



**DC Ranch Association  
Board Report 6-4-2018 #2**

**Subject Matter: Proposed Policy Re: Financial Operations Controls (Policy 201)**

**Background:** The Policy Committee proposed this policy to the Board at its February 5, 2018 board meeting.

Key provisions of this policy are as follows:

- Its purpose is to establish and validate controls used for financial operations.
- Financial operations controls apply to DC Ranch Association personnel and the Finance Department staff employed by Community Council, whose employment costs are shared.
- Establishes that the Board serves as a fiduciary to the Corporation.
- Validates the Board's authority to delegate responsibility to the Executive Director.
- Controls monitoring is addressed via an annual review by the Association's Treasurer and the annual audit process conducted by a qualified third-party.
- Provides guidance to the Board of Directors and the Executive Director.
- Validates the Board's authority to delegate responsibility to the Executive Director.

The Board approved the proposed policy for publication purposes and to comply with the 30-day member-comment period. The proposed policy was posted on the DC Ranch website in February 2018, satisfying the 30-day member-comment period. To date, one member provided written comments, which accompany this report. The Policy Committee's position is that the proposed policy language does not require further revisions.

This matter was listed on the May 7, 2018 board meeting agenda for formal consideration; however, with respect to the newly seated directors, it was tabled to the June 4, 2018 board meeting. This matter is now back before the Board for formal approval consideration.

The proposed policy accompanies this report; its language is supported by the Budget and Finance Committee.

**Recommendation:** Approve the policy and post to the DC Ranch website and update the Policy Book.

A handwritten signature in black ink, appearing to read 'Darren Shaw', is written over a horizontal line.

Darren Shaw, Executive Director



**DC Ranch Association  
Policy 201  
Policy on Financial Operations Controls**

**Policy 201**

**Effective Date:**

**Revised:**

**Policy on Financial Operations Controls**

**201.1 Purpose:** The purpose of this policy is to establish and validate controls used for DC Ranch Association financial operations.

**201.2 Scope:** This policy applies to the financial controls of DC Ranch Association. Financial Operations Controls primarily relate to DC Ranch Association personnel, including the Finance Department staff, who are formally employed by DC Ranch Community Council, but whose salaries are shared in accordance with a management agreement between the Council and Association that's updated on an annual basis.

**201.3 Responsibility/Authority:** The DC Ranch Association Board of Directors.

**201.3a Delegation of Authority:** The DC Ranch Association Board of Directors delegates many of its responsibilities to the Executive Director, such as the management of its financial operations. The Executive Director authorizes the Director of Financial Operations to establish and carry out financial controls related to the day-to-day operations of the Association.

**201.4 Introduction:** The Association's mission statement is as follows: To serve all DC Ranch Stakeholders through the professional management and protection of the community's fiscal and environmental assets.

DC Ranch Association delivers high quality and consistent operations, landscape, maintenance and security services with an emphasis on customer care and open communication that result in sustained property values and exceptional quality of life.

The Board's Directors serve as fiduciaries to the corporation. As a fiduciary, the Association Board is responsible for ensuring that the assets of the Association are protected and used as approved by the Board and in the best interest of the corporation.

**201.5 Monitoring:**

**201.5a Review by Treasurer:** The Treasurer of the DC Ranch Association Board of Directors will review the financial operations controls in place at least once a year to ensure the controls are adequate.

**201.5b Audit:** An audit of the financial statements will be performed yearly by an independent Certified Public Accountant. The results of the audit as well as a management letter recommending any changes or improvements to internal controls and accounting procedures will be provided to the DC Ranch Association Board of Directors at the first scheduled Board meeting following completion. Internal policies and procedures, including but not limited to the following, will be kept and maintained:

- Safeguarding of cash
- Check signing policy
- Purchase card policy
- Procurement procedures
- Separation of duties (part of job descriptions)
- Physical audits
- Vendor approval procedures
- Expense and mileage reimbursement policy
- Monthly bank reconciliations

Approved By: \_\_\_\_\_ Date \_\_\_\_\_  
Board President or Secretary

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

**From:** MJ Hall [<mailto:mjhall1954@gmail.com>]

**Sent:** Tuesday, March 20, 2018 12:31 PM

**To:** Policies <[Policies@dcranchinc.com](mailto:Policies@dcranchinc.com)>

**Subject:** Comments | DC Ranch Association - Proposed Board Policies 105, 201, 202, 302

## **Policy 201**

### **Policy on Financial Operations Controls**

#### **Re:**

- **201.4 Introduction, 201.3 Responsibility/Authority and 201.3a Delegation of Authority:**
  - *Objection to sequence*
    - **"201.4 Introduction:"** should be first in sequence
- **201.4 Introduction:** *Objection to "The Board's Directors serve as fiduciaries to the corporation. As a fiduciary, the Association Board is responsible for ensuring that the assets of the Association are protected and used as approved by the Board and in the best interest of the corporation."*
  - **Suggested replacement:** *"Each Board Director separately, and the Board of Directors collectively, is a fiduciary of the financial interests vested with them by the Association members at large. Consequently, the Association Board, and each Board Director, is charged with first establishing, approving and upholding fiscally sound, prudent financial policies, resources, budgets, practices and associated monitoring on behalf of the Association members to safeguard and apply carefully the vested financial interests of the latter. The Association Board and each Board Director is to exercise diligent oversight of the delegation of any of these fiduciary duties. Primarily, the Association Board Treasurer shall supervise these duties."*
- **201.5 Monitoring:**
  - **201.5a Review by Treasurer:** - **Suggested replacement:** *"The Treasurer of the DC Ranch Association Board of Directors will review the financial operations controls in place at least once a year to ensure the controls are adequate. The Treasurer will subsequently report and certify publicly at least once annually of this adequacy to the Association Board and members."*
  - **201.5b Audit:** - **Suggested replacement:** *"An independent Certified Public Accountant will conduct a yearly audit of the Association financial statements. This independent accountant will subsequently report these audit results, together with recommendations for any changes or improvements to internal controls and accounting procedures, in a management letter to the Association Board of Directors to be presented at the first scheduled Association Board Meeting following completion of the audit. The independent accountant shall report immediately to the Board any material shortcomings or irregularities; whereupon the Board shall communicate them promptly to the Association members."*