation files.

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If the District makes deposits into multiple bank accounts, the pending deposit items should be separately maintained in the secured location or lockbox until the time of deposit.

Any documentation (i.e., letter or check stub) received with the cash or check should be date-stamped when received and maintained in a deposits file. The receipt number should be noted on the supporting documentation.

As an accounting safeguard, each day's receipts should be recorded/logged in the general ledger (i.e., QuickBooks) on a daily basis, and each day's log reconciled to the (cumulative) bank deposit.

Deposits should be made once a week or when the District has collected \$500, whichever occurs first. Deposits should be recorded in the QuickBooks on the day of deposit.

Deposit of checks through a bank's mobile application ("mobile deposit") is prohibited. All checks received by the SWCD should be deposited at the bank and a deposit slip retained with the SWCD's financial records.

**Collection of State Retail Sales and Use Tax**

As political subdivisions of the Commonwealth, Districts must collect sales tax on sales of their tangible personal property unless such property is otherwise exempt. The *Code of Virginia* and Virginia regulations provide for certain exemptions.

Questions concerning the collection of sales tax and specific instances that may provide exemptions should be directed to the Department of Taxation, Office of Tax Policy, 804-367-8037.

## **Section VII – Expenditure Processing (Non-Payroll)**

Depending on the source of specific funds, there may be restrictions on how the funds are used and required accounting treatment for the funds. ***The BOD and District staff should familiarize themselves with the limitations and requirements for all funds they receive.*** As an example, state and federal funds may not be used to support charitable activities or to purchase alcoholic beverages of any type. Failure to adhere to specific funding regulations may result in a requirement to repay funds used or in ineligibility for future funding awards.

Disbursements are to be made only with proper supporting documentation, such as invoices, receipts, or receiving slips. To prevent double payments of balances, all documentation should be original, not copies. If an original is not available, the copy must be marked on its face with the phrase “certified original” and a note explaining why the original cannot be provided.

A voucher system (or invoice approval system) should require invoices to be vouched (or approved) before the District issues payment. Prior to issuing payments, invoices must be endorsed by two individuals (ideally, the person requesting the disbursement to verify the invoice is legitimate and that person’s supervisor or other authorized individual to verify the requestor has authority to make the request). The Virginia Agricultural BMP Incentives Programs Contract Parts I, II, and III serve as the invoice for payments issued to farmers participating in the Virginia Agricultural BMP Cost-Share Program. An employee expense report with attached receipts serves as an invoice for payment when submitted with appropriate signatures and documentation.

Invoices should be mathematically verified before payment.

To prevent duplicate payment of expenses, invoices should be stamped “PAID” upon payment. In addition, the check number and check date should be written on the invoice.

Ideally, the individual who accounts for cash disbursements (i.e., records the disbursement in the accounting records and/or signs the checks) should not prepare and mail the checks.

A District employee should **never** make personal purchases with District funds or use the District’s tax-exempt status for personal purchases.

Disbursements should be recorded in the checkbook and/or QuickBooks when the check is written. Individual disbursements should be recorded in the general ledger (i.e., QuickBooks) on a weekly basis.

### **Online Bill Paying**

Generally, authorizing an individual to make a direct withdrawal from the bank account to settle a claim provides an opportunity for abuse of the payment system. Given the limited number of personnel and the limited opportunities for segregation of duties and internal control, the use of online bill payment is discouraged. It is preferred that all online bill payments be made with the

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District credit card, following all rules and reconciliations required by the District's credit card and purchasing policies.

If the circumstances dictate and there is no other viable option – including use of a District credit card – the controls surrounding this type of transaction should be carefully considered.

Important elements of the control system should include the following:

- Documented justification why no other payment option is available
- Two approvals on the invoice prior to initiating the online payment
- Processing or transmitting of the online payment by a third individual
- Attaching a copy of the online payment confirmation to the invoice
- Careful review of all bank statements with special scrutiny given to the propriety of any direct withdrawals from the bank account

Larger organizations that utilize online payments typically have one person initialize the payment of the transaction and another person review the online transaction using the bank's software prior to actually releasing or transmitting the payment. Banks may provide a chip or electronic token that offers a dynamic code to enter prior to releasing a transaction. Banks may call an authorized individual prior to releasing larger online payments. While sound internal controls can be implemented around online payments, building adequate controls in a local District with limited staff might be challenging.

### **Virginia Agricultural Cost-Share Payments**

Once the District BOD has approved cost-share practice(s) for funding, the practice(s) have been certified as installed, all required documentation has been received by the SWCD (receipts, invoices, nutrient management plans, etc.), and Part III of the contract has been signed by all required parties, the District should pay promptly (within 30 days). Districts must retain supporting documents (i.e., receipts for materials) and clear documentation to justify the amount of payment (i.e., payment calculation sheet) as part of the cost-share file.

The District's QuickBooks accounting records, the Agricultural Cost-Share Tracking Program ledgers, and the Attachment E reporting form should all reconcile before submission of quarterly reporting to DCR.

### **Two-Party Checks**

Districts are allowed to issue two-party checks only for cost-share payments when the two parties consist of the participant and a lending institution. For participants receiving loans from the DEQ Ag Loan program, an assignment of payment to Virginia Resources Authority (VRA) form must be submitted to the District to allow payment directly to VRA upon completion of the practice.

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**IRS 1099 Forms**

Districts must provide an Internal Revenue Service (IRS) Form 1099-G to any individual installing an agricultural BMP with cost-share or other funding sources (such as settlement funds) who receives \$600 or more in cost-share payment(s) in a calendar year. If the payment for a contract is redirected at the participant's request to a certified nutrient management planner or resource management plan developer, then the appropriate 1099-NEC should be issued to the entity receiving the cost-share funds. Districts that issue payments for non-agricultural practices (such as DEQ 319 septic practices and VCAP practices) must issue a 1099-MISC to participants. If the payment for a contract has been assigned to VRA, or is paid out as a two-party check to the participant and a lending institution, the participant must still be the recipient of the appropriate 1099-G or 1099-MISC. Districts must file the appropriate IRS Form 1099 and Form 1096 with the IRS in accordance with IRS regulations. Note: The 1099-NEC may have an earlier filing deadline than the other forms. Be sure to check the IRS website for all applicable filing deadlines each year.

**Sales and Use Tax Exemption for District Purchases**

Per section § 58.1-609.1(16) of the *Code of Virginia*, Soil and Water Conservation Districts are exempt from paying sales and use tax. All Districts should file Form ST-12, *Commonwealth of Virginia Sales and Use Tax Certificate of Exemption*, with vendors. This form is located on the Department of Taxation website

(<https://www.tax.virginia.gov/sites/default/files/taxforms/exemption-certificates/any/st-12-any.pdf>).

With a tax-exemption certificate, Districts can apply for sales tax exemption at stores from which they frequently purchase supplies. Districts must get tax exemption for all stores that are frequented more than three times in a fiscal year or where any one purchase is \$100 or greater.

Please note that this exemption does not apply to meal and hotel charges. As a political subdivision of the Commonwealth, the SWCD should strive to obtain the state government rate for hotel rooms to the extent possible.



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**Section VIII – Credit/Debit Card Usage**

**Debit Cards**

State policy prohibits the use of debit cards by any state agency. The District auditors concur with this prohibition due to the potential for fraud. Therefore, the use of debit cards by Districts is prohibited.

**District Credit Cards**

Districts issuing credit cards to staff or Directors for business purposes must adhere to the following guidelines:

- The BOD must approve the issuance of any credit card to be used by staff and/or BOD member(s).
- Districts should adopt a written credit card policy to establish guidelines for users.
- *Properly documented approval should be obtained prior to any purchase* as required by the BOD-approved purchasing policy.
- A reputable credit card company that does not charge an annual fee and has a competitive interest rate should be used.
- Credit card statements must be mailed directly to the District office.
- Receipts for all charge card expenditures must be turned in to the District office immediately following purchases and the receipts reconciled with line items on the credit card statement before payment can be made.
  - Note: Original receipts should be submitted to the District office; however, scans of the receipts may be made for ease of record keeping and filing. An original receipt or scanned copy should be maintained with the corresponding invoice and/or credit card statement.
  - If receipts are lost, a missing receipts log should be created and filed with the corresponding invoice and/or credit card statement. The log should include the name of the store where the purchase was made, date of purchase, amount of purchase, list of items purchased, purpose of the purchase, and the name of employee or Director making the purchase.
- Before payment is made, the statement reconciliation must be approved by the Treasurer or a Director or employee with check-signing authorization. Each attached receipt or invoice should be reviewed for accuracy and appropriateness before the payment is made.
  - Note: If a staff member with check-signing authorization is completing the reconciliation, the Treasurer or Director with check-signing authorization must also complete a reconciliation to ensure all expenditures are appropriate. The Treasurer/Director reconciliation can be done before or after the payment is made. If this reconciliation is completed after payment, it should be completed within 30 days of the payment.
- The voucher system described in Section VIII will be used to authorize payment of the credit card.
- Expenditures should be made in accordance with procurement guidelines.
- ***Use of the credit card for personal purchases is forbidden.***

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- Payment of the balance of the credit card will be made by the due date in order to avoid unnecessary finance charges or late payment fees.
- Non-compliance with these guidelines will result in, at a minimum, termination of credit card privileges for the abusing staff member or Director.

## **Section IX – Employee/Director Expense Reimbursements**

All personally incurred District expenses shall be reimbursed to the employee or Director through the use of an expense report. At a minimum, the expense report format should include the individual's name, date of submission, signature, and approvals. The body of the form should be multi-lined and columnar so that several individual expenses may be recorded. Columns should include date of incurrence, description, business reason for the expense, and, for use when the expense is mileage, the miles traveled, mileage rate, and dollar amount of mileage reimbursement. The last column should indicate a total of the expenditures for that day with a grand total at the bottom indicating the total to be reimbursed.

Each employee or Director submitting an expense report for reimbursement should adhere to the following guidelines:

### **Use of Personal Credit Cards**

Use of personal credit cards for business expenses:

- Staff or Director use of personal credit cards for business expenses incurred by the individual is permissible, but reimbursement of such expenses will be made by only after submission of a properly completed employee/Director expense report with attached original invoices (not credit card statements).
- Incurred interest, late charges, or other credit card fees charged to the statement will not be reimbursed. It is the responsibility of the employee or Director to request reimbursement through proper channels with appropriate documentation *prior to incurring such fees*.
- Expenditures should be made in accordance with procurement guidelines and applicable funding regulations.
- Receipts for all expenditures must be attached to the employee/Director expense report and submitted to the SWCD District office in a timely manner (within 30 days of the date on which the expense occurred).
  - Note: Original receipts should be submitted to the District office; however, scans of receipts may be made for ease of record keeping and filing. A scanned copy of each receipt should be maintained with the corresponding expense report.
- The voucher system described in Section XI will be used to authorize payment of the employee/Director expense report. Each attached receipt should be reviewed for accuracy and appropriateness before payment is made.

### **Non-Travel**

- Employee/Director expenditures for business expenses are permissible, but payment or reimbursement of such expenses will be made only after submission of an expense report with attached original invoices (not credit card statements).
- Expenditures should be made in accordance with procurement guidelines.

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- Receipts for all expenditures must be attached to the employee/Director expense report and turned into the SWCD District office in a timely manner (within 30 days of the date of the expense). No reimbursement will be made without a receipt.
  - Note: Original receipts should be submitted to the District office; however, scans of receipts may be made for ease of record keeping and filing. A scanned copy of each receipt should be maintained with the corresponding expense report.
- The voucher system described in Section XIV will be used to authorize payment of the expense report. Each attached receipt should be reviewed for accuracy and appropriateness before payment is made.
- Only business expenses will be reimbursed.
- Abuse of any of the above may result in termination of staff, revocation of authorization to use employee/Director expense reports for reimbursement, and/or further actions deemed appropriate.

### **Travel**

Travel expenses may be paid on per diem or on actual receipts. However, the District select one method so that all travel expenses are paid reliably and consistently; District Directors and staff must all be paid using the same method. The method of payment should be clearly indicated in a District policy.

- Mileage is reimbursable at a rate not more than the federal IRS rate; any instances where the mileage reimbursement rate will be less than the federal IRS rate must be addressed through a BOD-adopted policy. Mileage rates should be revisited by the District BOD when there is an IRS mileage rate change (typically on January 1 of each year) and this should be clearly recorded in the meeting minutes. The maximum reimbursable mileage is miles to and from the approved location less normal commute miles at the federal IRS rate.
- If the SWCD issues reimbursements based on per diem, expenses are reimbursable at the federal per diem rate. Per diem rates should be revisited by the BOD when there is an IRS rate change (typically on January 1 of each year), and this should be clearly recorded in the meeting minutes. The federal per diem rates can be found at <https://www.gsa.gov/travel/plan-book/per-diem-rates>.
- When a Director or employee requests reimbursement via per diem, an appropriate per diem worksheet must be submitted with the expense report. An sample a per diem calculator can be found at <http://perdiemcalc.net/gsa/>.
- If the District issues reimbursements on an actual basis, all receipts must be submitted with the travel voucher reimbursement request.
- All receipts, including hotel receipts, boarding passes, bag fees, must be originals.
  - Note: Original receipts should be submitted to the District office; however, scans of the receipts may be made for ease of record keeping and filing. A scanned copy of each receipt should be maintained with the corresponding travel voucher.
- Meals covered by conference registration fees must be deducted from the applicable per diem.
- Documentation showing which meals are included with registration must be attached to the expense report.

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- The per diem may not be paid in advance of the trip.
- Employees and Directors must submit travel reimbursement documentation (including mileage) to the SWCD office no later than 60 days after incurring the expense.

## **Section X – Procurement**

All purchases by Districts should be made as a result of a competitive and open process that encourages participation by all qualified vendors. All District procurements should be in accordance with the Virginia Public Procurement Act, §2.2-4300 et seq. of the *Code of Virginia* (<https://dgs.virginia.gov/globalassets/business-units/dps/documents/vppa/vppa2023-unofficial-final.pdf>). It is important to note that for the purposes of procurement Districts fall under the local government determination. If you have procurement questions, you can contact a Department of General Services DPS Local Government Account Executive; contact information is listed at <https://dgs.virginia.gov/globalassets/business-units/dps/documents/localgovernment/virginiafullcounties-asof04242018.pdf>.

Every District should have a purchasing policy. The District Finance Committee should abide by a policy for competitive procurement based on dollar amounts of purchases and periodically (at least annually) review and recommend changes to such policy to the District BOD. In most instances, the lowest cost quotation should be accepted; however, in some instances, the lowest cost quotation may not be in the District's best interest. In these cases, a written justification for accepting a higher bid should be maintained with the quotations.

The two sample purchasing policies in the Appendix section may guide District in developing their own policies for the procurement of goods and services.

### **Surplus Property**

Any local public body of the Commonwealth may use the Office of Surplus Property Management (OSPM) to dispose of surplus property. SWCDs that wish to dispose of surplus property should review Chapter 12 of the *Agency Purchasing & Surplus Property Manual* for proper methods of disposal. This manual and other resources can be found on the OSPM website (<https://dgs.virginia.gov/office-of-surplus-property-management/government-entities/declare-surplus-property/>).

### **Fixed Assets Inventory**

An inventory list, including details on all fixed assets (e.g., computers, vehicles, equipment, and copiers) owned and/or controlled by the District, should be maintained and updated on an annual basis or when a change or update is made to the asset location and/or user or custodian. The District may wish to establish a minimum value, such as \$500.00, for items maintained on the inventory list. Regardless of value, all external storage devices for data should be included on the inventory list due to the important data and intellectual property stored on the device. The list should be maintained in a safe, secure location where risk of damage or alteration is reduced. All inventoried items should be tagged and the sequential tag number included on the inventory list.

The list should include a description of the asset, serial number or VIN number if applicable, the date purchased, the cost of the asset, and an estimated useful life of the asset for budgeting

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purposes. The SWCD can maintain other information if it is deemed of value, such as from whom the asset was purchased, warranty information, or replacement value.

An assets inventory list is also helpful for obtaining insurance policies for loss, theft, or damage to the assets. Each SWCD is expected to have its own property insurance plan; these are not provided by the Commonwealth.

## **Section XI – Reporting (General Guidance)**

Individuals, agencies, and organizations that contribute resources (monetary or other) to a District generally have reporting requirements and expectations. Districts are advised to fully understand and accept reporting requirements prior to entering into any contract or agreement with any individual or organization. Reporting expectations (such as reporting frequency, amount of information required, and related details) often vary widely between organizations.

### **Reporting Expenditures of SWCD Discretionary Funds**

Districts receive financial resources from many sources. Funds may be received through government appropriations, endowments, corporate contributions, revenue-generating programs, and many other sources. Funds provided for specific purposes must be accurately tracked and reported according to the requirements of the contributing source, and sufficient documentation must be maintained to support revenues, expenditures, and remaining balances.

However, some contributors allow great latitude in the use of resources provided to a District. When several sources of “discretionary” funds are combined in a single account to cover operating costs of a District, it becomes difficult to discern remaining balances from specific source of funds at the close of a report period. If a contributor does not provide specific requirements for or limitations on how a contribution must be spent, Districts should adopt an expenditure process they can document and apply consistently.

Examples of procedures a District may adopt to assign costs from discretionary funds (depending on requirements of the funding sources) are as follows:

- Spend funds appropriated by state sources first, until depletion.
- Spend funds appropriated by the local government(s) first, until depletion.
- Spend revenues generated by District rental/sales programs first, until depletion.
- Split expenditures equally among fund sources (for any given report period).
- Assign disbursement amounts to funding sources based upon the relative amount of funds contributed. For example, if state contributions are twice the amounts contributed by local governments, the relative amount of disbursements would be assigned accordingly to state and local sources.

In fact, any allocation method may be used to allocate costs between operational funding sources, as long as the method is documented so the auditors can recreate the final results reported by the SWCD.

Districts have significant latitude in assigning costs to funds issued to them by DCR. It is an acceptable practice to spend state funds first, until that source is depleted, before assigning remaining costs to other fund sources. It is also appropriate to assign costs to all operational funding sources relatively based on the amounts of their contributions to the SWCD.

Districts should be aware that contributors, regardless of the individual or organization, want assurance that their contributions are used in an appropriate, productive manner. Districts that



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adopt the procedure of expending state funds first for discretionary operational expenses will generally reflect remaining balances in other sources, such as local government contributions, which may accumulate over time. Using this example, local government representatives may reasonably question why their contributions are not being expended and, more fundamentally, whether they should continue appropriations to the District. The example is intended to illustrate the need for careful planning and adoption of procedures that are appropriate for each particular District and meet the expectations of contributors to its programs and services.

### **DCR Attachment E – Quarterly Reports**

According to guidance contained within the annual agreements between DCR and each SWCD for financial assistance to support District operational and administrative expenses and delivery of the Virginia Agricultural BMP Cost-Share (VACS) program, Districts must complete and submit a correct and accurate financial report to DCR on a quarterly schedule. Each quarterly report must be signed by the report preparer and the District Treasurer. If the preparer also serves as the Treasurer, or if the Treasurer is not available, then a Director with check-signing authority must sign the “Approved By” section of the report. The report, with original signatures, must be submitted to the CDC; a copy of the signed report should be maintained in the District office as part of the District financial records. The report is contained within each DCR/SWCD grant agreement as Attachment E.

It is the expectation of DCR that financial information contained within the Attachment E report correlate with District financial records (Cash Balance Report, Profit and Loss Report, and monthly reconciliations). This applies to all funds made available to a District from all sources. All funds should be properly documented under the corresponding funding category of the Attachment E. For example, DCR grant-issued funds are to be documented under the “State” category, federal grants issued by DEQ or other organizations should be categorized as “Federal,” and funds issued to the District from local governments should be categorized as “Local/Other.” Other funding sources, such as roundtables and the Virginia Conservation Assistance Program (VCAP), should also be documented under the “Local/Other” category of the Attachment E. If a District is unsure how to categorize a new funding source the preparer should seek guidance from their CDC or the SWCD Liaison.

It is also an expectation of DCR that the flow of financial information from one electronic Attachment E quarterly report to the next is consistent. This means that ending balances reported at the close of any quarter become beginning balances for the start of the quarter that follows. The electronic Attachment E that combines the four quarterly reports for a fiscal year should provide an accurate statement of the receipts, expenditures, and remaining balances in a manner that is consistent with other financial records maintained by the District.

**If a District needs to correct an amount improperly reported on the Attachment E, the adjustment should be made in the current quarter to correct the balance on the Attachment E going forward.** A clearly written memo explaining the adjustment should accompany the Attachment E, be submitted to the CDC at the time of Attachment E submittal, and be maintained in the District file for audit purposes.

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**DCR Attachment D – Budget Template Exercise**

The Attachment D – Budget Template exercise was developed in 2012 by a stakeholder advisory group (SAG) that was tasked to examine the funding needs for the administration and operation of SWCDs. The template has proven useful advocacy for demonstrating financial need to budgetary decision makers at the Department, Secretariat, and Gubernatorial and General Assembly levels. In recent years, it has also helped guide the Department in review and revision of the base technical assistance funding allocations. Bi-annually, SWCDs are asked to complete the template by estimating the full financial needs of the District. Each year the exercise is required, DCR provides Districts with the template document, instructions for completion, and estimated cost-share allocations to use to estimate financial needs.

The Attachment D – Budget Template exercise is a biannual grant deliverable and should be completed only after careful consideration of District financial needs. The Budget Template must be reviewed and approved by the District Board with the approval documented in Board meeting minutes. It must also be signed by a Director before being submitted to DCR.

## **Section XII - Federal Funds Requirements**

Districts and the federal government enter into grant agreements when Districts receive federal funds related to a specific grant. Districts must abide by and follow federal requirements when they receive federal funds from any grantor. Each grant agreement should be reviewed and signed by the chair of the District BOD. An individual at the District should be responsible for reviewing the grant agreement and understanding the grant requirements. This same individual should be responsible for ensuring these requirements are met and that the District is in compliance with the grant agreement.

Fourteen compliance requirements are typically attached to federal funding, However, only nine of these apply to Soil and Water Conservation Districts. Districts should document compliance with each requirement. The applicable compliance requirements are as follows:

### **Activities Allowed or Not Allowed**

#### **Requirement**

- Federal funds are expended only for allowable activities.

#### **Control Activities**

- Review the grant agreement to determine activities that are allowable under the grant.
- Segregate duties adequately for review and authorization of costs.

### **Allowable Costs/Cost Principles**

#### **Requirement**

- Costs of goods and services charged to grants are allowable and in accordance with the applicable cost principles.

#### **Control Activities**

- Review the grant agreement and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200 to determine allowable costs.
- Per 2 CFR Part 200, include only direct costs chargeable to federal awards, such as the following:
  - Compensation of employees for the time assigned specifically to performance of award-funded activities
  - Costs of materials acquired, consumed, or expended specifically for the purpose of award-funded activities
  - Equipment and other approved capital expenditures
  - Travel expenses incurred specifically to carry out the award-funded activities
  - Adequate segregation of duties in review and authorization of costs

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**Cash Management**

**Requirements**

- Funds are requested only when needed and are spent within a reasonable period of time after receipt.
- Interest earned on advances are reported/remitted as required.

**Control Activities**

- Monitor expected versus actual cash disbursements of federal awards.
- Ensure any interest earned on federal funds is recorded in the applicable program and returned to the granting agency or spent in accordance with the requirements of the applicable program.

**Equipment and Real Property Management**

**Requirement**

- Proper records are maintained for equipment acquired with federal awards, equipment is adequately safeguarded and maintained, disposition of any equipment or real property is in accordance with federal requirements, and the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use.

**Control Activities**

- Maintain accurate records on all acquisitions and dispositions of property acquired with federal awards.
- Place property tags on all equipment.
- Ensure that property records contain description, source, titleholder, acquisition date, cost, percentage of federal participation in the cost, location, condition, and disposition data.

**Matching**

**Requirement**

- Matching requirements are met using only allowable funds or costs that are properly calculated and valued and not used to match other funding sources.

**Control Activities**

- Review the grant agreement to determine matching requirements and which funds may be used as matches.

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**Period of Availability of Funds**

Requirement

- Federal funds must be obligated and fully expended during the established performance period and documentation submitted for reimbursement by the established deadline.

Control Activities

- Review the grant agreement to determine the period during which funds must be used.

**Procurement**

Requirement

- Procurement of goods and services is made in compliance with the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.318-.326 and Contract Provisions for Non-Federal Entity Contracts Under Federal Awards at 2 CFR 200 Appendix II.

Control Activities

- Review Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.318-.326 and Contract Provisions for Non-Federal Entity Contracts Under Federal Awards at 2 CFR 200 Appendix II to become aware of the requirements.

**Program Income**

Requirement

- Program income is earned, recorded, and used in accordance with program requirements per Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.307. Program income is gross income directly generated by a federally funded project.
- Per Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.80, program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income, except as otherwise provided in

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federal statutes, regulations, or the terms and conditions of the federal award. Program income does not include rebates, credits, discounts, and interest earned on any of these.

### Control Activities

- Identify generators of program income through inquiry of granting agency and the grant agreement.
- Ensure program income is properly recorded as earned and either deducted from outlays, added to the project budget, or used to meet matching requirements. Unless specified in the federal agency regulations or in the grant agreement, program income must be deducted from program outlays.
- Generally, program income requires a program income plan that details how the funds will be spent in accordance with the federal grant regulations under the Catalog of Federal Domestic Assistance. Information can be found at <https://sam.gov/content/assistance-listings>.

### **Reporting**

#### Requirement

- Reports of federal awards submitted to the federal awarding agency or pass-through entity include all activity during the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

#### Control Activities

- Use the accounting ledger as the basis for all reports.
- Perform supervisory review of reports to ensure accuracy and completeness of data and information.
- Submit an annual report to the DCR by July 15 indicating the total amount of federal funds expended during the prior fiscal year if this is not captured on the Attachment E form. This information is needed to address the Single Audit requirement for disbursements of \$750,000 or greater.

### **Federal Fund Auditing Requirements**

SWCD recipients of federal funds that expend \$750,000 within a fiscal year are required to have an independent annual audit conducted under the Single Audit Act.

### **Section XIII – Personnel Management**

Personnel management is a critical part of a Director’s job. This section only briefly describes many of the crucial elements of personnel management. More in-depth information and guidance is provided in the VASWCD Personnel Management Handbook. It is strongly suggested that each Director review the handbook, which is available online at <https://vaswcd.org/personnel-management>.

#### **Personnel Policy**

Each District should establish a Personnel Policy that covers the conditions of employment, work hours, fringe benefits including leave policies, personnel management including job descriptions and grievance policies, travel policies and other pertinent District policies. Personnel policies, including position descriptions, should be approved by the District BOD and reviewed and updated at least annually and when employment conditions change.

Both new hires and establishment of new employee positions should be approved by the District BOD and the approval recorded in the minutes. Pay rates of employees should be discussed and approved by the BOD and the approval recorded in the minutes. The District should maintain a personnel file for each employee containing essential data. The ultimate responsibility for hiring/terminating employees and increases/decreases in employee salary rests with the BOD, in close consultation with the District Manager/Executive Director when such positions exist within the structure of the District. Use of an Employee Pay Action Approval Form is required.

#### **Hiring a New Employee**

Individuals applying for District jobs should complete an application. Once the BOD selects the individual it desires to employ, in close consultation with the District Manager/Executive Director when such positions exist within the structure of the District, a letter stating the position, job description, salary, and FLSA exempt or non-exempt status should be prepared and sent to the individual, with the District maintaining a copy. The letter should include a signature line for the individual to sign indicating acceptance of the position and the stated salary. If the individual accepts the position, the District should include the signed original in the employee’s personnel file.

#### **Orientation**

All employees should receive an initial orientation when they begin employment with the District and additional training and instruction necessary to perform their duties. The initial orientation should include the following:

- Training in specific District policies and fiscal procedures
- Information on conservation issues
- Precise job duties, as determined by the District BOD and District Manager/Executive Director
- Clear explanation of the roles and responsibilities of the BOD and staff

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**Fair Labor Standards Act (FLSA) Exempt/Non-exempt**

Each District personnel policy should specifically address the provisions of the Fair Labor Standards Act (FLSA). The FLSA governs whether individual employees are compensated for overtime hours worked based on their assigned primary duties. SWCDs should test each position description on a periodic basis (no less than every three years) to determine exempt or non-exempt status. Tests should also be performed when changes are made to job descriptions and/or salaries. Records of the tests should be maintained in the position description file and available for review by auditors. Employees must be informed of their position's exempt or non-exempt status when they are hired. For further information on the FLSA, refer to the Department of Labor's website: <https://www.dol.gov/agencies/whd/flsa>.

One District Director, usually the Chair or Personnel Committee Chair, should be identified to serve as the liaison between the staff and the BOD.

**Timesheets**

Timesheets should be prepared and signed by each District employee and approved by his/her immediate supervisor (or an individual designated by the Finance Committee, this may be a Director, senior staff member, or District Manager/Executive Director) for each pay period. The timesheet should serve as the required documentation for payment of salary. The District should maintain the timesheet (or a copy of the timesheet if a local county processes the District's payroll).

**Telework**

For SWCDs that allow employees to telework, telework hours should be logged on the employee's timesheet. The District should adopt a formal telework policy and have a telework agreement with each employee.

**Payroll and Taxes**

If a local governmental entity pays District employee salaries and does not require reimbursement from the District, this is neither a cash receipt nor a disbursement. This transaction has no impact on the accounting records or financial statements, and thus no accounting entry is required.

District recordkeeping should reflect best practices of separating payroll information by Gross Pay, Fringe Benefits, Payroll taxes, etc. A paystub documenting pay and deductions must be given to the employee (see the VASWCD Personnel Management Handbook).

If Districts process their own payroll, they are responsible for filing all required federal and state tax forms and making applicable tax deposits. The 941 (federal withholdings) should be filed on a quarterly basis and tax deposits should be made on a monthly basis. State withholdings information and deposits should be submitted on a monthly basis unless the withholdings are less



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than \$100, in which case the withholdings should be submitted on a quarterly basis, unless otherwise specified by the Virginia Department of Taxation. State unemployment taxes should be remitted to the Virginia Employment Commission on a quarterly basis. The District should be cognizant that the taxing authority may change the timing of these filings and deposits.

It is the responsibility of each District to ensure proper tax withholding and withholding and tax application of various voluntary deductions (such as pensions, cafeteria plans, health insurance, dental insurance and garnishments) occur.

***The processing and handling of payroll checks should take place in a manner similar to that described in Section VIII – Expenditure Processing.***

### **Personnel Evaluations**

Written evaluations of each District employee's performance should best be prepared on a quarterly or semiannual basis, but, at a minimum, annually. The Personnel Committee or the employee's immediate supervisor should complete the evaluations. The Chair of the Personnel Committee, or other authorized individual, and the employee being evaluated should both sign the evaluation. The Personnel Committee should recommend raises/dismissals (based on the evaluations) to the BOD. The raises/dismissals should be approved/denied at an official BOD meeting and the action included in the minutes. The evaluations as well as the minutes from the BOD meeting where the raise/dismissal was approved/denied should be maintained in the appropriate employee's personnel file. For more information about Personnel Evaluations, reference the VASWCD Personnel Management Handbook (<https://vaswcd.org/personnel-management>).

### **Salary Adjustments**

When a salary change is approved, it is required that an Employee Pay Action Approval Form or something similar be completed, showing the previous rate of pay, the new rate of pay, and the effective date. After action by the BOD, this form should be signed by the chair of the BOD or another designated BOD member or, when given authority, the District Manager/Executive Director, and filed in the personnel files of the affected employee. An Employee Pay Action Approval Form is also required to document bonus payments to employees. Bonus payments are considered compensation by the IRS and as such are subject to payroll and FICA taxes. In addition, any gift provided to a District employee valued in excess of \$25 is taxable. Please consult IRS guidelines for further information on the tax implications of bonus payments and employee gifts. The IRS website can be found at <https://www.irs.gov>.

### **Personnel Files**

Personnel files should also include a signed W-4, VA-4, and I-9 (with required documentation attached). These documents should be obtained prior to first day of employment. W-4s and VA-4s should be updated at least annually for each employee or upon employee request. All new hires must be reported to the Virginia New Hire Reporting Center. Information can be found at <https://va-newhire.com/>.

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**SWCD Employee vs. Independent Contractor**

The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. The earnings of a person who is working as an independent contractor are subject to Self-Employment Tax.

An independent contractor is generally self-employed. The Self-Employed Tax Center provides additional information.

A person is not an independent contractor if he/she performs services that can be controlled by an employer (what will be done and how it will be done). This applies even if the person is given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed.

If payment of more than \$600 to a single contractor occurs in a year, the District must issue a 1099-MISC declaring the amount paid for the contractor's services and submit a 1096 and government copy of the 1099-MISC to the Internal Revenue Service by January 31<sup>st</sup> of the following year.

If an employer-employee relationship exists (regardless of what the relationship is called), the person performing the work is not an independent contractor and earnings are generally not subject to Self-Employment Tax.

However, earnings as an employee may be subject to FICA (Social Security tax and Medicare) and income tax withholding.

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**XIV – Appendix A**

The following pages contain sample policies and forms that Soil and Water Conservation Districts are encouraged to adopt and implement. The policies and forms are only templates and should be customized to fit the unique nature of each District. Neither DCR nor the Commonwealth of Virginia requires that these sample policies be adopted exactly as presented; however, at minimum, Districts are expected to adopt policies that outline proper procedures for the following topics: purchasing, vehicle use, credit card usage, and check signing.

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**Sample 1 – Purchasing Policy**

It is the intent of the District that all purchases be made as the result of a competitive and open process that encourages participation by all qualified vendors. It is also the District's intent that all District procurement be in accordance with the Virginia Public Procurement Act, § 11-35 of the *Code of Virginia*.

The following guidelines set forth the District's policy for competitive procurement, based on the dollar amount of the anticipated purchase. It is intended that the lowest cost quotation will be accepted. However, should the District determine that acceptance of the least costly price is not in the District's best interest, a written justification for accepting an offer other than the low bid must be prepared and maintained as the record of District action with the quotations.

The District's annual budget is developed to cover anticipated purchases. If sufficient funds do not remain in a particular budget sub-category to cover a purchase, this must be brought to the attention of the Board of Directors (BOD) by providing a budget vs. actual report. If sufficient funds do not remain under the main category heading (i.e., total budget for Educ, PR & Youth), the BOD must first authorize the purchase and/or amend its annual budget.

Accounting Procedures: All District checks greater than \$\_\_\_\_\_ must have two signatures. Two individuals must approve each invoice (a Director and employee other than the one who prepares the payment/check).

Credit Card Policy: All purchases must be made in accordance with the limitations of this policy. District credit card(s) may be used by District staff only for the purchase of items needed for operations and to carry out District programs. Credit card(s) may be provided for use to the Office Administrator, Conservation Specialist and/or Education Specialist. Credit card purchases will be consistent with the approved budget. Non-budgeted purchases will be made in accordance with the District's purchasing policy.

**No personal items will be purchased using the District's credit card.**

Receipts for all purchases must be turned in to the Office Administrator when the purchase is made. This is the responsibility of the staff member making the purchase.

When the credit card statement is received, the Office Administrator or designated staff member must check each charge against the receipt and code each purchase according to the chart of accounts. A District Director and an employee other than the one reconciling the statement must also review and initial each credit card statement, with receipts attached.

The following serve as guidelines for procurement of goods and services:

- **Purchases less than \$600** – District officials and/or staff will procure goods and services using sound business practices and endeavor to obtain the best product available for the lowest cost.

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- **Purchases between \$600 and \$1,000** – Quotations shall be sought, where practical and available, from at least three vendors. These quotations may either be in writing or by telephone. In either case, all quotations must be maintained on file for subsequent review and inspection. If three quotations are not available, the circumstances must be documented and retained on file.
- **Purchases greater than \$1,000** – At least three written quotations (or sealed bids) must be obtained for these purchases. If three quotations (or sealed bids) are not obtained, the circumstances must be documented and retained on file. The BOD, a committee, or those authorized by the BOD must review quotations or bids. The decision to purchase must be recorded in the minutes.

In the case of an emergency (such as securing a contractor for work on a flood control dam) when obtaining three written quotations (or sealed bids) is not possible, the employee or other individual(s) securing the service/purchase must contact one or more Director for permission to proceed, followed by written documentation of the circumstances involved in securing said service/purchase. This action shall be brought to the attention of the BOD at its subsequent meeting and recorded in the minutes.

**Inventory** – An inventory list must be developed and updated on an annual basis. This list must be maintained in a safe, secure location where risk of damage or alteration is reduced.

The inventory list should include details on all fixed assets (e.g., computers, vehicles, and equipment) owned and/or controlled by the District whose purchase price is \$500 or more. Any item with a purchase price of \$500 or more must be maintained on the inventory list until it is disposed of in one of the ways listed below. All inventory items should be tagged and the tag number included on the inventory listing. The net asset should be included for each item on the inventory list.

**Disposal of District Property** – The following serve as guidelines for the disposal and removal from inventory of District property:

- Trade in on a replacement or acquisition of similar property
- Advertisement for sale by receiving bids
- Advertised public auction
- Donation to a non-profit organization
- Other method as declared by the BOD

No tangible property of the District with a value greater than \$\_\_\_\_\_ may be sold or otherwise disposed of by the District without authorization by the BOD, taken and recorded by an action of the BOD during a monthly or other public meeting of the District.

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Chair

Date

## **Sample 2 – Purchasing Policy**

### ***I.1 III.5. PURCHASING POLICY***

The following guidelines set forth the District's policy for competitive procurement based upon the dollar amount of the anticipated purchase. It is intended that the lowest cost quotation be accepted; however, in some instances, the District may believe that the least costly price is not in the District's best interest. In this case, a written justification for accepting a higher bid must be maintained with the quotations.

Before any purchase is initiated, the item being procured must have been included in the District's annual budget. Additionally, sufficient funds must remain in the particular budget category to make the purchase. If either of these criteria is not met, the Board must first authorize the purchase and/or amend its annual budget.

In accordance with the Virginia Public Procurement Act (VPPA), the District has adopted small purchase procedures not requiring competitive sealed bids or competitive negotiation for single or term contracts for goods and nonprofessional services if the aggregate or sum of all phases is not expected to exceed \$100,000. The limit for professional services is \$80,000. Such small-purchase procedures shall provide for competition whenever practical.

Price quotations will be solicited for goods and services requested based on the following guidelines:

- PURCHASES UNDER \$2,500 IN VALUE – Procure goods and services using sound business practices and will endeavor to obtain the best product available for the lowest cost.
- PURCHASES BETWEEN \$2,501 AND \$10,000 IN VALUE – Solicit at least three telephone, catalog, electronic, or written quotes. Posting of notice on an appropriate website is encouraged.
- PURCHASES BETWEEN \$10,001 AND \$30,000 IN VALUE – Solicit at least three electronic or written quotes. Written solicitation and posting of notice on an appropriate website are encouraged.
- PURCHASES BETWEEN \$30,001 AND \$100,000 (or \$80,000 for professional services) IN VALUE – Solicit, in writing, four written quotes. Posting of notice on an appropriate website is encouraged.

Competitive sealed bidding or competitive negotiations may be required for amounts less than \$100,000 for goods and nonprofessional services and \$80,000 for professional services, at the discretion of the District Board. VPPA procedures for formal competitive sealed bidding or formal competitive negotiations, as applicable, are required for all purchases above these thresholds unless specifically exempted.

**Term Contracts:** The District may elect to establish term contracts for goods and/or services that are purchased on a repetitive basis. Term contracts are established through the competitive sealed invitation for bid (IFB) or competitive negotiation (request for proposal, RFP) process.

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Purchases made through term contracts may exceed the established thresholds defined elsewhere, as these contracts have been competitively procured. Term contracts must be approved by the Board of Directors.

**Cooperative Procurement:** The District may participate in, sponsor, conduct, or administer a joint procurement agreement on behalf of or in conjunction with one or more other public bodies, state or federal agencies, public institutions, or localities for the purpose of increasing efficiency or reducing administrative expenses in any acquisition of goods, services, or construction. The District may purchase from another public body's contract even if the District did not participate in the RFP or IFB if the RFP or IFB specified that the procurement was being conducted on behalf of other public bodies. Cooperative procurement must be in accordance with VPPA §2.2-4304 Section A.

**Emergency Procurement:** In the case of an emergency (i.e., securing contractor for work on a flood control dam) when obtaining multiple written quotations or sealed bids is not possible, the employee or other individual(s) procuring the service/purchase should contact one or more Directors for permission to proceed, followed by written documentation of circumstances involved in procuring said service/purchase. The procurement should be made with such competition as is practicable under the circumstances. This action must be brought to the attention of the Board of Directors at its subsequent meeting and recorded in the minutes. Public notice of an emergency contract award should be posted on an appropriate website.

**Sole-Source Procurement:** Upon written determination that there is only one source practicably available for the product or service to be procured, a contract may be negotiated and awarded to that source without competition. Public notice of a sole-source contract award must be posted on an appropriate website.

### **Sample – Vehicle Use Policy**

#### **Purpose**

The purpose of this policy is to set guidelines for the use of District-owned vehicles. The District (SWCD) maintains an interest in providing for the official transportation needs of District personnel and/or Directors. The District seeks to maintain quality, safe transportation for such use. Thus, proper use, care, and supervision of District-owned vehicles are required. Drivers must be licensed to operate the vehicles they use; only properly maintained vehicles will be made available, and the transportation program will be supervised and administered by both the District manager (or other designated individual(s)) and the District Board of Directors (BOD).

Vehicle use and responsibilities: Drivers must practice defensive driving techniques including anticipating and observing the actions of other drivers and controlling the vehicle in a manner to avoid accidents. When operating the vehicle, drivers must be aware that averting their eyes from the road may cause or contribute to an accident. Drivers should use best judgment when changing climate control settings, using the radio, or accessing other settings on the vehicle's dashboard. Operation and maintenance of District vehicles needs to be assigned to a staffer by District Manager or District BOD.

Responsibilities of drivers: Use District-owned vehicles for official business only. Completion and submission of a vehicle mileage report is required. Items tracked could include date, driver, destination, mileage in, mileage out, and grand total of miles for the month. All gas receipts must be turned in to the Administrative Secretary on a monthly basis. It is the responsibility of each individual driver to observe all motor vehicle laws of Virginia. Under no circumstance may a District employee operate a vehicle while under the influence of intoxicating beverages, drugs, or other substances.

Responsibility of District BOD: It is the responsibility of the District to guarantee employees possess a valid driver's license prior to authorizing use of a District vehicle.

#### **Policy**

##### **A. Licensure: Persons operating a District-owned vehicle must be licensed in Virginia to operate the type of vehicle they are using.**

- Vehicle operators must show a valid license to the District Manager or BOD prior to obtaining initial authorization to use any vehicle owned by the District.
- Vehicle operators must read and sign the Vehicle-Use Policy prior to obtaining initial authorization to use any vehicle owned by the District.
- Authorized vehicle operators must immediately notify the District Manager and/or District BOD if their license has been suspended or revoked.
- During June of each year, the District Manager or BOD will review the driver authorization list to ensure it is current and to ensure all vehicle operators are driving under a valid license.



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**B. Conditions of Use: Persons violating conditions of use may be subject to disciplinary action. The District Manager and/or District BOD will monitor all conditions of use.**

**1. District-owned vehicles are to be used for official business only.**

- Passengers – Passengers who are not on official District business may not operate or ride in a District-owned vehicle at any time, unless authorized by the District BOD or their designee(s).
- Hitchhikers – Hitchhikers may not be transported in District-owned vehicles at any time.
- Use for obtaining meals and other necessities – District-owned vehicles may be used to obtain meals and/or other necessities while on official travel.
- Out-of-state travel – The District BOD must approve all out-of-state travel using a District-owned vehicle.

**2. General Vehicle Operating Rules**

- Drivers must obey all traffic regulations, including posted speed limits.
- All operators and passengers must wear seat belts at all times while traveling.
- Alcohol and drug use – Alcohol and illegal drug-use is prohibited while traveling in a District-owned vehicle. Persons found in violation of this rule are subject to immediate termination. (Also, authorized vehicle users are advised to carefully consider whether or not to drive a District-owned vehicle when taking certain prescription drugs.)
- Smoking – Smoking in a District-owned vehicle is strictly prohibited.
- Adverse weather conditions – Weather conditions must be evaluated and travel should be postponed when conditions are hazardous. (This includes fog, heavy rain, snow, ice, high winds, etc.)
- Keys/credit cards – Under no circumstances should keys be left in a District-owned vehicle when not in operation. District credit cards should not be left where they are visible inside the vehicle but rather should be maintained in the glove compartment.
- Parking/security considerations – District-owned vehicles should not be left on non-residential streets or highways overnight unless required due to mechanical failure. Towing costs for improper parking are the responsibility of the driver.
- Fines/parking citations – Any fines and parking citations incurred by the driver are the responsibility of the driver and not the District. Persons incurring fines for traffic violations must report such circumstances to their supervisor as soon as is practically feasible for conveyance to the District BOD and may be subject to disciplinary action by the District, which could include loss of privileges to use District-owned vehicles.
- Personal property – Personal property left in District-owned vehicles when not in operation is the responsibility of the operator/passenger. Loss or damage to personal items is the responsibility of the operator/passenger.

**3. Maintenance and Care of District-owned Vehicles**

- The District Manager and/or BOD will be responsible for the monitoring and control of the routine maintenance and repair of vehicle(s).

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- It is the responsibility of all vehicle operators to routinely check the vehicle(s) to ensure proper oil level, water and antifreeze for radiators, battery, wear on belts, proper inflation of tires, etc. This service should be performed at time of fueling.
- If maintenance repairs are required, the District Manager and/or District BOD should be notified and consulted as to the procedure for maintenance.
- When returning a District-owned vehicle, all garbage must be removed from the vehicle, including the cab and bed areas.
- Personnel will share the following cleaning responsibilities: The exterior of the vehicle will be washed on an as-needed basis, the interior will be vacuumed on an as-needed basis; and windows will be cleaned as often as needed.

#### **4. Insurance**

- The District maintains vehicle insurance coverage through \_\_\_\_\_.
- Insurance information can be found in the vehicle's glove compartment and on file in the District office.

#### **5. Vehicle Accidents**

- Any driver using a District-owned vehicle who is involved in an accident should contact the police immediately.
- The driver should obtain the name, address, phone number, and operator's license number of all parties involved in the accident or witnesses to the accident.
- The driver should refer to the insurance card found in the glove compartment of the vehicle. Refer to instructions on the back of the insurance card and the agent name and contact number found on the front of the card.
- If the vehicle is safely operable, it should be driven to the District office; the District BOD will be responsible for determining a procedure for estimates and repairs.
- If the vehicle is not safely operable, with guidance from the police, the vehicle should be towed to a nearby service facility. The District BOD should be notified and will be responsible for determining a procedure for estimates and repairs.

#### **6. Driving a Privately Owned Vehicle**

- A privately owned vehicle may be used on official business if no District-owned vehicle is available or in other special circumstances with the approval of the District Manager and/or District BOD.
- An official Travel Expense Reimbursement Voucher must be submitted with appropriate receipts attached within 30 days of travel to the designated District staff member for payment.

#### **7. Carpooling Related to Trips**

If a number of individuals will be attending a workshop, conference or other activity, the District expects that, barring unusual circumstances, District employees attending will car pool using the District-owned vehicle. The District Manager and/or BOD will consider requested exceptions to this policy.

Chair Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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**Sample Mileage Sheet**

**DISTRICT** \_\_\_\_\_

**VEHICLE MILEAGE LOG**

**License#:**

**MONTH:**

**Year:**

**Vehicle:**

**PERSON ASSIGNED:**

Date	DRIVER'S NAME	DESTINATION	MILEAGE IN	MILEAGE OUT	TOTAL MILEAGE

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**Sample 1– Credit Card Policy**

All purchases must be made in accordance with the limitations of this policy. District credit card(s) may be used by District staff (or other authorized individual(s)) only for the purchase of items needed for District operations and to carry out District programs. Credit card(s) may be provided for use to the Office Administrator, Conservation Specialist, and/or Education Specialist. Credit card purchases must be consistent with the approved budget. Non-budgeted purchases must be made in accordance with the District’s purchasing policy.

**No personal items will be purchased using the District’s credit card.**

Original receipts for all purchases must be turned in to the Office Administrator when the purchase is made. This is the responsibility of the authorized individual making the purchase.

When the credit card statement is received, the Office Administrator or designated staff member must check each charge against the receipt and code each purchase according to the chart of accounts. A District Director and an employee other than the one reconciling the statement must also review and initial each credit card statement, with receipts attached.

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Chair

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Date

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**Sample 2– Credit Card Policy**

\_\_\_\_\_ SWCD CREDIT CARD POLICY

Original Adoption Date: \_\_\_\_\_

Amended Date(s): \_\_\_\_\_

\_\_\_\_\_ SWCD has obtained three VISA credit cards from \_\_\_\_\_, identified as \_\_\_\_\_ SWCD Card #####, \_\_\_\_\_ SWCD Card #####, and \_\_\_\_\_ SWCD Card #####. The purpose of these credit cards is for authorized \_\_\_\_\_ SWCD employees to make necessary purchases associated with carrying out SWCD programs and office operations.

The purpose of this Credit Card Policy is to ensure that all authorized users understand the procedures and responsibilities associated with the assigned credit card.

**Policy and Procedures**

☐ Use of the credit card must be controlled and limited to business use only. The credit card may not be used for personal expenses by employees, Directors, or Associate Directors, with or without the intention of reimbursing the SWCD. Any violation will be referred to the \_\_\_\_\_ SWCD Personnel Committee and/or Finance Committee and appropriate action taken.

- The maximum limit for the three credit cards is cumulative and will not exceed \$5000.
- It is not the intent of this policy that the credit card should displace normal procurement process.
- All purchases must be consistent with the \_\_\_\_\_ SWCD's current Purchasing Policy and with the approved fiscal year \_\_\_\_\_ SWCD Budget.
- Debit use of the card is not allowed.
- Cash advances on the credit card are not allowed.
- Individual employees will be assigned a business credit card, for which each is responsible.
- The following purchases may be made with the credit card, taking into consideration the current Purchasing Policy and approved SWCD Budget:
  - Educational Program supplies
  - Gas and routine vehicle maintenance
  - General operating expenses
  - Lodging
  - Meals outside \_\_\_\_\_ County(ies) (excluding alcohol)
  - Office equipment and repairs
  - Postage

Other purchases must be approved by the \_\_\_\_\_ SWCD Treasurer or a voting member of the Board of Directors (BOD).

- It is the responsibility of the individual user to obtain transaction receipts each time the card is used. All receipts must be submitted to the Administrative Secretary in a timely manner. Either the signature or initials of the employee must be written on the receipt. Failure to do so may result in an employee being responsible for disputed charges.
- Should a receipt be lost, the individual making the purchase should immediately attempt to acquire a second receipt from the merchant. If a second receipt is not available, the individual must provide a signed affidavit indicating the date and approximate time of purchase, name of merchant, and the amount of the charge. The Treasurer and/or Budget

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Committee must determine if the individual is personally responsible for the associated charges or if the SWCD will authorize payment.

- When using the credit card for Internet purchases, individual users should ensure that the site utilizes industry-recognized encryption transmission tools.
- When the credit card statement is received, the Administrative Secretary shall check each charge against the receipt and code each purchase according to the QuickBooks Chart of Accounts. A SWCD Director must also review and initial each credit card statement, with receipts attached. Payment of the balance of the credit card will be made by the due date in order to avoid unnecessary finance charges or late payment fees. A copy of the statement must be included with the monthly Treasurer's Report submitted to the BOD.
- Validation and safekeeping: The cardholder (\_\_\_\_\_SWCD) must sign the card(s) immediately upon receipt. If a card is lost, damaged, stolen, or misplaced, the employee assigned the card and the cardholder (\_\_\_\_\_SWCD) must notify the credit card company immediately. The Administrative Secretary and Treasurer must be notified immediately of the situation.
- Credit card violations: Credit card violations include the following:
  - Purchase of items for personal use
  - Failure to submit receipts or other back-up documentation to the SWCD's Administrative Secretary in a timely manner for the purpose of establishing accountable reconciliation procedures
  - Failure to return the credit card when an employee is reassigned, terminated, or upon request
- Unauthorized use of the credit card is a violation of the \_\_\_\_\_ SWCD Personnel Policy and may result in one or more of the following actions: written warning, revocation of credit card privileges, cancellation of purchasing authority, disciplinary action, and termination and/or criminal prosecution. Human error and extraordinary circumstances may be taken into consideration when investigating any violation. The Personnel Committee and/or Finance Committee will be responsible for investigating unauthorized use of the credit card.
- Authorized credit card users must sign an agreement indicating acceptance of all the conditions of use of the credit card, as stated in this document, including possible penalties for unauthorized use.

Authorized users:

- 1) Employee/Title
- 2) Employee/Title
- 3) Employee/Title

#### Credit Card Authorized User Agreement

I, \_\_\_\_\_, have read, understand, and accept all terms and conditions of use of the \_\_\_\_\_SWCD credit card as stated in the \_\_\_\_\_SWCD Credit Card Policy. Assigned Card #####.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

I, \_\_\_\_\_, have read, understand, and accept all terms and conditions of use of the \_\_\_\_\_SWCD credit card as stated in the \_\_\_\_\_SWCD Credit Card Policy.

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Assigned Card #####.

---

Signature

Date

I, \_\_\_\_\_, have read, understand, and accept all terms and conditions of use of the \_\_\_\_\_ SWCD credit card as stated in the \_\_\_\_\_ SWCD Credit Card Policy.

Assigned Card #####.

---

Signature

Date

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**Sample 1- Check-Signing Policy**

District checks may only be signed by individuals with check-signing authority registered with the financial institution.

Any District check under the amount of \$1,000 may be signed by a single District check signatory, except for the District Manager. The District Manager may not serve as the sole check signer for checks under \$1,000 since he/she also serves in an administrative role at the SWCD.

Any check written for \$1,000 or more must receive two signatures and may be signed by any check signatory as indicated below.

Check signatories and authorized amounts are as follows:

- District Manager may sign only checks over \$1,000 since his/her signature must be accompanied by that of another check signer.
- Director #1 (currently the Chair) may sign checks of any amount.
- Director #2 (currently the Vice Chair) may sign checks of any amount.
- Director #3 (currently a Director) may sign checks of any amount.

Checks must be made payable to specific payees based upon appropriate documentation and never to “cash” or “bearer.” Check signers should be presented with vouched invoices at the time the checks are presented for signature.

A check signer (staff or Director) is not authorized to sign a check made payable to himself/herself.

Disbursements must be recorded in the checkbook when the check is written. Individual disbursements must be recorded in the general ledger (QuickBooks).

Access to blank checks must be limited to Directors and District employees. Individuals with check-signing authority must not have access to the supply of unused checks. Blank checks must be kept locked in a secure place. Blank checks must not be signed; checks must be filled completely before being signed.

---

Chair

---

Date



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**Sample 2- Check Signing Policy**

District checks may be signed only by individuals with check-signing authority registered with the financial institution.

All District checks must have two signatures. Check signatories for the District may include the following:

- Chair of the board
- Treasurer
- Administrative Assistant
- TMDL Conservation Specialist
- District Manger/Executive Director

Checks must be made payable to specific payees based upon appropriate documentation and never to “cash” or “bearer.” Check signers should be presented with vouched invoices at the time the checks are presented for signature.

A check signer (staff or Director) is not authorized to sign a check made payable to himself/herself.

Disbursements must be recorded in the checkbook when the check is written. Individual disbursements must be recorded in the general ledger (QuickBooks).

Access to blank checks must be limited to Directors and District employees. Individuals with check-signing authority must not have access to the supply of unused checks. Blank checks must be kept locked in a secure place when not in use. Blank checks must not be signed; checks must be filled completely before being signed.

---

Chair

---

Date

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**Sample Employee Pay Action Approval Form**

**Soil and Water Conservation District**  
Employee Pay Action Approval Form

Employee Name: \_\_\_\_\_

Position title: \_\_\_\_\_

Initial Employment Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Exempt or Non-Exempt status: \_\_\_\_\_

SWCD Board Meeting Approval Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Date	Description of Pay Action	Amount of Pay Action	Employee Current Pay Rate	Employee New Pay Rate	Signature (Chair or Personnel Comm. Chair)

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**Sample Telework Policy**

PURPOSE

The \_\_\_\_\_ SWCD's telework and alternate-site work policy provides guidelines under which eligible staff may telecommute, for all or part of their work week, in order to promote general work efficiencies. Telework may also enable the District to respond to certain employee needs, such as the economics of commuting, and respond to unforeseen office or public emergencies that do not allow employees to work from the central workplace. The following policy defines the requirements for establishing a telework arrangement for staff.

POLICY

Telework is defined as allowing employees to work at an alternate location. Employees perform essentially the same work that they would in the central workplace in accordance with their usual performance expectations and other agreed-upon terms. Telework arrangements may be established for long-term or short-term periods. Although many of the programs, operations, and services are normally performed on office premises and require the presence of employees at the central workplace, the District does have the authority to designate positions eligible for telework or alternate work arrangements. While alternate work arrangements may meet the needs of both the District and the employee, the District Manager and Personnel Committee have the sole discretion to determine when this is appropriate. In certain cases, a telework arrangement could be considered a reasonable accommodation for an employee with a disability covered under the Americans with Disabilities Act (ADA). Approvals for telework should be made on a case-by-case basis. The approval of a position for telework does not mean that a different employee who later fills the position would be authorized to work at an alternate work site. The position should be periodically re-evaluated to determine if telework continues to best meet the District's needs. If telework is expected as a condition of employment, the job announcement should include a statement describing this requirement.

TELEWORK AGREEMENT

Work performed in alternate work locations is considered official business; therefore, the District may establish specific conditions that apply to employees engaged in telework. Prior to beginning a telework arrangement, a telework agreement must be signed and agreed upon by both parties.

EXCEPTIONS TO TELEWORK AGREEMENT

A telework agreement will not be required for employees who wish to telework a maximum of two days per work week. On occasion, the District may also determine that employees may need to work at alternate worksites for a few days to accommodate unusual circumstances, such as a brief office closing for renovations or relocation. In such cases as an emergency governor declaration or natural disaster, a telework agreement is not required but telework authorization should be documented for District files by memorandum or email, specifying work expectations and duration.

TERMINATION OF THE TELEWORK AGREEMENT

The District reserves the right to end the telework arrangement at any time. Employees should be given reasonable notice of the termination of the agreement. Employees may be required to return to the central workplace if deemed as having performance or work conduct problems, or if the SWCD Board of Directors feels it is in the best interest of the District and/or the employee to end the arrangement, either permanently or temporarily.

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**GENERAL EXPECTATIONS AND CONDITIONS**

There are a variety of issues which the District Manager, the Personnel Committee and the employee should discuss before implementing a telework agreement. An employee's classification, compensation and benefits will not change upon implementation of telework.

**HOURS OF WORK**

The amount of time the employee is expected to work will not change due to participation in a telework agreement. Hours of work should remain the same unless specified in the agreement. The employee agrees to apply her/himself to work during work hours. The procedures for approval of overtime and the approval and use of leave should also be specified.

**TELEWORK OBJECTIVE**

The opportunity to telework is not intended to be used in place of leave, nor is telework designed as a substitute for child or adult care. If children or adults in need of care are in the home during the employee's at-home working hours, another individual should be present to provide the primary care.

**COMPLIANCE WITH POLICIES**

Employees must agree to comply with rules, policies, practices and instructions and understand that violation of such may result in the termination of the telework arrangement and/or disciplinary action, up to and including, dismissal.

**SECURITY OF AGENCY INFORMATION AND RECORDS**

Employees are responsible for the security of all documents and records in their possession while teleworking and must adhere to the normal PII (Personally Identifiable Information) security procedures to ensure confidentiality and security of data. Any use of restricted-access information or materials at an alternate work location must be approved and described in an agreement, along with procedures for removing and returning those materials. If any documents or records containing PII are misplaced, the District Manager must be notified immediately so proper procedures can be followed to notify the affected individual(s).

**AUTHORIZED CENTRAL WORKPLACE CLOSURE (in the event of power outages, inclement weather, etc.)**

Employees who telework must continue to work their allotted daily hours in the event of a workplace closure for the day due to power outage or inclement weather.

**EQUIPMENT AND MATERIALS**

Employees may be authorized to use their own equipment. Where agreements specify, the District may provide equipment and materials needed by employees to effectively perform their duties; however, they are not required to do so. Employees must agree to use equipment provided by the District and supplies for business purposes only and to notify the District Manager immediately of equipment malfunction in order to schedule repair or replacement. All equipment located at an employee's premises is fully insured. Any damage or theft of the equipment should immediately be reported to the District Manager. Equipment used in the normal course of employment will be maintained and repaired by the District. When employees are authorized to use their own equipment, the District will not assume responsibility for costs of repairs, maintenance, or service.

**OTHER COSTS**

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The District is not responsible for operating costs (such as electric bills, phone costs and internet), home maintenance, or other costs incurred by employees in the use of their homes as alternate work locations.

**LIABILITY**

The District assumes no responsibility for injuries occurring in the employee's alternate work location outside the agreed upon work hours, or for liability damages to employee's real or personal property resulting from participation in the telework program. General liability insurance protecting the actions of District employees is provided 365 days per year subject to the provisions of the insurance policy in effect at the time. Workers' compensation coverage is limited to designated work areas in employees' homes or alternate work locations. Employees agree to practice the same safety habits they would use in their daily District duties and to maintain safe conditions in their alternate work locations. Employees must follow normal procedures for reporting illness or injury.

**SAFETY CONFIRMATION**

As it deems necessary, the District may wish to include additional conditions in its telework agreement that require employees to: maintain safe work conditions and practice appropriate safety habits, confirm that the work location is free from hazards, and notify the District Manager immediately of any injury incurred working.

**PROCEDURES**

The District has developed a telework agreement that incorporates the employee's conditions of employment. The executed telework agreement for all employees shall be maintained by the District Manager in accordance with the Virginia Public Records Act. A copy of the telework agreement, and any subsequent changes to it, should be kept in the employee's personnel file. The termination of such an agreement should be in writing.

**DEFINITIONS**

Telework – A work arrangement in which supervisors direct or permit employees to perform their usual job duties away from their central workplace for at least one day per week or 32 hours per month and in accordance with the telework agreement.

Alternate work location – Approved work sites other than the employee's central workplace where official District business is performed. Such locations may include, but are not limited to, employees' homes and satellite offices.

Central workplace – the location where the employee normally performs her/his duties.

Work agreement – The written agreement between the employer and employee that details the terms and conditions of an employee's work away from his or her central workplace.

Approved by \_\_\_\_\_ SWCD Board of Directors Date: \_\_\_\_\_

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**Sample Telework Agreement**

Approved by District Board:

**SAFETY**

- Employees will self-verify the safety of an alternate worksite.
- Employee is covered the District Workers' Compensation Program if injured while working at the alternate worksite.
- Employee agrees to bring to the immediate attention of their supervisor any accident or injury that occurs while working at an approved alternate work location.
- Supervisor will investigate all accident and injury reports immediately following notification.
- Supervisor or District reserves the right to inspect the alternate work site to ensure safety standards are met any time before or during this agreement.

**CONFIDENTIALITY AND INFORMATION SECURITY**

- Employee will apply approved safeguards to protect any records from unauthorized disclosure or damage and will comply with all records and data privacy requirements set forth in state law, District specific policies, and state policies.
- Employee will conduct work at the alternate work location in compliance with all information security standards.

**WORK STANDARDS AND PERFORMANCE**

- Employee will meet with their supervisor to receive assignments and to review completed work as the supervisor deems necessary.
- Employee may be required to return to the central work location on scheduled telework day based on work requirements for meetings and daily operation requirements.
- Employee will complete all assigned work according to the procedures agreed upon by the employee and the supervisor and according to guidelines set forth in the employee's performance plan.
- Employee agrees to perform telework at the alternate work location and times defined in the agreement unless they notify and receive approval from a supervisor to make a temporary shift in telework location to another alternate site.
- If there is someone in the alternate work location that needs primary care another individual must be present to provide the care.

**COMPENSATION AND BENEFITS**

- All salary benefits, leave/retirement benefits, and travel reimbursements will remain as if the employee performed all work at the employee's base work location.
- Employee understands that failing to obtain proper approval for overtime work may result in termination of the telework agreement and/or appropriate disciplinary action.
- Employee must obtain supervisory approval before taking leave in accordance with established office procedures. By signing this form, employee agrees to follow established procedures for requesting and obtaining approval of leave.

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EQUIPMENT AND EXPENSES

- Employee who borrows District equipment agrees to protect such equipment in accordance with District guidelines. District owned equipment will be serviced and maintained by the agency.
- If the employee provides their own equipment, the employee is responsible for servicing and maintaining it.
- The District will not be liable for damages to the employee's personal or real property during the performance of assigned work or while using District equipment at the employee's residence.
- The District will not be responsible for operating costs, home maintenance, or any other incidental costs (phone, electric, or any utilities) associated with the use of the employee's residence.

INITIATION AND TERMINATION OF AGREEMENT

- The District and the Employee understand that telework should be governed by the same personnel policy as those applicable to employee's working at the District central workplace except as modified by this agreement.
- District concurs with employee participation and agrees to adhere to applicable policies and procedures.
- The District or Employee may terminate this telework agreement at any time unless telework in a condition of employment. Two weeks' notice should be given to either party.

AGREEMENT:

EMPLOYEE NAME/TITLE: \_\_\_\_\_

AGENCY: \_\_\_\_\_

TELEWORK AGREEMENT START DATE AND END DATE:

\_\_\_\_\_  
(should be reviewed and revalidated at least once every two years)

ALTERNATE WORK LOCATION ADDRESS:

\_\_\_\_\_

ALTERNATE WORK LOCATION PHONE NUMBER IF APPLICABLE

\_\_\_\_\_

ALTERNATE EMAIL ADDRESS IF APPLICABLE:

\_\_\_\_\_

TELEWORK ARRANGEMENT CATEGORY: Full-Time\_\_\_\_\_, Hybrid (32 hours or more week) \_\_\_\_\_, Limited (less than 32 hours weekly) \_\_\_\_\_

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TELEWORK PATTERN (circle days): Monday, Tuesday, Wednesday, Thursday, Friday

EMPLOYEE (circle one) IS OR IS NOT expected to work for the duration of an emergency pursuant to a pandemic or when the employee's central workplace is closed due to emergency situations (weather events, act of terrorism, etc.) If the employee is unable to telework during an emergency due to illness or dependent care responsibilities, the employee must use appropriate leave. The employee may be asked and expected to report to the District central workplace, or another alternative location, or be granted emergency leave, on a case-by case basis, when other circumstances (power outage, etc.) prevent the employee from teleworking at the alternate work location listed above.

Employee Signature: \_\_\_\_\_

District Representative Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by \_\_\_\_\_ SWCD Board of Directors on \_\_\_\_\_



\_\_\_\_\_ SOIL & WATER CONSERVATION DISTRICT  
TELEWORKING ACTIVITY LOG

[illegible]

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**Sample Gift Card Log**

\_\_\_\_\_ **Soil and Water Conservation District**  
Fiscal Year \_\_\_\_\_ Gift Card Log

Name of Recipient	Type	Value	Reason for Award	Date Awarded
Ex: John Doe	Visa Gift Card	\$25	Poster Contest Winner	October 1, 2024