Neighborhood Council Checking Account System
Training and Orientation
Road Map

General Overview
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- Introduction
- Funding Flow
- Responsibilities
- Annual Budget
- Funding Requests
- Board Approval
- Conflict of Interest
- Allowable Expenditures
- Prohibited Expenditures

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- Setting up NC Checking Account
- Cash Request Form
- Funding Request Form
- Board Vote on Funding Request
- Online Bill Pay
- Debit Card
- Monthly Expenditure Report
- Neighborhood Purposes Grants
- Neighborhood Improvement Projects
- Inventory
The purpose of the Citywide System of Neighborhood Councils is to “promote more citizen participation in government and make government more responsive to local needs.”
General Introduction

- 95 Neighborhood Councils
- Small Department
- Demand Warrant processing unsustainable
- Checking Account System allows the NC to take charge of issuing payments to vendors
- Setting up for the possibility of NC’s to receive grants and donations in the future
- Funding staff re-focused on auditing and compliance
- Neighborhood Councils are allocated $37,000 for this fiscal year.
- These are public funds
- More flexibility, so to safeguard the process, training for all Board Members is required. (by Sept.1)
Funding Flow
Treasurer and Signer share the responsibilities of administering the checking account.

Internal checks and balances ensure funds are spent appropriately.

Two key roles in the new funding process include preparing reports and forms, and issuing payments to vendors.

It is up to the participating NC Board Members to determine their role.
Reporting Responsibilities

- Forms and Reports Preparer
- Monthly Cash Request form
- Funding Request Form
- Monthly Expenditure report
- Supplemental Cash Request form
- Presents all forms and reports to the Board
- Authorizes the cardholder to pay vendors
Cardholder Responsibilities

- Issue online check payments to vendors
- Assume sole custody of charge card
- Expend funds from charge card
- Collect and safeguard all original invoices, receipts and payment documentation
- Submit timely all original invoices, receipts and payment documentation to the Treasurer for the monthly reconciliation process
Each Neighborhood Council Board (inclusive all Board Members that vote on funding matters) is charged with the responsibility of ensuring that the checking account activity of their respective Board complies with the established policies and procedures prescribed by the Department.

Each Board Member voting on funding items must attend an NC Checking Account Overview training and understand the funding process.

If you have not taken the training by Sept. 1, you will be ineligible to vote on any funding items (this would not, however, affect quorum for meetings).

Each Board Member must also understand the Conflict of Interest laws covered in the Ethics Training, and must check with the Department or Office of the City Attorney prior to engaging in discussion or voting on any matters that may pose a potential conflict of interest.
Annual Budget

- The budget should be used as a strategic financial guide to conduct activities that will help the NC achieve its goals.
- A good budget outlines in reasonable detail: 1) operating expenses; 2) outreach activities; 3) neighborhood improvement projects; 4) Neighborhood Purposes Grants; and 5) election related expenses.
- The NC budget must be provided in the standardized format using the template provided by the Department With the following categories:
  100 Operations, 200 Outreach, 300 Community Improvement Projects,
  400 Neighborhood Purpose Grants, 500 Elections.
- Neighborhood Councils are required to submit a board approved budget each fiscal year. The budget must be submitted to the Department by the Treasurer, together with a Board Resolution signed by the Treasurer and Signer or Agenda and Minutes showing board action and current Board Roster.
- This is the first year a Strategic Plan is also being requested. Go to empowerla.org for more details.
## Annual Budget

### Neighborhood Council Name

**Budget for Fiscal Year 2013-2014**

**APPROVED on**

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**Sub Total**: $5,300

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**Sub Total**: $10,000

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<td>Election Outreach Expense</td>
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**Sub Total**: $600

**Grand Total**: $37,000

**Budget Narrative:**

Meeting expenses include food for our NC monthly meetings.
Funding Requests

- All funding requests must be approved by the entire Board and identifiable under one of the approved budget categories.
- All requests to the Board for funding must be made on a standardized form.
- Recurring/monthly operational expenses may be approved only once, indicating the amount and timeframe.
- Outreach, Neighborhood Improvement Projects, Neighborhood Purpose Grants, and Election expenses should be approved per request.
- Prior to issuing payment for a Board Approved expenditure, the following must be submitted to the Department for review and an authorization code: NPG’s, NIP’s, Contracts, Leases, NC-sponsored or co-sponsored events, and any expenditures over $2,500.00 (cannot split payments to circumvent the $ threshold)
- Only special accounts set up by Council Action will continue to be paid via Demand Warrants.
The Department will prescribe a form tracking the Board voting results for each funding item (yes, no, abstain, absent, recuse, ineligible).

The Forms and Reports Preparer is responsible for submitting this completed form to the Department with the monthly expenditure report.

This will take the place of any minutes or resolutions required for a particular funding request.
Conflict of Interest

- Political Reform Act states that no public official shall make, participate in making or in any way use his or her official position to influence a governmental decision in which the official has a material financial interest.
- If an official has a conflict of interests, the official will be disqualified from acting on the matter.
- You must recuse yourself entirely from the funding decision, including any discussion leading up to a vote.
- When in doubt . . . contact the Department or City Attorney’s office.
All purchases of equipment, supplies, and services must be for the sole purpose of building the social capital of the Neighborhood Council to benefit the community.

Social Capital in this circumstance is the extent of NC’s social relations with their community insofar as they have productive benefits which forward their mission to promote more citizen participation in government and make government more responsive to local needs.

Examples of allowable expenditures include the following:
Allowable Expenditures

*Please note that all services indicated below are services that must be provided TO the NC in furtherance of their goals.

- **Business Services** - Automobile parking lots and garages, equipment, furniture rental, photographic developing, studios, postal services, reproduction and blueprint services, tool rental
- **Communication Services** – Telecommunication equipment and services
- **Professional Services** - Associations, civic, social and fraternal, elementary schools, and secondary colleges, professional schools, charitable and social service organizations.
Allowable Expenditures

- **Repair Services** – Electronic repair shops, furniture repair, refinishing, small appliance repair shops.
Prohibited Expenditures

- Any purchases made without the prior approval of the Neighborhood Council governing body, and any purchases that are not identified in the NC approved budget.
- Payment for services over an extended period of time that may require a personal services agreement executed by the Department.
- Pre-payment, or advanced payments of goods or services. Please check with the Department first prior to issuing pre-payments or advanced payments.
- Payment for transportation services or travel expenses.
Prohibited Expenditures (cont.)

- Split charges - using multiple transactions for a single charge to circumvent the maximum threshold amount allowed ($2,500).
- Donations of money or goods to individuals or groups.
- Items or services from an entity that did not participate in a fair and open selection process. The threshold amount is anything over $5,000 requires 3 bids from local vendors, and may need a contract depending on the terms of services.
- Any purchases and/or capital improvement projects that increase the value of private property or do not benefit the general public.
Prohibited Expenditures (cont.)

- Events or projects that do not have the required insurance and permits. Liability is always an important consideration with any project.
- Third-party reimbursements are not permissible. Neighborhood Council funds can only be used to reimburse Board Members of their own Neighborhood Council for Board approved expenses.
- Purchases of alcohol, tobacco, firearms, or adult entertainment products.
- Purchases that violate the constitutional separation of church and state (City funds cannot be used to endorse religion and/or interfere with free religious exercise)
Prohibited Expenditures (cont.)

- Purchases that violate City and/or State conflict of interest laws.
- Supporting or opposing ballot measures or candidates, and political forums or debates unless following City Attorney guidelines.
- Lawsuits against the City or City agencies, and appeals against any discretionary decisions made by any City agency.
- When in doubt – Please ask!
Enforcement of Improper Spending Activity

- Department may stop payment on a check and charge the fees to the NC’s appropriation account.
- Require the NC to obtain a refund of the money and return any goods purchased.
- If unable to retrieve the funds, reduce the NC’s appropriation by the amount identified as improper.
- Other enforcement actions as deemed appropriate based on severity of the incident.
Thank You – End of General Overview

- Website link for completion form
  
  http://www.empowerla.org/boardregistration

- Brief Q & A
Setting up NC Checking Accounts

- Submit a Board Resolution indicating the selection/election of the Treasurer and Signer
- Checking Account and Funding Training
- Bank Application
- Signed Acknowledgement with the Department
- Once signed up, the Department will notify the cardholder when the card has been received.
- Monthly statements available online.
Cash Request Form

- Initial seed money in July = $4,000.00
- The NC’s Forms and Reports Preparer will request additional funds from their City appropriation account using the Cash Request Form
- Request must be based on the approved budget
- Department receives the form and, if complete, will process in 1-2 business days
- Preparer may submit additional cash requests for the month based on unforeseen expenditures
# CASH STATUS SUMMARY

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<thead>
<tr>
<th>Number</th>
<th>Budget Category</th>
<th>Budget (A)</th>
<th>Cash Received to Date (B)</th>
<th>Cash Request for the Month (C)</th>
<th>Budget Balance Available (D)</th>
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<td>NRG</td>
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<td>500</td>
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Less Cash Balance From Prior Month
Approved Cash Release by Empowerment

# NEIGHBORHOOD COUNCIL CERTIFICATION

We hereby certify under penalty of perjury under the laws of the State of California that this Cash Request, and its supporting financial records, are true in all respects. We also understand that allowability of cash requested is subject to final acceptance by the Department of Neighborhood Empowerment.

Treasurer Signature

Signer's Signature

Print Name

Print Name

Date

Date

NC Additional Comments

# DEPARTMENT USE ONLY

Approved □ $

Amended □ $

Denied □

FUNDING PREPARE’ER’S NAME & SIGNATURE

DATE

FUNDING DIRECTOR’S NAME & SIGNATURE

DATE

Department Staff

Additional

Comments
Funding Request Form

- Any party requesting funds from the NC must complete a Funding Request Form.
- Prior to issuing payment for a Board Approved expenditure, the following must be submitted to the Department for review and an authorization code: NPG’s, NIP’s, Contracts, Leases, NC-sponsored or co-sponsored events, and any expenditures over $2,500.00
Board Vote on Funding Request
Online Bill Pay

- No physical checkbooks for NC’s
- Checks are generated on Wells Fargo Account website.
- 5-7 days delivery to vendors (includes mailing)
- EFT available for many vendors already in the bank’s database
- Checks cannot be made to “cash”
- Signers can also arrange for the check to be mailed to their address for hand-delivery to vendors
- Online tutorials for use of bill pay available at wellsfargo.com
The cardholder of the NC Checking Account charge card is responsible for its security.

Charge card usage should be limited to incidental use only, where an online check payment would not be feasible.

To avoid possible fees for paying with a charge card, always ask the vendor for any available payment options.

Maximum daily amount for incidentals is $500.00.

Any requests for increases above the daily amount must be authorized by the Department.

Request is submitted on a form prescribed by the Department.

Cardholder is responsible for collecting and submitting all original receipts to the Treasurer for the monthly reconciliation.
The following uses of the charge card are strictly forbidden under any circumstances:

- ATM cash withdrawals
- Cash-back requests
- Donations of money to individuals or groups
- Purchases of gift cards, alcohol, tobacco, firearms, or adult entertainment products.
- Use of the charge card at any gambling facility, casino, or for any gambling purposes be it online or in person.

The Department will immediately revoke the cardholder’s charge card if any of the above uses are identified.
Monthly Expenditure Report

- Due . . . Monthly
- Deadline is 10 business days after the NC’s regular monthly board meeting.
- Eg. July’s Expenditure report is due 10 days after the NC’s August meeting.
- Must be signed and certified by both the Treasurer and Signer.
- Include all relevant documentation for listed expenditures (receipts, invoices, flyers, funding request forms, board vote forms)
## Monthly Expenditure Report

**Department of Neighborhood Empowerment**

**Monthly Expenditure Report for:**

**NC Name:**

**Budget Fiscal Year:**

(Must be submitted to the Department within 10 days of Board Approval)

### A. Expenditures by Line Item

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</table>

**Subtotal: Expenditures by Line Item**

### B. Cumulative Expenditures from Prior Months

- Cumulative Expenditures from prior months

**Subtotal: Cumulative Expenditures from prior months**

### C. Outstanding Commitments

- Rent/Lease
- Contractual Services
- Large Purchases
- Neighborhood Purpose Grants in process
- Temporary Staffing Services
- Storage
- Other

**Subtotal: Outstanding Commitments**

### D. Total Expenditures & Commitments

### E. Total Adjustments by Department

### F. Approved Budget 2013-2014

### G. Balance of Budget
### CASH STATUS ANALYSIS

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<tr>
<th>Number</th>
<th>Budget Category</th>
<th>Cash Received For This Month</th>
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Less Cash Balance From Prior Month
Approved Cash Release by Empowerment

### NEIGHBORHOOD COUNCIL CERTIFICATION

We, __________________________ (Treasurer Name) and __________________________ (Signer Name), declare that we are the Treasurer and Signer, respectively of the ________________ Neighborhood Council (NC) and that on ________________ (date adopted), a Brown Act noticed public meeting was held by the__________________________NC with a quorum of ______ (number) board members present and that by a vote of ______ (number) yes, ______ (number) no, and ______ (number) abstentions the __________________________ NC adopted the Monthly Expenditure Report for the month of ______ (month), ______ (year).

Treasurer Signature | Signer’s Signature
Print Name | Print Name
Date | Date
NC Additional Comments
Neighborhood Purpose Grant

- Allows Neighborhood Councils to issue grants to 501(C)(3) nonprofits and public schools from their annual NC allocation of funds.
- Over $5,000 requires a City Contract.
- Over $20,000 requires a City Contract and approval of the Board of Neighborhood Commissioners (BONC).
- NCs must evaluate and approve grant requests in public meetings, and make a finding of public benefit (Community Benefit Statement)
- NC must be in good fiscal standing: must have current fiscal budget on file with the Department.
- Conflict of Interest Laws Apply: Any Board Member who has a relationship with the requesting School or Organization must consult the Office of The City Attorney before the item is heard and voted by the Board.
Neighborhood Purpose Grant

- All NPG’s must be submitted to the Department for review and approval PRIOR to issuing a check from the NC Checking Account.

The following must be submitted:

- **NPG Application** - completely filled out by Applicant with 2-Signatures and contact information
- **W-9 Form** - completely filled out and signed by Applicant
- Funding Request Form
- Board Vote on the Funding Request
- If 501(c)3 Non-Profit
  - IRS Determination Letter
- If Public School
  - Official Letter from School on School Letterhead requesting the grant
Neighborhood Improvement Projects

- All Neighborhood Improvement Projects must be submitted to the Department for review and approval PRIOR to issuing a check from the NC Checking Account.
- Submit copies of invoices, reports, surveys, proofs of insurance and/or permits obtained.
Inventory

Neighborhood Councils using City funds to purchase items that qualify as inventory under the City’s inventory policy must track those items. Inventory as defined per City policy is:

- Any item with an acquisition or assigned value of at least $1,000.00 and an estimated useful life of at least three years.
- Any computer hardware, including desktop or laptop computer(s), regardless of cost.
- Any digital cameras, regardless of cost.
- Any electric or electronic office and communications equipment, such as printers and copying machines, regardless of cost.

Each NC shall maintain a list of its inventory and affix an inventory tag with a unique number (e.g. WANC10-001) for any item that falls under the City’s inventory policy as stated above.

Each NC shall also submit its inventory list to the Department along with its year-end reconciliation report or as prescribed by the Department.
# Inventory

City of Los Angeles, Department of Neighborhood Empowerment

NEIGHBORHOOD COUNCIL FUNDING PROGRAM
NC INVENTORY EQUIPMENT TRACKING LOG

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2010-11
Thank You!

- Link to completion form
  
  http://www.empowerla.org/boardregistration

- Q & A

- For further questions, please contact

  Department of Neighborhood Empowerment
  200 N. Spring Street, Suite 2005
  Los Angeles, CA 90012
  Downtown Office: (213) 978-1551
  Downtown Fax: (213) 978-1751

  NCSupport@lacity.org
  Done.Funding@lacity.org