


**Policies and Procedures to Manage
Your Local Government**

Ingrid M. Otto, CPA
Division of Local Government and School Accountability




NYS COMPTROLLER
THOMAS P. DiNAPOLI

1

Policies guide decision-making

Procedures drive actions




NYS COMPTROLLER
THOMAS P. DiNAPOLI

2

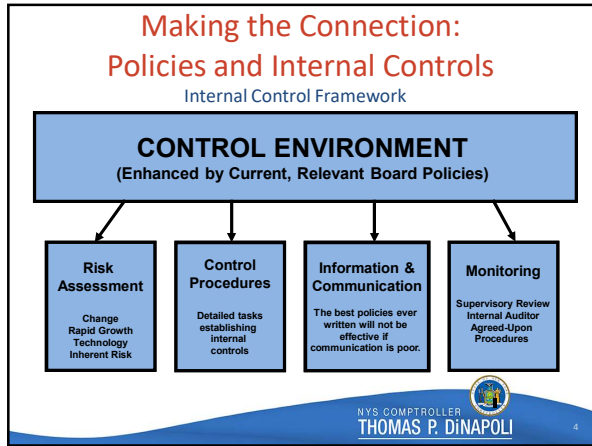
Key Differences

<ul style="list-style-type: none">• Policies<ul style="list-style-type: none">– Formulated by the board or by top management– Flexible– Provide requirements in broad terms	<ul style="list-style-type: none">• Procedures<ul style="list-style-type: none">– Executed by lower level management and staff– Step by step– Provide detailed sequences
---	--



NYS COMPTROLLER
THOMAS P. DiNAPOLI

3




- ### Required Board Policies
- Code of Ethics – General Municipal Law §806
 - Deposits and Investments – General Municipal Law §39
 - Procurement – General Municipal Law §104(b)
 - Workplace Violence Prevention – Labor Law, Article 2 §27-b
 - Sexual Harassment Prevention – Executive Law, Article 15
 - Breach Notification – State Technology Law §208
 - Board Review/Update Annually/Communicate
- NYS COMPTROLLER
THOMAS P. DINAPOLI

- ### Code of Ethics
- Requirements
 - Standards of conduct reasonably expected
 - Disclosure of interest in legislation before the local government
 - Investments in conflict with public duties
 - Private employment or business interests in conflict with official duties
 - Other Considerations
 - Annual statements of financial disclosure
 - Acceptance of gifts from vendors
 - Avoiding the appearance of impropriety
 - Distribute to employees and post
- NYS COMPTROLLER
THOMAS P. DINAPOLI

Investment Policy


- Minimum Legal Requirements
 - Delegation of investment authority
 - Designation of depository and custodial bank/trust company
 - Permitted types of authorized investments
 - Provisions to secure financial interests – types of acceptable collateral/ eligible securities
 - Standards for diversification; security and custodial agreements; qualifications of firms
- Procedures
 - Monitoring, controlling and depositing investments
 - Securing local government financial interests
- The law requires OSC to formulate a “model investment policy” for local governments



NYS COMPTROLLER
THOMAS P. DiNAPOLI

Investment Policy


- Procedures
 - Cash flow projections to enable appropriate decisions about types and maturities of investments
 - A record describing the amount, date, interest rate and maturity of investments and general ledger accounts
 - Competitive quotations or negotiated prices
 - Comparison of FDIC coverage and pledged collateral to gross deposits and investments
 - Current security and custodial agreements, reviewed by counsel



NYS COMPTROLLER
THOMAS P. DiNAPOLI

Procurement Policy

- Requirements
 - Goods and services not required to be bid
 - Purchase contracts less than \$20K
 - Public work contracts less than \$35K
 - Professional services not required to be bid
- Goals
 - Prudent/economical use of public money
 - Maximum quality/lowest cost
 - Guards against fraud/favoritism



NYS COMPTROLLER
THOMAS P. DiNAPOLI

Procurement Policy

- Procedures
 - Appropriate for size and complexity/cost-benefit
 - Written quotations
 - Verbal (phone) quotations
 - At what amounts and for what types?
 - How to document?
 - Requests for proposals (RFPs) – professional services
 - Other Considerations
 - How will you monitor effectiveness?
 - Design and Effectiveness can be tested in OSC audits

Workplace Violence Prevention Policy

- Purpose and employer commitment to staff health and safety
- Prohibited conduct
- WVP Program goals and objectives
 - Process the employer will use to ensure employee and union participation in the program
- How and to whom to report an incident
- Enforcement

Employer must post a Workplace Violence Prevention Policy Statement conspicuously

Sexual Harassment Policy

- Define and prohibit sexual harassment in the workplace
- Make clear that sexual harassment is a form of employee misconduct
- Inform employees of rights of redress and availability of complaint resolution channels
- Affirm that sanctions exist and will be enforced
- Procedures
 - Reporting and investigation of complaints
 - Post-investigation and appeal
 - Duties for managers and supervisors
 - Sanctions and implementation

Breach Notification Policy

- Must require that notification be given to certain individuals when there is a breach of the security of the system as it relates to private information. State entities are required to report breach to:
 - the NYS Attorney General
 - the NYS Office of Information Technology Services' Enterprise Information Security Office
 - the Department of State's Division of Consumer Protection
- Ensures officials and employees understand and are prepared to fulfill their legal obligation to notify affected individuals.

<https://its.ny.gov/breach-notification>

NEW YORK STATE SECURITY BREACH REPORTING FORM
Pursuant to the Information Security Breach and Notification Act (State Technology Law §208)

Name and address of Entity that owns or licenses the computerized data that was subject to the breach:
Street Address: _____ State: _____ Zip Code: _____
City: _____

Submitted By: _____ Title: _____ Date: _____
First Name (if other than entity): _____
Telephone: _____ Email: _____
(Indicate only if Entity whose information was compromised.)

Type of Organization (please select one): Governmental Entity in New York State | Other Governmental Entity | Educational | Health Care | Financial Services | Other Commercial | Not-for-profit

Number of Persons Affected: _____
Total (including NYS residents): _____ NYS Residents: _____
(If the number of NYS residents exceeds 1,000, have the consumer reporting agencies been notified?) Yes | No

Date: Breach Occurred: _____ Breach Disclosed: _____ Consumer Notification: _____

Description of Breach (please select all that apply):
 Loss or theft of device or media (e.g., computer, laptop, external hard drive, thumb drive, CD, tape)
 Internal system breach | Insider wrongdoing | External system breach (e.g., hacking) | Breach/retort disclosure | Other (specify): _____

Information Acquired: Name or other personal identifier in combination with (please select all that apply):
 Social Security Number | Driver's license number or non-driver identification card number | Financial account number or credit or debit card number, in combination with the security code, access code, password, or PIN for the account

Manner of Notification to Affected Persons - ATTACH A COPY OF THE TEMPLATE OF THE NOTICE TO AFFECTED INDIVIDUALS:
 Written | Electronic | Telephone | Substitute notice
(List date of any previous (within 12 months) breach notification.)

Identify Third-Party Protection Service Offered: Yes | No
Description: _____ Provider: _____
Brief Description of Service: _____

PLEASE COMPLETE AND SUBMIT THIS FORM TO EACH OF THE THREE STATE AGENCIES LISTED BELOW:

New York State Attorney General's Office
SECURITY BREACH NOTIFICATION
Consumer Fraud & Protection Bureau
120 Broadway, 7th Floor
New York, NY 10271
Tel: 212-416-6000
Email: breach.security@ny.gov

New York State Office of Information Technology Services
Enterprise Information Security Office
SECURITY BREACH NOTIFICATION
1220 Washington Avenue
State Office Campus
Albany, NY 12226
Email: oes@its.ny.gov

New York State Department of State Division of Consumer Protection
Attention: Director of the Division of Consumer Protection
SECURITY BREACH NOTIFICATION
99 Washington Avenue, Suite 650
Albany, NY 12211
Tel: 518-475-9035
Email: consumer_breach_notifications@do.soy.ny.gov

NYS COMPTROLLER
THOMAS P. DINAPOLI

Assess Your Risks – Adopt Policies – Establish Control Procedures

Typical Risk Areas

- Cash
- Cell Phones
- Confidential / Sensitive Information (Paper and Digital)
- Credit Cards
- Equipment Use
- Financial Reporting
- Fund Balance
- Fuel Controls
- Internet Usage
- Network Security
- Travel and Conference Expenses
- Wire Transfer/Online Banking

Recommended Policies

- Vehicle Use
- Computer and Internet Use
- Travel and Conference Attendance
- Credit Card Use
- Capital (Fixed) Assets

Board Review / Update Annually / Communicate

Vehicle Use

- Policy
 - Appropriate use (e.g., for official business); municipal and personal vehicle use
 - Sanctions exist and will be enforced
- Procedures
 - Assignment of vehicles
 - Maintenance and care
 - Reporting accidents and responsibility for tickets
 - Applying for reimbursable expenses

Computer and Internet Use

- Recommended Policies
 - Internet, Email, and Personal Computer Use
 - Use of and Access to Personal, Private, and Sensitive Information
 - Password Security
 - Wireless Security Policy
 - Mobile Computing and Storage Device Policy
 - Online Banking

Travel and Conference Expenses

- Policy
 - Pre-approval authorization process
 - Reimbursable vs. non-reimbursable expenses
 - Guidelines for day vs. overnight trips
 - Maximum reimbursement rates
 - Required documentation to claim reimbursement
- Procedures
 - Standardized forms
 - Supervisory or board approval
 - Auditing procedures, including steps for disallowances

Credit Cards

- Policy
 - Require Board authorization before credit cards are obtained
 - Centralize responsibility for opening accounts
 - Designate credit limits
 - Provide guidelines on appropriate use
 - For legitimate business purposes
 - Must not circumvent purchasing policies
 - Guidelines for allowable purchases by phone, fax and internet
 - Require original documentation to support charges
 - Designate responsibility for monitoring credit card usage
 - Provide for recovery of inappropriate charges
 - Outline notification process for lost or stolen cards; employee terminations
 - Custody of credit cards

Credit Cards

- Procedures
 - Maintain list of approved users, account numbers, expiration dates
 - Issue cards in the name of specific individuals to establish accountability
 - Impose card restrictions – no cash back, transaction limits
 - Monitor usage and report results to CEO or Board
 - Claims auditing official or body knowledgeable in policy requirements

Capital Assets

- Policy
 - Identify major types of equipment and person responsible for physically safeguarding them.
 - Establish a dollar threshold below which equipment will not be inventoried.
 - Describe the types of inventory records that should be maintained and person responsible.
 - Require physical control over assets and maintenance of records be divided among different departments when possible.
 - Require conducting inventories to compare records to actual assets.
- Goal
 - Safeguard equipment from misuse or theft

Capital Assets

- Procedures
 - Mark or label all equipment
 - Safeguard highly portable equipment in limited access areas
 - Equipment inventory records should contain descriptions, quantities, locations, dates of purchase and original cost
 - Assign a non-custodial individual to prep and maintain inventory records
 - Authorize and document retirement and/or disposal of equipment prior to the actual disposal
 - Design procedures specifically to control consumables commodities such as gasoline, diesel fuel, copier paper and cafeteria foods
 - Provide for an annual physical inventory

A well-written, comprehensive policy and procedure manual can be an effective management tool

- Clarifies management objectives and directives
- Reduces uncertainties
- Enhances continuity of policies and procedures
- Increases effectiveness of internal controls
- Assists in the external audit process
- Reduces opportunities for fraud and misconduct

Recap

- Identify significant risks
- Recommend policy development to CEO
- Help develop that policy
- Seek board input and approval
- Develop detailed procedures to implement adopted policies
- Communicate to employees
- Monitor compliance and effectiveness
- Revisit policies and procedures for improvements

Resources

- Ethics – multiple resources
- Seeking Competition in Procurement
- Investing and Protecting Public Funds
- Travel and Conference Expense Management
- Information Technology Security
- Cash Management Technology
- Capital Assets
- Credit Card Accountability
- Managing Your Travel and Conference Expenses

www.osc.state.ny.us/localgov/pubs/index.htm

<https://www.osc.state.ny.us/localgov/academy/webinarstraining.htm>

Thank You



Division of Local Government and School Accountability
localtraining@osc.ny.gov
