

GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 19-01
Adopted: January 28, 2019



Governing Board Chair



Brad Poiriez
Executive Director/APCO

SUBJECT: DEFINING INTERNAL CONTROLS

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to define internal controls that will minimize any losses to defined areas of risk. Key areas include: Financial Internal Controls, Investment Policies, Organizational Integrity and Ethical Values, Delegated Authority, and Risk Management.

AMPLIFICATION OF POLICY:

A. General

Sound internal controls minimize losses in areas defined to have inherent risks. The purpose of defining internal controls is to provide clear direction to establish sound practices that are practical, defensible, and provide sufficient safeguards to protect the District's interests as well as the District employees.

This policy serves as a summary of the internal controls that are used to demonstrate due diligence with regard to financial practices and controls, managing investments, delegation of authority, organizational integrity and ethical values, and risk management appropriate for a public agency.

B. Financial Internal Controls

1. Governing Board Policies and/or internal Standard Practices will be developed and implemented for cash management, to control bank accounts, and to regulate purchasing. Generally accepted accounting principles will be implemented including appropriate separation of duties.

2. The Governing Board will approve designations and definitions/descriptions that classify the District's fund balance into financial reserves.
3. The Governing Board will adopt a capital asset policy that addresses the appropriate disposition of high value tangible resources.
4. The Governing Board will periodically receive financial reports including budget performance.

C. Investment Policies

1. The Governing Board will approve investment policies where District resources are on deposit with an expected rate of return. From time to time the Governing Board shall review the performance of investment portfolio(s) to ensure goals and objectives are being met.

D. Organizational Integrity and Ethical Values

1. Governing Board Policies and/or internal Standard Practices will be developed and implemented that communicate the importance of integrity and ethical values. Members of the Board and Management will receive and update mandated ethics training as required by AB 1234 and harassment prevention training as required by SB 1825, and other legislative mandates as imposed.

E. Delegated Authority

1. The Governing Board will delegate to the Executive Director/APCO management authority for operations of the District.
2. The Governing Board will define and indicate the authority of the District Counsel.

F. Risk Management

1. Governing Board Policy will delegate authority to the Executive Director/APCO to enter into indemnity agreements where action taken by the District may result in litigation to defend the District's regulatory duties.
2. The Governing Board will periodically review and approve Board Policies for accuracy and relevance.
3. An annual financial audit will be conducted by a qualified auditing firm and findings reported to the Executive Director and the Governing Board.
4. Governing Board policy and standard practices will describe and define the District's official records and a destruction policy that conform to state statutes and relevant standards for public records.

5. Governing Board Policy and standard practices will describe and define District technological resources including allowable and appropriate uses of those resources. As a public agency, those who use District technological resources should have no expectation of privacy. The Executive Director/APCO will describe the security protocols and chain of authority for all electronic data.

Revision History:

Adopted: 01/28/2019