

Pere Marquette Charter Township Board
Regular Meeting Agenda
March 28, 2023

Location: Pere Marquette Township Hall

1699 S Pere Marquette Highway
Ludington, MI 49431

ORDER OF BUSINESS

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Roll Call
5. Adoption of Agenda
6. Approval of Minutes
7. Sheriff / County Commissioner Report
8. Public Hearings
9. Correspondence, Announcements, and Presentations
10. Public Comment (On Unfinished Business of New Business, 2 Minutes)
11. Unfinished Business
 - A. Consider Risk Assessment Report and Adoption of Policies and Procedures
 - a. Federal Financial Internal Controls and Procedures
 - b. Bank Reconciliation Process Option 1 or Option 2 or Option 3
 - c. Utility Billing Process
 - d. Cash Handling Process
 - e. Travel Policy
 - f. Conflict of Interest Policy
 - g. Fraud Risk Management Policy
 - h. Fund Balance Classification and Best Practices Policy
 - i. Capital Asset Management Policy
 - j. Credit Card Policy
 - k. Buttersville Campground Cash Handling Process
 - l. ACH/EFT Policy
 - m. Investment Policy
 - n. Purchasing and Bid Policy
 - B. Consider Request from Randy and Sara Durand / Water & Sewer Committee.
12. New Business
 - A. Consider Appointment to Water & Sewer Committee.
 - B. Consider Board of Trustees Meeting Conduct Policy
 - C. Consider Campground Administrator Request
13. Extended Public Comment (Non – Agenda Items, 10 Minutes)
14. Reports
 - A. Trustees
 - B. Clerk, Payment of Bills
 - C. Treasurer
 - D. Supervisor
15. Adjournment

REGULAR MEETING

March 14, 2023

PERE MARQUETTE CHARTER TOWNSHIP BOARD

held at 1699 S. Pere Marquette Highway, Ludington MI 49431

Board members present: Supervisor Gerald Bleau; Clerk Rachelle Enbody; Treasurer Karie Bleau; Trustees: Andrew Kmetz, James Nordlund Sr., Henry Rasmussen and Ronald Soberalski.

Board member(s) absent: No members absent.

Also present: Sheriff Kim Cole, Riley Kelley (Ludington Daily News), Larry Gaylord, Kristin Lange, and twenty-two guests.

Present via Zoom: Township Attorney Christopher Patterson (Fahey Shultz Burzych Rhodes) and Sarah Jennings and Bethany Verble (Maner Costerisan).

The meeting was called to order at 4:00 p.m. by the Supervisor. Invocation was given by Nordlund; Pledge of Allegiance was recited by all.

APPROVAL OF MINUTES: Soberalski noted that in the motion to approve the agenda, the minutes indicated removal of **Item e**, and should have indicated **Item d**. **Moved** by Soberalski, seconded by Rasmussen to approve the minutes from the meeting on February 28, 2023 as amended.

Motion carried.

SHERIFF / COUNTY COMMISSIONER REPORT(S): Sheriff Cole reported on thirty-three calls for service in February 2023.

DEPARTMENT REPORTS: PERSONNEL DIRECTOR. Kristin Lange presented the Building & Zoning Departments, Code Enforcement & Personnel Director report. Lange stated that she was directed to advertise for all of the positions listed in the employment ad. Lange indicated that all prior submissions for township positions were before her designation as Personnel Director, but staff who previously submitted for any of the open positions are still under consideration for that position. Soberalski asked about the selection process for the open township positions. Lange also reported that because she was not part of the previous interview and hiring discussions, she means to start the process from the beginning in order to have all the information firsthand before proceeding. The Deputy Clerk monthly report was received.

PUBLIC COMMENT: Public comment was held.

APPROVAL OF AGENDA: **Moved** by Soberalski, seconded by Kmetz to amend the agenda to change the Extended Public Comment time limit from five minutes to ten minutes.

Motion carried.

COMMUNICATIONS: G. Bleau stated that board packets included communications from Mason County Emergency Management, a DPW security assessment report, and emails from Dave DeMorrow, Tom Rotta and Camping Fever (Tim Iteen).

COMMITTEE REPORTS:

Architectural Control Committee (G. Bleau, Rasmussen) – Reported the Committee met to review a proposed crematorium for a property in the First Street Business Park and to review a proposed industrial equipment assembly and repair use for a property in the Sixth Street Industrial Park. Both were approved to submit to the Planning Commission for Site Plan Review.

Personnel Committee (Kmetz, Rasmussen, Nordlund) – Reported meeting to discuss back pay, the DPW Superintendent Position, and consideration of changes to the personnel policy with regards to work schedules.

Planning Commission (K. Bleau) – Reported the Planning Commission approved a site plan for HPC Industrial to change the use to allow assembling and repairing of industrial equipment for a property in the Sixth Street Industrial Park and approved a conditional use for the operation of a crematorium in the First Street Business Park.

Zoning Board of Appeals (Rasmussen) – Reported on the annual election of ZBA officers and approving a setback variance.

Fire Department Liaison (Kmetz) – Reported discussion on ways of identifying probational firefighters when they respond to a scene, monthly truck inventory process, training, and the installation of the new garage door openers.

LMTA Representative (Enbody) – Reported on the most recent LMTA Board of Directors meeting.

NEW BUSINESS: a. Consider Request to Extend Closing Date for 932/946 S. Pere Marquette Hwy. – Board members reviewed a Notice of Closing to the property owner of 932 and 946 S. Pere Marquette Highway. The board discussed possible options for the extension of the closing date and options to charge fair market lease rental on the parcels for items on the property not removed by closing. It was determined that Attorney Patterson will prepare an addendum to the purchase agreement / contract for approval at the next meeting.

b. Consider Risk Assessment Report from Maner Costerisan – Bethany Verble of Maner Costerisan gave a presentation on the Risk and Vulnerability Assessment conducted by Maner Costerisan. It was clarified that the assessment was to obtain a clarity of goals to make recommendations and to identify areas of risk and that the assessment was not conducted to look for fraud. The assessment reviewed the legislative duties of the Supervisor, Clerk, and Treasurer, previous communications from the township auditor, identified vulnerabilities and gave recommendations for each area of vulnerability. Maner Costerisan also provided draft documents of policies and processes. Board members agreed that more time was needed to review the documentation before making a decision. The documentation will come back to the board at a future meeting for consideration.

c. Consider Request from Randy and Sara Durand to allow the Health Department to issue a Septic Permit – Board members reviewed a request from Randy and Sara Durand, 1055 N. Jebavy Drive, to obtain permission from the Township in order for the Health Department to issue a septic permit. Board members discussed connection fees and the ability of the homeowner to spread the cost of connection over a ten-year period. Matt Fournier of the District Health Department was available for questions from board members. Nordlund suggested that the Water and Sewer Committee should meet to discuss the matter and bring back a recommendation to the board.

Moved by Nordlund, seconded by Soberalski to postpone consideration of the request to allow the Health Department to issue a septic permit for the property at 1055 N. Jebavy Drive.

Motion carried.

OFFICERS REPORTS: Trustees: Soberalski asked about the procedure to place something on the agenda. G. Bleau stated he will have a policy at the next meeting for procedures regarding the agenda and board packet.

Nordlund referenced the communication from DeMorrow and asked if the township could re-institute a newsletter. Nordlund asked if any communication had been received from the Road Commission regarding 2023 road projects. G. Bleau stated the contracts have been received and he will need to set up a Roads Committee meeting.

Clerk (Enbody) – Enbody distributed 2022 fourth quarter financial reports to board members. Reported completion of year-end balancing and reporting in preparation for the audit. Reported on education sessions focused on the constitutional amendment that will require nine days of early voting in 2024. Enbody provided a list of current invoices for approval.

Moved by Enbody, seconded by Rasmussen to approve payment of invoices in the amount of \$316,111.35.

Motion carried.

Treasurer (K. Bleau) – Provided a report of bank balances for January 2023. Reported that the tax settlement process is complete and will soon be moving money into investments. Kmetz asked if year-to-date information could be included in the monthly report of bank balances.

Supervisor (G. Bleau) – Reported that the March Board of Review process has begun. Reported on the Pallets Recycle court proceedings. Received notice regarding the scrap tire grant and the required financial reporting. Reported on the continuing effort to contact the prior owner regarding the removal of trailers and other materials from the property on S. Pere Marquette Hwy. G. Bleau stated he intends to bring a policy to the next board meeting on meeting and agenda procedures.

ANNOUNCEMENTS: Enbody noted that she will be absent from the meeting on March 28, 2023 meeting.

EXTENDED PUBLIC COMMENT: Public comment was held.

ADJOURNMENT: The meeting was adjourned by consent at 6:17 p.m.



Rachelle D. Enbody, MiPMC², CMC Township Clerk

Gerald A. Bleau, Township Supervisor

Risk and Vulnerability Assessment

Prepared for:

Pere Marquette Charter Township

March 14, 2023



Background

Pere Marquette Charter Township (the Township) has experienced significant turnover in both employees and elected officials over the last few years. While this has led to periods of interpersonal conflict and changes in roles, the officials and employees of the Township are invested in the Township and its success. This creates an opportunity for the Township to strengthen its controls and improve overall efficiency to better serve the taxpayers.

Our initial processes included interviewing personnel key to the operations at the Township, documenting the current flow of business transactions as they are being recorded, and reviewing current policies and procedures. In this report, we review vulnerabilities identified at the Township, offer our recommendations for best practices and controls, as well as policies and procedures to be implemented. Our recommendations are all presented with the idea that, for a new process or control to be implemented, it must be cost effective and provide return in the form of controls, time or resources on the changes, as well as support the legislative duties of the board and other elected officials.

The Fraud Triangle

Organizations are vulnerable to fraud, and the Township is no exception. We considered, as part of our review, the impact of the current controls, and the impact of proposed changes, under the lens of the fraud triangle.

The fraud triangle identifies three components that, when present, dramatically increase the likelihood that a fraud will be committed. Opportunity, which is a lack of or break down in controls; perceived unshareable need or pressure, which may or may not be something that is known such as a gambling addiction, emergency medical treatment or just "keeping up with the neighbors"; and finally rationalization as an individual feels they are "owed" the money for their hard work or they were going to put the money back once their need was fulfilled.

The improvements we suggest consider each leg of this triangle and work together to reduce the Township's risks and seek to ensure that taxpayer funds are utilized effectively.



Legislative Duties

Governments are unique for a number of reasons, but one is that certain members of staff are elected officials, with duties laid out by legislation within the State of Michigan. As such, all controls and processes must support these legislative requirements. We include below excerpts from the related statutes for the Clerk, Supervisor and Treasurer, all of which guide the recommendations in the remaining sections of this report. While the Supervisor does not have specific legislative duties relating to finance, because of the Supervisor's position outside of accounting, as well as the role as legal agent for the Township, the Supervisor plays a critical role in certain aspects of oversight at the Township.

Township Supervisor - MCL 41.61, MCL 41.97 & MCL 41.2(4)

The supervisor of each township is the chief assessor of the township. Upon completion of the assessment and the making of the rolls, the rolls shall be deposited with the supervisor. The supervisor shall be secretary of the board of review.

The supervisor, if present, shall be the moderator of an annual or special township meeting of the electors, and if he or she is not present, the meeting, under the direction of the township clerk, shall elect by voice vote, a moderator of the meeting.

The supervisor of each township shall be the agent for his or her township for the transaction of legal business, by whom a suit may be brought and defended, and upon whom process against the township shall be served.

Township Clerk - MCL 41.65

The township clerk of each township shall have custody of all the records, books, and papers of the township, when no other provision for custody is made by law. The township clerk shall file and safely keep all certificates of oaths and other papers required by law to be filed in his or her office and shall record those items required by law to be recorded. The township clerk shall also open and keep an account with the treasurer of the township, and shall charge the treasurer with all funds that come into the treasurer's hands by virtue of his or her office, and shall credit him or her with all money paid out by the treasurer on the order of the proper authorities of the township, and shall enter the date and amount of all vouchers in a book kept by the township clerk in the office. The township clerk shall also open and keep a separate account with each fund belonging to the township and shall credit each fund with the amounts that properly belong to it, and shall charge each fund with warrants drawn on the township treasurer and payable from that fund. The township clerk shall be responsible for the detailed accounting records of the township utilizing the uniform chart of accounts prescribed by the state treasurer. The township clerk shall prepare and maintain the journals and ledgers necessary to reflect the assets, liabilities, fund equities, revenues, and expenditures for each fund of the township.

Township Treasurer - MCL 41.76

The township treasurer shall receive and take charge of money belonging to the township, or that is by law required to be paid into the township treasury, and shall pay over and account for the money, according to the order of the township board, or the authorized officers of the township.

Previous Management Letter Comments and Auditor Communication

The Township, as required by statute, is audited by an independent auditor each year, with audited financial statements produced and reported to the State of Michigan. As part of this audit, though not required, a management letter may be issued. The management letter addresses three different types of comments: material weaknesses, significant deficiencies and other comments, under which would fall statutory non-compliance. We reviewed the audit reports as well as available letters provided to the Township for the previous 7 years in order to understand control challenges and recommendations that the Township may have been faced with in the past.

A schedule of findings, which takes the place of a management letter, was issued for the audit of the year ended December 31, 2017. These comments were responded to by the Township and the auditor therefore considered these findings resolved in the Schedule of Findings for the audit of the year ended December 31, 2018. No Schedule of Findings or other management letter has been received as part of the audit process since the audit of December 31, 2018, including the most recent audit of December 31, 2021.

Because there were alterations to process during the year ended December 31, 2022 that relate to issues brought forward within the December 31, 2017, audit we have responded to those findings with any changes to process as noted below.

In finding 2017-1, the auditor noted that the Clerk did not receive copies of the bank and investment statements and was therefore unable to prepare monthly bank reconciliations. The comment goes on further to say that "In Michigan Compiled Laws, Section 41.65, the Township Clerk's duties include 'Custody of records, books, and papers; preservation; delivery to successor in office; accounts; accounting records; journals and ledgers.' This requires the Clerk have control over the general ledger of the Township's financial records. To have control over the general ledger, the Clerk, or an employee assigned by the Clerk, must be the person preparing the bank reconciliations."

In response to this comment, during the 2018 year, all bank reconciliation functions were moved to the Clerk's office. The auditor therefore considered these findings resolved in the Schedule of Findings for the audit of the year ended December 31, 2018.

It is our understanding that during the year ended December 31, 2022, responsibilities of the bank reconciliation were altered. The goal for any reconciliation process is to have segregation in duties from the individual that is recording the entries, the one that is reconciling the account to the bank and the one that is reviewing the reconciliation. While there are statutory obligations and ultimate responsibilities for each elected official, the overriding goal is to maintain segregation of duties and an adequate "checks and balances" system. As outlined in Appendix A, Section 1, for all bank and investment accounts for the Township, a separate individual should be preparing and reviewing the bank reconciliation.

In finding 2017-2, the auditor states that "Employees other than the Clerk are able to enter and/or post journal entries into the general ledger. As other Township personnel are able to adjust the general ledger, the Clerk is denied the control required by statute. Criteria: In Michigan Compiled Laws, Section 41.65, the Township Clerk's duties include 'Custody of records, books, and papers; preservation; delivery to successor in office; accounts; accounting records; journals and ledgers.' This requires the Clerk have sole control over the general ledger of the Township's financial records. In terms of a computerized environment, this means that the Clerk control access to the general ledger of the accounting software, and that only the Clerk shall have the ability to post manual journal entries to the general ledger."

In response to this comment, during the 2018 year, all journal entries were created and reviewed within the Clerk's office. The auditor therefore considered these findings resolved in the Schedule of Findings for the audit of the year ended December 31, 2018.

It is our understanding that some of the journal entry responsibility was transferred to the Treasurer during the year ended December 31, 2022. While the creation of the entry was transferred, all continue to be reviewed and posted by the Clerk prior to any impact on the financial records.

In addition to the audit report and the optional management letter, the auditor must issue the Auditor's Communication of Significant Matters with those Charged with Governance letter, more commonly known as the governance letter. This letter is intended to communicate with the board of an organization and discuss new accounting standards, significant journal entries, any disagreements with management, and other general matters.

In the governance letter for the year ending December 31, 2021, the auditor notes two material misstatements that were detected as part of the audit process, which is not an isolated comment from past years as we reviewed audit reports back to the year ended December 31, 2017. In the "Other Audit Findings or Issues", the auditor notes that a portion of the water and sewer bills were incorrectly calculated. This did not, as noted above, result in the auditor issuing a management letter or Schedule of Findings as the total miscalculation was indicated to be approximately \$20,000. Included in the following vulnerabilities and recommendations section are recommendations to add additional oversight over the process.

Vulnerabilities and Recommendations

The areas that are most vulnerable within the Township currently are the bank reconciliations procedures and the utility billing process.

- During the year ended December 31, 2022, there was a shift in preparation of the bank reconciliations and where physical bank statements were received. During that transition reconciliations were not completed on a timely basis, therefore not reviewed and approved by a separate individual.
- Utility billing, which provides a significant portion of the Township's revenue is currently handled, in its entirety, by one person, which creates a significant risk to the Township and the individual.

While we offer other recommendations and areas for improvement, these two areas should be the highest priority for Township staff.

Based on the above, as well as in-depth conversations with Township staff, we offer the following recommendations for improving controls, reducing risk and best utilizing the limited resources of the township.

Bank Reconciliations

Bank reconciliations are a vital piece of the internal controls of any organization. Throughout the last year there have been modifications to the bank reconciliation and review process and concerns raised within the Township as to the controls in place and authority over accounts. We have discussed options to ensure internal controls, oversight and segregation of duties while maintaining overall statutory duties for each office with the Township and included options to alter the current process in Appendix A. The overall goal is to have a separation in the individual preparing and reviewing the bank reconciliation while adhering to all legislative requirements regarding custody and responsibility for documents.

Utility Billing

As with any process within the Township, no one person should have complete control of the process, and utility billing is no exception. Currently, the Treasurer is responsible for issuing the bills, taking the payments, recording and depositing those payments and sending out late notices. The Treasurer therefore controls all aspects of the process.

To better protect Township resources, as well as the employees and elected officials that are involved in the billing process, the utility bills should be prepared outside the Treasurer's office. This process is detailed in Appendix A, Section 2. The Township plans to hire an administrative assistant to serve both the Department of Public Works and the Parks Department. This person would be responsible for preparing the bills, as detailed in the policy.

ACH Transactions

All general disbursement payments are currently made via check, with both the Clerk and Treasurer having to review the invoices and sign the related check. This process is time consuming for the signer and creates a risk for Township account information to be misused. The Township, which has approved an ACH resolution, should consider utilizing ACH transactions along with an electronic approval and authorization system to provide a streamlined process for quicker payments to vendors. The workflow capability for this process is built into BS&A. ACH transactions are secure transfers of funds and have various controls that can be implemented by third party vendors or the financial institution. ACH transactions protect the routing and account numbers of the organization and provide a streamlined process for quicker payments to vendors. We understand that, though late charges have not been incurred, that payments have been delayed, such that vendors have contacted the Township requesting payment. Utilizing ACH transactions will significantly decrease the likelihood of delayed payments that may be caused by the timing of check runs or delays at the post office.

The process of disbursement approval would also be altered to allow for more efficient processing. Invoices would continue to be uploaded to into BS&A, but electronic authorization would be obtained by the check signers. This capability is part of the BS&A Accounts Payable module and is therefore already available to the Township.

Proposed revisions to the ACH policy are included in Appendix B, Section 1. This revision must be approved by the Board.

Additionally, for any transactions that the Township chooses to continue paying via traditional check, the Township should consider the use of positive pay, which can be done through BS&A and the Township's financial institution. Positive pay is a fraud mitigation service offered by many financial institutions that verifies checks presented for payment against the organization's check register. This significantly reduces the risk of counterfeited or otherwise misused checks.

Campground Procedures

Based on the current procedures for the campground, one person is responsible for retrieving any funds from the drop box, going to the campsite to retrieve any funds received there for wood and ice, entering all the transactions into the cash receipting module of BS&A, creating the bank deposit slip and making the bank deposit. The Township should consider, both to protect the Township and the employees involved in the process, introducing another employee, outside the recording process, who would retrieve the funds and then, once recorded, create the deposit slip and make the deposit. That will prevent any one person from having control of all aspects of the transaction. By having another person involved, the Treasurer's office still retains control of the taking of funds, as indicated in statute, but is applying appropriate internal controls. A policy for cash handling at the campground has been included in Appendix A, Section 10.

Payroll Review

While this is not an issue of internal controls, the current payroll timecard review processes is unnecessarily duplicative and creates an opportunity for efficiencies within the Township. Timecards, other than those of the Clerk's office, are reviewed by the Supervisor and/or department head, in the case of the Clerk's department an additional review is not being done. The timecards then come to the deputy clerk, who hand enters all information into the BS&A payroll system. Payroll reports, as well as the approved timecards are then reviewed and approved by the Clerk. These documents then also go to the Treasurer for review, before the payroll is initiated with the financial institution. The Township maintains a separate payroll account with a balance of approximately \$3,000. This is an additional control over payroll, as specific payroll amounts are transferred to the account each pay run. While approval of the timecards by the Clerk is not an internal control concern, it does represent a duplication of the work already performed by the Supervisor. Each department head should be responsible for reviewing the time of all employees in their department. The Supervisor would only review those employees who are the direct reports.

Further, to reduce the manual entry, and possibility of human error, the Township should explore an electronic timeclock system that allows employees to clock in and out, and for the Supervisor to approve that time within the system. BS&A, the Township's current software provider, offers a cloud-based timesheet option that integrates with the BS&A payroll module.

Uniform Chart of Accounts

The Michigan Department of Treasury has issued a uniform chart of accounts for all local units of government. Though the implementation date has changed a number of times, the Department indicated on April 20, 2020, that local units with a fiscal year end of December 31, 2022 should have implemented the revised chart of accounts as of January 1, 2022.

Based on a review of the current chart of accounts, however, this has not been implemented. Though the Township has been in discussion with BS&A to schedule this implementation, this should be done immediately. If the Township would like assistance in this conversion, we are happy to discuss further ways that we can assist.

Check Deposit Process

To reduce the frequency with which Township employees must go to the bank, the Township should consider utilizing a check scanner for payments received. The scanner is issued by the Township's financial institution and links directly with the Township's account. Checks can be scanned and immediately deposited, which creates better cash flow for the Township, reduces the frequency of outstanding deposits on the bank reconciliation, and reduces the risk of insufficient funds for the payee. This process is included in the Cash Handling process document included in Appendix A, Section 2.

Backup for Cash Receipting

All positions within the Township should have a backup person to ensure continuity of service, as well as provide additional internal controls over the process. Currently, the Treasurer's office is solely responsible for the collecting of cash receipts from Township residents. While this is a statutory duty of the Treasurer's office, as there are only two people in the department (the Treasurer and the Deputy), it is important to have additional people trained in the process. As a best practice, another staff member should be trained in the process to ensure continuity of service to Township residents during the Township's operating hours. This is included in the Cash Handling process document included in Appendix A, Section 3.

PTO tracking

While there is no risk associated with the current tracking of paid time off, the Township is tracking PTO in BS&A, as well as on a separate excel spreadsheet. This is an unnecessary duplication of the work performed within BS&A. To increase efficiency and allow the software to be the source of documentation, the excel spreadsheet updating should be discontinued.

Employee Expense Reimbursements

Expense reimbursements are currently processed through general disbursements, with specific allowable reimbursements detailed in the Personnel Policy. For increased efficiency, the Township should consider an expense reimbursement software, which allows employees to submit receipts and mileage electronically, and for supervisors to approve those expenses electronically. While considering this change, however, expense reimbursements for employees could be issued through the payroll process to reduce the checks printed and allow for direct deposit of the amounts paid back to employees. Additionally, we recommend that Section 8.8 of the Personnel Policy (Reimbursement of Employee Expenses) be removed and reference a separate travel policy. An example of this policy is included in Appendix A, Section 4. Should the Township adopt an expense reimbursement software, this policy would need to be revised.

Board Governance

Given the importance of the activities undertaken by the Township Board, it is vital that all board members understand their roles and obligations. On a periodic basis, the Township should consider having training for the board members from an external provider that covers upcoming legislation, accounting changes and other changes that will impact the Board. We would be happy to discuss ways that we could help provide this training to the Board.

Conflict of Interest Policy

Because of the position held by employees and elected officials within the Township, a conflict-of-interest policy is a vital tool, both to inform all involved what a conflict of interest is, and to discourage such practices. While the Township has adopted the Federal procurement conflict of interest policy, a comprehensive policy is important for day to day operations at the Township. A draft policy is included in Appendix A, Section 5, but must be approved by the Board to be adopted by the Township. The conflict of interest policy should be reviewed and signed by all employees and elected officials of the Township on an annual basis.

Fraud Policy

The Township should implement a fraud policy, an example of which is included in Appendix A, Section 6. This must be a Board approved policy. This policy explicitly lays out what the Township considers to be fraud, how to report suspicions and other vital steps in reducing the risk of fraud within the organization. We would also suggest, as part of the Township's fraud prevention measures, annual training with all Township staff. We would be happy to discuss options and methods of providing this training for staff.

Fund Balance Policy

To ensure that the fund balance of the Township is properly classified and utilized, the Township should implement a fund balance policy. A draft of a policy is included in Appendix A, Section 7, but must be approved by the Board to be adopted by the Township.

Capital Asset Policy and Practices

A sample Capital Asset policy has been provided in Appendix A, Section 8, which must be approved by the board to be adopted. The Township's current policy, as disclosed in the financial statements, is not in compliance with Governmental Accounting Standards Board Statement No. 34. That Statement requires that assets be capitalized if the useful life is estimated to extend beyond one year. The township's current policy indicates that assets are only to be capitalized if the useful life extends beyond two years.

In addition to the proposed policy implementation, the Township should also consider utilizing the fixed asset module within BS&A. Because capital assets typically represent one of the largest items on a government's statement of net position, it is best practice to track and account for all such assets within the accounting system. Further, if Federal funds are used to purchase capital assets, there are additional tracking requirements under the Federal standards, which can be better tracked using the software module.

Credit Card Use Policy

While the Township has incorporated aspects of a credit card use policy into their purchasing policy, the Township should consider creating a separate credit card use policy, an example of which is included in Appendix A, Section 9, and which would need to be approved by the Board to be adopted. As discussed in the Employee Expense Reimbursements section above, however, the Township should consider a software which can further streamline the process of submitting credit card receipts and requesting approval.

Regardless of the method of providing receipts, all employees should sign the credit card agreement included within the policy, which emphasizes the importance of proper usage and documentation. These agreements should be retained by the Treasurer's office.

Further, the Township has the opportunity to earn points through a rewards program. To ensure that these rewards are used for the organization's gain, a policy should be implemented to document what these rewards points are to be used for as well as who has access to the point redemption. This policy should also include a timeline for usage of the points to ensure that they are used within the required period. We recommend that this be incorporated into the credit card policy.

Investment Policy

Though the Township has an investment policy in place, we recommend the revisions to the Investment policy that are included in Appendix B, Section 2. These revisions will strengthen the requirements for transactions and make assessment of investment success easier for the board by adding additional details of what must be considered when assessing investments, considerations when pooling investments and language updates to align with changes in accounting provisions. This revision must be approved by the Board.

Additionally, as part of the Investment Policy, the Treasurer's office is required to document appropriate internal controls for investments.

Purchasing and Bid Policy

To provide continuity in Township purchasing efforts, as well as bring the policies more in line with Federal funding requirements, as discussed below, we provide proposed modifications to the purchasing and bid policy, as indicated in Appendix B, Section 3. These modifications specify levels at which quotes must be received as well as separate the credit card policy as noted above. These modifications must be approved by the Board.

Federal Policies and Procedures

Section 200.303 of 2 CFR 200 requires that organizations receiving federal funds must have documented federal policies and procedures. Further, any organization that expends \$750,000 or more in Federal funds will be subject to the Single Audit requirements, which will include the testing of these policies and procedures. These federal policies and procedures *may* be included as part of non-federal policies, provided they meet the same requirements. Though the Township has established various policies and procedures, these do not address all of the required areas under 2 CFR 200, particularly surrounding program income, subrecipient monitoring and other, less common aspects of Federal funding. Though a particular compliance area may not impact a grant held by the Township, policies must be in place for all compliance areas if Federal funds are accepted. We have provided a template of federal policies and procedures and will be happy to discuss the customization of this document and integration with current documents. This template is provided in Appendix C. To ensure that all requirements are met, we recommend adopting the federal policies and procedures in their entirety, upon doing this, various policies that are currently adopted by the Township may be able to be combined.

Reporting

The Board is currently receiving the monthly Treasurer's report and, on a quarterly basis, revenue and expenses, compared to budget. To allow the Board to make informed, timely decisions, we recommend that at least the finance committee receive both the balance sheet and statement of revenue, expenditures and changes in fund balance on a quarterly basis.

Conclusion

Recommendations for changes to policies or new policies to be implemented are included in the Appendices at the end of this report. New policies to be implemented are in Appendix A, with an example policy. Policies that are currently in place at the Township but have recommended revisions are in Appendix B, with revisions highlighted. Any policies and procedures that are adopted by the Township should be reviewed annually and/or when new legislation, changes in staffing, new services or other significant events occur. Township employees and the Board should review these documents to ensure that the resources of the Township are being protected and used as effectively as possible (focusing both on internal control as well as efficient processing).

This report is not intended for general circulation or publication, nor is it to be reproduced for any purpose other than that outlined above. Maner Costerisan does not assume any responsibility or liability for losses occasioned to one or others as a result of the circulation, publication, reproduction, or use of our report contrary to the conditions of this paragraph. The validity of our report is predicated on the extent to which full, honest and complete disclosure was made by all parties.

We would be happy to assist with the implementation of the recommendations provided. We appreciate the cooperation received from Township staff and elected officials during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC

**FEDERAL FINANCIAL INTERNAL CONTROLS AND
PROCEDURES**

Table of Contents

REQUIRED COMPLIANCE REQUIREMENTS:	
FEDERAL FINANCIAL INTERNAL CONTROLS AND PROCEDURES	3-4
ACTIVITIES ALLOWED OR UNALLOWED And	5
ALLOWABLE COSTS/COST PRINCIPLES.....	5
CASH MANAGEMENT	6
ELIGIBILITY.....	6-7
EQUIPMENT AND REAL PROPERTY MANAGEMENT	8
MATCHING, LEVEL OF EFFORT, EARMARKING.....	9
PERIOD OF AVAILABILITY OF FEDERAL FUNDS	9
PROCUREMENT AND SUSPENSION AND DEBARMENT	10-11
PROGRAM INCOME	11
REPORTING	12
SUBRECIPIENT MONITORING	13-14
FINANCIAL MANAGEMENT SYSTEMS	14
SUPPLIES	15
PAYMENTS.....	15
PAYROLL.....	15
FEDERAL TIMEKEEPING.....	16
COPYRIGHTS	16
RETENTION AND ACCESS REQUIREMENTS FOR RECORDS	16
CONFLICTS OF INTEREST/PECUNIARY INTERESTS	16
TRAINING FOR FEDERAL FINANCIAL INTERNAL CONTROLS AND PROCEDURES.....	17
CONSEQUENCES OF COMPLIANCE FAILURES.....	17

FEDERAL FINANCIAL INTERNAL CONTROLS AND PROCEDURES

As a precondition to receive federal funds, prospective recipients must have effective administrative and financial internal controls. As described in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, OMB Uniform Guidance and the Compliance Supplement, Organizations must have written procedures for certain components of grant administration. This document itemizes the Organization's procedures for those components.

Organization elements:

The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements. COSO also has published *Guidance on Monitoring Internal Control Systems* (January 2009), which is available at www.coso.org/GuidanceonMonitoring.htm. Statement on Auditing Standards No. 109 (SAS 109), *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) and a related AICPA audit guide, *Audit Guide, Assessing and Responding to Audit Risk in a Financial Statement Audit*, incorporate the components of internal control presented in the COSO Report.

Characteristics of internal control relating to each of the five components of internal control that should reasonably assure compliance with the requirements of Federal laws, regulations, and program compliance requirements. A description of the components of internal control and examples of characteristics common to the 12 types of compliance requirements are listed below. Objectives of the 12 types of compliance requirements follow this introduction.

Control Environment sets the tone of an organization influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

- Sense of conducting operations ethically, as evidenced by a code of conduct or other verbal or written directive.
- The Board is responsible for engaging the auditor, receiving all reports and communications from the auditor, and ensuring that audit findings and recommendations are adequately addressed.
- Management's positive responsiveness to prior questioned costs and control recommendation.
- Management's respect for and adherence to program compliance requirements.
- Key managers' responsibilities clearly defined.
- Key managers have adequate knowledge and experience to discharge their responsibilities.
- Staff knowledgeable about compliance requirements and being given responsibility to communicate all instances of noncompliance to management.
- Management's commitment to competence ensures that staff receive adequate training to perform their duties.
- Management's support of adequate information and reporting system.

Risk Assessment is the entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risks should be managed.

- Program managers and staff understand and have identified key compliance objectives.
- Organizational structure provides identification of risks of noncompliance:
 - Key managers have been given responsibility to identify and communicate changes.
 - Employees who require close supervision (e.g. inexperienced) are identified.
 - Management has identified and assessed complex operations, programs, or projects.
 - Management is aware of results of monitoring, audits, and reviews and considers related risk of noncompliance.
- Process established to implement changes in program objectives and procedures.

Control activities are addressed in each compliance element area.

Information and Communication are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

- Accounting system provides for separate identification of Federal and non-Federal transactions and allocation of transactions applicable to both.
- Adequate source documentation exists to support amounts and items reported.
- Recordkeeping system is established to ensure that accounting records and documentation retained for the time period required by applicable requirements, and the provisions of laws, regulations, contracts or grant agreements applicable to the program.
- Reports provided timely to managers for review and appropriate action.
- Accurate information is accessible to those who need it.
- Reconciliations and reviews ensure accuracy of reports.
- Established internal and external communication channels.
 - Staff meetings.
 - Bulletin boards.
 - Memos, circulation files, e-mail.
 - Surveys, suggestion box.
- Employees' duties and control responsibilities effectively communicated.
- Channels of communication for people to report suspected improprieties established.
- Actions taken as a result of communications received.
- Established channels of communication between the pass-through entity and subrecipients.

Monitoring is a process that assesses the quality of internal control performance over time.

- Ongoing monitoring built-in through independent reconciliations, staff meeting feedback, supervisory review, and management review of reports.
- Periodic site visits performed at decentralized locations (including subrecipients if applicable) and checks performed to determine whether procedures are being followed as intended.
- Follow up on irregularities and deficiencies to determine the cause.
- Internal reviews are performed.
- Management meets with program monitors, auditors, and reviewers to evaluate the condition of the program and controls.
- The Board reviews the results of all monitoring or audit reports and periodically assesses the adequacy of corrective action if needed.

ACTIVITIES ALLOWED OR UNALLOWED And ALLOWABLE COSTS/COST PRINCIPLES

Control Objectives

To provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles.

Control Activities

- Accountability provided for charges and costs between Federal and non-Federal activities.
- Process in place for timely updating of procedures for changes in activities allowed and cost principles.
- Computations checked for accuracy.
- Supporting documentation compared to list of allowable and unallowable expenditures.
- Adjustments to unallowable costs made where appropriate and follow-up action taken to determine the cause.
- Adequate segregation of duties in review and authorization of costs.
- Accountability for authorization is fixed in an individual who is knowledgeable of the requirements for determining activities allowed and allowable costs.

CASH MANAGEMENT

Control Objectives

To provide reasonable assurance that the (1) drawdown of Federal cash is only for immediate needs and (2) reimbursement is requested only after costs have been incurred.

Control Activities

- Cash flow statements are prepared to determine essential cash flow needs.
- Accounting system is capable of scheduling payments for accounts payable and requests for funds from the Finance Office to avoid time lapse between draw down of funds and actual disbursements of funds.
- Appropriate level of supervisory review of cash management activities.
- Written policy that provides:
 - Procedures for requesting cash advances as close as is administratively possible to actual cash outlays and reimbursement only after costs have been incurred;
 - Monitoring of cash management activities; and
 - Repayment of excess interest earnings where required.

ELIGIBILITY

Control Objectives

To provide reasonable assurance that only eligible individuals and organizations receive assistance under Federal award programs, that subawards are made only to eligible subrecipients, and that amounts provided to or on behalf of eligible individuals or groups of individuals were calculated in accordance with program requirements.

Control Activities

- Written policies provide direction for making and documenting eligibility determinations.
- Procedures to calculate eligibility amounts consistent with program requirements.
- Eligibility objectives and procedures clearly communicated to employees.
- Authorized signatures (manual or electronic) on eligibility documents periodically reviewed.
- Adequate safeguards in place to ensure access to eligibility records (manual or electronic) limited to appropriate persons.
- Manual criteria checklists or automated process used in making eligibility determinations.
- Process for periodic eligibility re-determinations in accordance with program requirements.
- Verification of accuracy of information used in eligibility determinations.
- Procedures to ensure the accuracy and completeness of data used to determine eligibility requirements.
- Process in place to ensure benefits were discontinued when eligibility requirements no longer met or period of eligibility expired.

EQUIPMENT AND REAL PROPERTY MANAGEMENT

Control Objectives

To provide reasonable assurance that proper records are maintained for equipment acquired with Federal awards, equipment is adequately safeguarded and maintained, disposition or encumbrance 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

- Accurate records maintained on all acquisitions and dispositions of property acquired with Federal awards.
- Property tags are placed on equipment.
- A physical inventory of equipment is periodically taken and compared to property records.
- Property records contain description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and disposition data.
- Procedures established to ensure that the Federal awarding agency is appropriately reimbursed for dispositions of property acquired with Federal awards.
- Policies and procedures in place for responsibilities of recordkeeping and authorities for disposition.

MATCHING, LEVEL OF EFFORT, EARMARKING

Control Objectives

To provide reasonable assurance that matching, level of effort or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued.

Control Activities

- Evidence obtained such as a certification from the donor, or other procedures performed to identify whether matching contributions:
 - Are from non-Federal sources;
 - Involve Federal funding, directly or indirectly; and
 - Were used for another federally-assisted program.Note: Generally, matching contributions must be from a non-Federal source and may not involve Federal funding or be used for another federally assisted program.
- Adequate review of participation reports and adjusting entries.

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Control Objectives

To provide reasonable assurance that Federal funds are used only during the authorized period of availability.

Control Activities

- Accounting system prevents obligation or expenditure of Federal funds outside of the period of availability.
- Review of disbursements by person knowledgeable of period of availability of funds.
- End of grant period cut-offs are met by such mechanisms as advising program managers of impending cut-off dates and review of expenditures just before and after cut-off date.
- Cancellation of unliquidated commitments at the end of the period of availability.

PROCUREMENT AND SUSPENSION AND DEBARMENT

Control Objectives

To provide reasonable assurance that procurement of goods and services are made in compliance with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, and that covered transactions (as defined in the suspension and debarment common rule) are not made with a debarred or suspended party.

Control Activities

- Job descriptions or other means of defining tasks that comprise particular procurement jobs.
 - Job descriptions have been created for all positions and are available in all Organization building offices.
- Contractor's performance with the terms, conditions, and specifications of the contract is monitored and documented.
 - An independent third-party construction manager monitors contractor's performance and reports financial information monthly to the Finance Supervisor and Finance Coordinator. The construction manager also meets with the Organization operations director and subcontractors to review the projects performance. Minutes of these meetings are kept and forwarded to the Superintendent and Finance Supervisor and Finance Coordinator.
- Establish segregation of duties between employees responsible for contracting and accounts payable and cash disbursing.
- Procurement actions appropriately documented in the procurement files.
 - All procurement is subject to the board approved purchasing guidelines.

- **Minimum requirements** as outlined in Title 2 CFR 200.317-326 (Procurement Requirements pertaining to Uniform Guidance):
 - General Standards:
 - Documented policies
 - Include full and open competition
 - Include a conflict of interest policy
 - Documentation includes cost and price analysis and vendor selection process
 - Procurement levels:
 - Micro purchases – Purchases less than \$3,000 – no price quotes necessary
 - Small purchases – Purchases less than \$150,000 – need documented rate quotes, but no cost or price analysis
 - Sealed bids – Purchases greater than \$150,000 – utilized for construction projects and when price is a major factor
 - Competitive proposals – Purchases greater than \$150,000 – utilized when fixed price or cost reimbursement is necessary, includes request-for-proposal with evaluation methods
 - Sole source – Purchases that are unique in nature when there is a public emergency, special authorization given by an agency or there is no competition
- Management reviews procurement and contracting decisions for compliance with Federal procurement policies.
- Procedures established to verify that vendors providing goods and services under the award have not been suspended or debarred by the Federal Government.
- Official written policy for procurement and contracts establishing:
 - Contract files that document significant procurement history;
 - Methods of procurement, authorized including selection of contract type, contractor selection or rejection, and the basis of contract price;
 - Verification that procurements provide full and open competition;
 - Requirements for cost or price analysis, including for contract modifications;
 - Obtaining and reacting to suspension and debarment certifications; and
- Official written policy for suspension and debarment that:
 - Contains or references the Federal requirements;
 - Prohibits the award of a subaward, covered contract, or any other covered agreement for program administration, goods, services, or any other program purpose with any suspended or debarred party; and
 - Requires staff to determine that entities receiving subawards of any value and procurement contracts equal to or exceeding \$25,000 and their principals are not suspended or debarred, and specifies the means that will be used to make that determination, i.e., checking the *System for Award Management* (Sam.gov); obtaining a certification; or inserting a clause in the agreement.

PROGRAM INCOME

Control Objectives

To provide reasonable assurance that program income is correctly earned, recorded, and used in accordance with the program requirements.

Control Activities

- Pricing and collection policies procedures clearly communicated to personnel responsible for program income.
- Mechanism in place to ensure that program income is properly recorded as earned and deposited in the bank as collected.
- Policies and procedures provide for correct use of program income in accordance with Federal program requirements.

REPORTING

Control Objectives

To provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

Control Activities

This section incorporates reporting control activities for financial, performance and special reporting, as applicable.

- Written policy exists that establishes responsibility and provides the procedures for periodic monitoring, verification, and reporting of program progress and accomplishments.
- The general ledger or other reliable records are the basis for the financial reports.
- Annual reports required for participation in Federal award programs are created and reviewed by the management.
- Supervisory review of reports performed to assure accuracy and completeness of data and information included in the reports.
- The required accounting method is used (e.g., cash or accrual).

SUBRECIPIENT MONITORING

Control Objectives

To provide reasonable assurance that Federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audit findings are resolved, and the impact of any subrecipient noncompliance on the pass-through entity is evaluated. Also, the pass-through entity should perform procedures to provide reasonable assurance that the subrecipient obtained required audits and takes appropriate corrective action on audit findings.

Control Activities

- Identify to subrecipients the Federal award information (e.g., ALN title and number, award name, name of Federal agency, amount of award) and applicable compliance requirements.
- Include in agreements with subrecipients the requirement to comply with the compliance requirements applicable to the Federal program, including the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200.
- Subrecipients' compliance with audit requirements monitored using techniques such as the following:
 - Determining by inquiry and discussions whether subrecipient met thresholds requiring an audit under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200

- If an audit is required, assuring that the subrecipient submits the report, report package or the documents required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 and/or recipient's requirements; and
- If a subrecipient was required to obtain an audit in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 but did not do so, following up with the subrecipient until the audit is completed. Taking appropriate actions such as withholding further funding until the subrecipient meets the audit requirements.
- Subrecipient's compliance with Federal program requirements monitored using such techniques as the following:
 - Issuing timely management decisions for audit and monitoring findings to inform the subrecipient whether the corrective action planned is acceptable,
 - Maintaining a system to track and follow-up on reported deficiencies related to programs funded by the recipient and ensure that timely corrective action is taken,
 - Regular contacts with subrecipients and appropriate inquiries concerning the Federal program,
 - Reviewing subrecipient reports and following-up on areas of concern,
 - Monitoring subrecipient budgets,
 - Performing site visits to subrecipients to review financial and programmatic records and observe operations, and
 - Offering subrecipients technical assistance where needed.
- Official written policies and procedures exist establishing:
 - Communication of Federal award requirements to subrecipients;
 - Responsibilities for monitoring subrecipients;
 - Process and procedures for monitoring;
 - Methodology for resolving findings of subrecipient noncompliance or weaknesses in internal control; and
 - Requirements for and processing of subrecipient audits, including appropriate adjustment of pass-through entity's accounts.

FINANCIAL MANAGEMENT SYSTEMS

The financial management system of the Organization must meet the following standards:

1. *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the reporting requirements of the grant.
 - a. See REPORTING section of this document.
2. *Accounting records.* Records adequately identify the source and application of funds provided for financially-assisted activities.
 - a. Accounting is done by analyzing, recording, summarizing and interpreting financial transactions of the Organization. The financial record system is adequate to provide financial and related operational information for all interested parties: the Organization board; the administration; the public; auditors; local, state and federal authorities; and Organization employees. It is also designed to demand accuracy and a reasonable degree of internal control.
 - b. The Organization currently uses QuickBooks-BS&A financial software for financial management of the Organization. The software provides applications that allow for the completion of the accounting and payroll processes necessary to remain compliant with applicable State and Federal laws.
3. *Internal control.* Effective control and accountability must be maintained for all grant cash, real and personal property, and other assets. The Organization must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
 - a. The Organization's internal controls over significant transaction streams are documented separately.
4. *Budget control.* Actual expenditures or outlays must be compared with budgeted amounts for each grant.

- a. The Organization's procedures for developing, approving and amending the budget are documented separately and budgets are reviewed on a periodic basis, as required by statute.

SUPPLIES

Materials and supplies are defined as tangible personal property other than equipment, costing less than \$5,000 (based on the Organization's capitalization policy), or other lower threshold consistent with grantee policy (Uniform Guidance recommends \$5,000 based on procurement levels noted above). Materials and supplies that are necessary to carry out the project are allowable as prescribed in the governing cost principles. Title to supplies acquired under a grant or subgrant will vest, upon acquisition, with the grantee or subgrantee. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award (Uniform Guidance recommends \$5,000 based on procurement levels noted above), and if the supplies are not needed for any other federal sponsored program or project, the grantee or subgrantee shall compensate the awarding agency for its' share.

PAYROLL

Compensation for personnel services includes all remuneration, paid currently, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this and other appendices under 2 CFR Part 225.

- The individual's total wage or salary is reasonable for the service rendered; i.e., it was consistent with wages or salaries paid for similar work in other activities of the Organization.
- The individual's employment conformed to local employment laws and regulations meeting federal merit system or other requirements, where applicable.
- The payroll charge is supported by documentation prescribed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.
- The payroll charge is supported by personnel activity reports; e.g., time and attendance records.
- Charges for leave, employee insurance, pension plans, etc., are reasonable and required by law, employee agreements, or an established policy of the Organization and are distributed equitably to federal programs and other activities.
- Charges for authorized absences such as annual leave, sick leave, holidays, court leave, military leave and other similar benefits are allowable and are allocated equitably to all federal programs and other activities.

FEDERAL TIMEKEEPING

The Organization performs the following to meet federal timekeeping requirements:

- A payroll time sheet is completed each payroll period by any employee whose wage is being funded by a federal grant source. This time sheet is reviewed by the Supervisor or Department Head.
- Any employee whose time is funded 100% by a federal source completes a Time Certification Form twice a year which is reviewed and approved by the program director or the principal.
- Any employee who is providing instructional support services to students and is funded by a federal grant, completes a log of the students he or she has worked with and what type of instructional support was provided.

COPYRIGHTS

Copyright Ownership, Government License. Except as otherwise specified in the grant or by this paragraph, the grantee may own or permit others to own copyright in all subject writings. The grantee agrees that if it or anyone else does own copyright in a subject writing, the Federal government will have a non-exclusive, nontransferable, irrevocable, royalty-free license to exercise or have exercised for or on behalf of the U.S. throughout the world all the exclusive rights provided by copyright. Such license, however, will not include the right to sell copies or photorecords of the copyrighted works to the public.

RETENTION AND ACCESS REQUIREMENTS FOR RECORDS

All Michigan Freedom of Information Act requests are acted upon as soon as possible and within the timelines as stipulated within the Act.

CONFLICTS OF INTEREST/PECUNIARY INTERESTS

The Organization has approved policy that the Board shall not knowingly enter into a contract with any supplier of goods and/or services under which any Board member, officer, employee or agent of the Organization has any pecuniary or beneficial interest either direct or indirect, unless the person has not solicited the contract or participated in the negotiations leading up to the contract.

Board members and Organization personnel shall not accept any gifts or favors from vendors which might, in any way, influence their recommendations on the eventual purchase of equipment, supplies or services.

Purchases made by the Organization do not show any favoritism toward any vendor. Each order is placed in accordance with the policies of the Board on the basis of quality, price and delivery with past service a factor if all other considerations are equal.

TRAINING FOR FEDERAL FINANCIAL INTERNAL CONTROLS AND PROCEDURES

All new employees will be given proper training for the procedures itemized in this document by existing, experienced staff members. The length of training is commensurate with the amount of prior experience of the new employee and will be adequate so he or she fully understands the financial procedures of the Organization. Employees will receive refresher training as needed.

CONSEQUENCES OF COMPLIANCE FAILURES

All employees are instructed to follow the procedures contained herein. Any employee who does not follow these procedures as instructed will be disciplined in a progressive manner as itemized in the Organization's employee handbook or other contract agreements.

Appendix A, Section 1

PERE MARQUETTE CHARTER TOWNSHIP BANK RECONCILIATION PROCESS – OPTION 1

GENERAL

Strong internal controls for cash and investments are necessary to prevent mishandling of funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities. The overarching goal of the bank reconciliation process is to ensure that the preparer of the reconciliation is different from the reviewer, while still maintaining statutory duties.

STEP 1

All bank and investments statements are available electronically to the Clerk and Treasurer, each of whom is responsible for reviewing, or delegating the review of, the activity. This should be done during the reconciliation process for the Clerk's office and during the review process for the Treasurer's office. Any statements that are not available electronically will be sent to the Township Hall, opened and reviewed by the Supervisor, and then provided to the reconciling office.

STEP 2

The Clerk's office will scan all bank statements into BS&A and then reconcile all accounts (as indicated in the chart on page 2). This includes reviewing outstanding checks and deposits, proposing journal entries for interest, transfers, etc., and reviewing for any unexpected or unusual transactions. This reconciliation is to be done in the BS&A bank reconciliation module and must be done within two weeks of month end.

STEP 3

Once reconciled, the reconciliations are provided to the Treasurer's office, with all supporting documentation and/or working papers, for review and approval (see page 2). This approval is to be documented, either on the physical reconciliation or within BS&A by the approver. Any amounts that cannot be reconciled must be reviewed by both the Clerk and Treasurer's offices to resolve the difference.

If a difference cannot be resolved, a meeting of the finance committee will be called by the Treasurer. The finance committee will review the related documentation and reconciliations and arrive at a resolution. The finance committee will report the resolution to the Township Board.

STEP 4

Once all reconciliations are approved by the Treasurer's office, the related journal entries proposed are to be posted by the Clerk's office. The reconciliations are not considered completed, and thus cannot be finalized in BS&A, until they have been approved by the Treasurer's office.

STEP 5

All reviewed and approved bank reconciliations are to be filed and retained in the Clerk's files and be readily accessible for Board members to review and for review during the annual audit process.

Appendix A, Section 1

BANK ACCOUNT RECONCILIATION RESPONSIBILITIES

Fund	Office Responsible for Reconciliation	Office Responsible for Review
West Shore Bank Checking	Clerk's Office	Treasurer's Office
West Shore Trust & Agency	Clerk's Office	Treasurer's Office
West Shore Payroll	Clerk's Office	Treasurer's Office
West Shore Current Tax	Clerk's Office	Treasurer's Office
West Shore Fire Insurance	Clerk's Office	Treasurer's Office

CD AND INVESTMENT ACCOUNT RECONCILIATION RESPONSIBILITIES

Fund	Office Responsible for Reconciliation	Office Responsible for Review
Cetera Investment Services CD & Bond	Clerk's Office	Treasurer's Office
Comerica Money Market	Clerk's Office	Treasurer's Office
Comerica CD	Clerk's Office	Treasurer's Office
Michigan Class	Clerk's Office	Treasurer's Office
Multi-Bank Securities	Clerk's Office	Treasurer's Office
Safe Harbor Credit Union Savings	Clerk's Office	Treasurer's Office
West Shore Bank Money Market	Clerk's Office	Treasurer's Office
Huntington Money Market	Clerk's Office	Treasurer's Office
Preferred Credit Union CD	Clerk's Office	Treasurer's Office
Preferred Credit Union Savings	Clerk's Office	Treasurer's Office
West Shore CD	Clerk's Office	Treasurer's Office
Safe Harbor Credit Union CD	Clerk's Office	Treasurer's Office
Point N Pay credit card	Clerk's Office	Treasurer's Office
Cardpointe/CampSpot	Clerk's Office	Treasurer's Office

Appendix A, Section 1

PERE MARQUETTE CHARTER TOWNSHIP BANK RECONCILIATION PROCESS - OPTION 2

GENERAL

Strong internal controls for cash and investments are necessary to prevent mishandling of funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities. The overarching goal of the bank reconciliation process is to ensure that the preparer of the reconciliation is different from the reviewer, while still maintaining statutory duties.

STEP 1

All bank and investments statements are available electronically to the Clerk and Treasurer, each of whom is responsible for reviewing, or delegating the review of, the activity. This should be done during the reconciliation process for the Treasurer's office and during the review process for the Clerk's office. Any statements that are not available electronically will be sent to the Township Hall, opened and reviewed by the Supervisor, and then provided to the reconciling office.

STEP 2

The Treasurer's office will scan all bank statements into BS&A and then reconcile all accounts (as indicated in the chart on page 2). This includes reviewing outstanding checks and deposits, proposing journal entries for interest, transfers, etc., and reviewing for any unexpected or unusual transactions. This reconciliation is to be done in the BS&A bank reconciliation module and must be done within two weeks of month end.

STEP 3

Once reconciled, the reconciliations are provided to the Clerk's office, with all supporting documentation and/or working papers, for review and approval (see page 2). This approval is to be documented, either on the physical reconciliation or within BS&A by the approver. Any amounts that cannot be reconciled must be reviewed by both the Clerk and Treasurer's offices to resolve the difference.

If a difference cannot be resolved, a meeting of the finance committee will be called by the Clerk. The finance committee will review the related documentation and reconciliations and arrive at a resolution. The finance committee will report the resolution to the Township Board.

STEP 4

Once all reconciliations are approved by the Clerk's office, the related journal entries proposed are to be posted by the Clerk's office. The reconciliations are not considered completed, and thus cannot be finalized in BS&A, until they have been approved by the Clerk's office.

STEP 5

All reviewed and approved bank reconciliations are to be filed and retained in the Clerk's files and be readily accessible for Board members to review and for review during the annual audit process.

Appendix A, Section 1

BANK ACCOUNT RECONCILIATION RESPONSIBILITIES

Fund	Office Responsible for Reconciliation	Office Responsible for Review
West Shore Bank Checking	Treasurer's Office	Clerk's Office
West Shore Trust & Agency	Treasurer's Office	Clerk's Office
West Shore Payroll	Treasurer's Office	Clerk's Office
West Shore Current Tax	Treasurer's Office	Clerk's Office
West Shore Fire Insurance	Treasurer's Office	Clerk's Office

CD AND INVESTMENT ACCOUNT RECONCILIATION RESPONSIBILITIES

Fund	Office Responsible for Reconciliation	Office Responsible for Review
Cetera Investment Services CD & Bond	Treasurer's Office	Clerk's Office
Comerica Money Market	Treasurer's Office	Clerk's Office
Comerica CD	Treasurer's Office	Clerk's Office
Michigan Class	Treasurer's Office	Clerk's Office
Multi-Bank Securities	Treasurer's Office	Clerk's Office
Safe Harbor Credit Union Savings	Treasurer's Office	Clerk's Office
West Shore Bank Money Market	Treasurer's Office	Clerk's Office
Huntington Money Market	Treasurer's Office	Clerk's Office
Preferred Credit Union CD	Treasurer's Office	Clerk's Office
Preferred Credit Union Savings	Treasurer's Office	Clerk's Office
West Shore CD	Treasurer's Office	Clerk's Office
Safe Harbor Credit Union CD	Treasurer's Office	Clerk's Office
Point N Pay credit card	Treasurer's Office	Clerk's Office
Cardpointe/CampSpot	Treasurer's Office	Clerk's Office

Appendix A, Section 1

PERE MARQUETTE CHARTER TOWNSHIP BANK RECONCILIATION PROCESS – VERSION 3

GENERAL

Strong internal controls for cash and investments are necessary to prevent mishandling of funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities. The overarching goal of the bank reconciliation process is to ensure that the preparer of the reconciliation is different from the reviewer, while still maintaining statutory duties. This may be accomplished by contracting with a 3rd party accountant for preparation of the bank reconciliations, with the Elected Officials reviewing and approving all reconciliations.

STEP 1

All bank and investments statements are provided to the 3rd party accountant by the Treasurer, who reviews all bank statements before they are sent to the 3rd party accountant. That review is documented electronically on the statements. Any statements that are not available electronically will be sent to the Township Hall, opened and reviewed by the Treasurer, and then provided to 3rd party accountant.

STEP 2

The 3rd party accountant will place all provided bank statements into BS&A and then reconcile all accounts (as indicated in the chart on page 2). This includes reviewing outstanding checks and deposits, proposing journal entries for interest, transfers, etc., and reviewing for any unexpected or unusual transactions. This reconciliation is to be done in the BS&A bank reconciliation module and must be done within two weeks of month end.

STEP 3

Once reconciled, the reconciliations are provided to the Clerk's office, with all supporting documentation and/or working papers, for review and approval (see page 2). This approval is to be documented, either on the physical reconciliation or within BS&A by the approver.

STEP 4

Once all reconciliations are approved by the Clerk's office, the related journal entries proposed are to be posted by the Clerk's office. The reconciliations are not considered completed, and thus cannot be finalized in BS&A, until they have been approved by the Clerk's office. The reconciliations and all supporting documentation are available to the Treasurer's office via BS&A.

STEP 5

All reviewed and approved bank reconciliations are to be filed and retained in the Clerk's files and be readily accessible for Board members to review and for review during the annual audit process.

Appendix A, Section 1

BANK ACCOUNT RECONCILIATION RESPONSIBILITIES

Fund	Office Responsible for Reconciliation	Office Responsible for Review
West Shore Bank Checking	3 rd party accountant	Clerk's Office
West Shore Trust & Agency	3 rd party accountant	Clerk's Office
West Shore Payroll	3 rd party accountant	Clerk's Office
West Shore Current Tax	3 rd party accountant	Clerk's Office
West Shore Fire Insurance	3 rd party accountant	Clerk's Office

CD AND INVESTMENT ACCOUNT RECONCILIATION RESPONSIBILITIES

Fund	Office Responsible for Reconciliation	Office Responsible for Review
Cetera Investment Services CD & Bond	3 rd party accountant	Clerk's Office
Comerica Money Market	3 rd party accountant	Clerk's Office
Comerica CD	3 rd party accountant	Clerk's Office
Michigan Class	3 rd party accountant	Clerk's Office
Multi-Bank Securities	3 rd party accountant	Clerk's Office
Safe Harbor Credit Union Savings	3 rd party accountant	Clerk's Office
West Shore Bank Money Market	3 rd party accountant	Clerk's Office
Huntington Money Market	3 rd party accountant	Clerk's Office
Preferred Credit Union CD	3 rd party accountant	Clerk's Office
Preferred Credit Union Savings	3 rd party accountant	Clerk's Office
West Shore CD	3 rd party accountant	Clerk's Office
Safe Harbor Credit Union CD	3 rd party accountant	Clerk's Office
Point N Pay credit card	3 rd party accountant	Clerk's Office
Cardpointe/CampSpot	3 rd party accountant	Clerk's Office

Appendix A, Section 2

PERE MARQUETTE CHARTER TOWNSHIP

UTILITY BILLING PROCESS

GENERAL

Strong internal controls over the utility billing function are necessary to prevent mishandling of funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities and the controls in place.

STEP 1

On a monthly and/or quarterly basis (as certain customers are billed monthly and others are billed quarterly), the Department of Public Works Administrative Assistant (DPWAA) will import the electronic meter read data from Beacon into BS&A and manually enter meter reads as needed. The DPWAA will then produce the bills for the utility customers and print the billing register. All roles within the Township should have a backup so, in the event that the DPWAA is unavailable to create the bills, the DPW Superintendent should produce the bills. These would then be reviewed by the Treasurer's office.

STEP 2

Once the billing register has been produced, it should be provided to the DPW Superintendent to review, ensuring that the correct rates are being used and that the meter reads appear reasonable. If the DPW Supervisor is unable to review, the Treasurer's office should review the bills. Once reviewed, the bills should be given back to the DPWAA for mailing. At no point will the Treasurer's office make adjustments or changes to the billing register. Any proposed modifications must be brought to the DPW Superintendent, who will make any necessary modifications.

STEP 3

Payments that come in via check, cash, debit card or credit card should be handled following the Township's Cash Handling Process. For customers that have elected to pay via ACH, the Treasurer will log into the banking website and initiate the transaction to pull from the appropriate accounts. This transaction is then imported into the BS&A system to record the receipts.

STEP 4

Late notices should be sent out within a few days (1-3 business days) after the due date. These late notices should be generated and provided to the DPW Superintendent, who will review the list of unpaid bills and ensure that notices are being sent to all residents for whom payment has not been received. The late notices, once reviewed, are sent by the DPWAA.

Appendix A, Section 3

PERE MARQUETTE CHARTER TOWNSHIP

CASH HANDLING PROCESS

GENERAL

Strong internal controls for cash/cash equivalent collection are necessary to prevent mishandling of funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. Cash and cash equivalents apply to currency, coin, checks, charge and debit card payments, and other electronic payment media payable to the Township.

All cash receipts and related documents must be maintained in accordance with the State of Michigan Record Retention schedule. Cash drawer reconciliation sheets, computerized reports, bank deposit slips, credit card receipts, manual cash receipts, etc. must be retained for the current year, plus seven additional years by the Treasurer's Office.

STEP 1

All incoming cash and cash equivalents must be receipted in BS&A, and a receipt offered to the payee. Once receipted, the payment, if it is in the form of a check, should be restrictively endorsed. Once endorsed or, if a payment is made in cash and thus cannot be restrictively endorsed, the payment should be put in a secure register or safe. This applies to funds received at the Treasurer's office, in the mail, or via the Township's drop box. This process should be performed by the Deputy Treasurer, with the Treasurer acting as back-up. If neither are present, the resident will be directed to place payment in the dropbox or the Department of Public Works Administrative Assistant (DPWAA) will take the payment.

STEP 2

At the end of each day, the funds received should be counted and reconciled to the total receipts for that day. This should be done by both the Deputy Treasurer and Treasurer, as no one person should be alone with the funds received. If either of these staff are unavailable, the DPWAA will function as the back-up. Any overages/shortages are to be investigated by the Treasurer and resolved.

A deposit slip is then prepared and tied to the receipt reports from BS&A to ensure that the cash counted and being deposited match the report. Additionally, a cash drawer reconciliation sheet is prepared to document the reconciliation between the drawer and the deposit slip. If the deposit only consists of checks, these checks should be scanned using the check scanner obtained from the Township's financial institution, and the deposit slip retained in BS&A as documentation of the amounts received. Images from the scanned checks are also retained in BS&A. This should be done by the Deputy Treasurer, with the Treasurer or Deputy Clerk as back-up. If the deposit contains both cash and check payments, all payments will be physically deposited at the bank, as described in Step 3.

For any credit or debit card transactions, a copy of the transmittal sheet should be attached to the appropriate deposit slip. This is to be retained and used during the bank reconciliation process to verify that all charges were appropriately deposited.

STEP 3

Once the deposit slip is prepared, the deposit and placed in the night depository is taken to the bank in a locked bank bag. The bank deposit slip is brought back to the Township and compared to the receipt report in BS&A and the internally prepared deposit slip. This should be done by the Deputy Treasurer, with the Treasurer or Deputy Clerk acting as back-up.

Appendix A, Section 3

NOTE

For collections outside of taxes, utility bills and other typical receipting transactions, the Treasurer's Office must authorize all cash collection points before collection begins. A cash collection point is defined as a department that handles cash on a regular basis. Although departments with casual cash collections are not recognized as cash collection points, they must follow the same cash handling policies and procedures that apply to the cash collection points.

DRAFT

Appendix A, Section 4

PERE MARQUETTE CHARTER TOWNSHIP

TRAVEL POLICY

GENERAL

The objective of this Policy is to establish administrative regulations which standardize the procedures utilized by Department Heads, Employees, and Elected Officials for travel while conducting Township business and/or attending conferences and training sessions at a location other than their normal work location. All Department Heads, Employees, and Elected Officials traveling for official business are expected to exercise the appropriate level of care in incurring expenses, recognizing the use of public funds to support these expenditures. Expenses must be charged on an actual cost basis (meals, accommodations, fees, etc.) or in the case of mileage, on a mileage basis, provided the method used is applied to an entire trip and not to selected days of a trip if multiple days.

The regulations and procedures outlined in this Policy are to apply to all Township Employees, Department Heads, and Elected Officials traveling for approved Township business, seminars, conferences, and training sessions.

POLICY/PROCEDURES

Responsibility

The overall authority to approve all policies related to travel activities is the responsibility of the Township Board. The specific authority to approve expenditures related to travel outside the State of Michigan is the responsibility of the Township Board. Annual expected travel related costs would be requested by a Department during the normal budget process. Approval of the Department Head or Supervisor shall be required before travel arrangements are made. The Supervisor is responsible for the interpretation and enforcement of this policy as it applies to all Department Heads, Employees, and Elected Officials throughout the Township. If funds being expended on travel are to be included on Federal grant reporting, these costs must be in compliance with 2 CFR 200.474 and the Township Federal Grant Management Policy. To be allowable to be charged to a Federal grant, the travel must be necessary, reasonable, and consistent with this policy also.

Mileage

Township Employees, Department Heads, and Elected Officials who use a privately-owned vehicle to conduct authorized Township business shall be reimbursed at a rate established by the IRS. Reimbursing on a mileage basis would be in lieu of actual costs incurred to a privately-owned vehicle while traveling for Township-related business (e.g., gas, repairs, etc.).

- When traveling for authorized Township business, transportation should be shared whenever possible. When traveling to out-of-state activities, economical use of Township funds has priority over personal convenience or preference. Other means of travel will be considered by the Supervisor when it is in the best interest of the Township.
- All mileage shall be computed from the normal work location to the destination point and return except in the following situations:
 - Mileage will be computed from residence to destination if the actual departure is from the residence and if the distance is less than the distance from work location to destination.
 - If the distance is greater from the residence, the employee may leave from that location, however, mileage will be calculated from the work location to destination.
 - Under no circumstances is mileage allowed between residence and normal work location.

Appendix A, Section 4

Air Travel

Transportation by airline for a Township Employee or Elected Official conducting Township business out-of-state is permitted when it is to the advantage of the Township as measured by criteria such as comparative travel costs, the time of the traveler, and other related items as considered by the Supervisor. Employees and Elected Officials shall purchase the least expensive accommodations available for air travel. Persons choosing to fly first class when tourist (coach) class is available will only be reimbursed for the lower rate. Transportation expense in excess of the cost of coach-class airfare and associated costs, e.g., baggage costs, bellhop costs, valet costs, etc. will not be allowed.

- Air fare costs will be authorized for Township Employees, Department Heads, or Elected Officials only. Any costs associated with guests traveling with the authorized individual traveling on Township business will not be paid for by the Township. The guest traveling with the authorized individual shall be responsible for those expenses.
- Round trip tickets shall be secured whenever economical and practicable.
- Trip insurance coverage for traveling by air is not a reimbursable expense.

Meals

Appropriate meals in relation to authorized Township-business related travel will be paid for by the Township. The Township shall follow the meal rates published by the United States General Service Agency (USGSA - www.gsa.gov). Receipts are required for reimbursement and/or to support credit card charges made with Township credit cards and they shall not exceed the total of the receipts. Meal expenses that are included in registration fees shall be paid at the rate charged by the sponsors of the event. When meals are provided at a conference or event, there will be no reimbursement of meal costs for those that are provided. Guidelines for limited exceptions to this section of the policy include dietary restrictions and other exceptions of the authorized traveler. These exceptions are required to be approved by the Supervisor. The maximum allowable tip for meals is 20% of the actual meal costs, excluding any alcoholic drinks, if any. Meals will not be reimbursed for Non-Township travelers (e.g. spouses, members of a family, friends, etc.) that may be traveling with an authorized Township traveler.

Accommodations

The Township encourages travel to be planned as timely as possible and the use of the appropriate Township credit card to secure a room prior to the commencement of travel. Reimbursement may be made for overnight accommodations subject to the following restrictions and limitations:

- If the destination is 50 miles or more from the normal work location, or
- If the training, temporary assignment, meeting/conference, etc. has a duration of more than one day, the nights between such workdays may be spent in the immediate vicinity of the activity and reimbursement claimed for reasonable cost of lodging.

Incidental Expenditures

Incidental expenditures must be kept to a minimum and will only be reimbursed if it is determined that they were essential and efficient to the conduct of Township business.

Appendix A, Section 4

Budget for Travel-Related Expenses

Anticipated annual expenses expected to be expended during the up-coming fiscal year associated with attendance at meetings, conferences, and seminars shall be requested by the Department Head or Elected Official during the normal process of preparing the respective departmental budget.

- Department Heads or Elected Officials, and/or their designees, are allowed to attend their national and state professional conferences or conventions in the State of Michigan, provided it is within the travel budget. Designated employees attending these functions must have the approval of the Department Head/Elected Official.
- Travel requiring overnight stay will be allowed subject to approval of the Department Head or Elected Official (or Supervisor in the case of a Department Head) and the availability of funds within the Department budget.
- Travel for the purposes of transacting Township business, i.e., meeting with State Officials or to discuss common concerns with other governmental officials will be allowed, subject to approval of the Department Head or Elected Official (or Supervisor in the case of a Department Head).
- Expenditures for hospitality or alcoholic beverages are not allowed to be charged to the Township credit card nor will they be reimbursed under any circumstances.

Travel Expenses

Authorized expenses will be paid to a Township employee, Department Head or Elected Official on a reimbursement basis upon submission of a Township expense report along with all proper supporting documentation expense report shall identify the appropriate general ledger line items being charged for the travel expenses.

- Receipts submitted for reimbursement or to support charges placed on the Township credit cards must be the originals whenever possible. Receipts showing signs of erasures or alterations may be returned to the employee for a statement of facts explaining the reason for the alterations before the expense will be approved for payment.
- All expenses that reimbursement is requested for must be submitted no more than 30 days after the expenses have incurred.
- The Department Head or Elected Official that is approving travel expense items at the Department level prior to submitting it for reimbursement, is responsible for approval/certification of all items of expense as being necessary, correct, and not in conflict with this policy.

The use of these Township issued credit cards will be accepted only if supported by an itemized receipt.

OVERSIGHT AUTHORITY

Any exceptions or unusual circumstances not provided for in this policy must have specific approval from the Department Head or, in the case of an Elected Official, the Board, prior to commencing travel.

Oversight authority for travel is the responsibility of the Department Head/Elected Official where the travel expenses are being incurred. Ultimate oversight authority is the responsibility of the Board.

Appendix A, Section 4

DISCIPLINARY MEASURES

Disciplinary measures consistent with existing law, Township policy, and collective bargaining agreements, etc., when applicable, may be taken if there is a violation of this policy. Refer to the personnel handbook and policies for specific measures to be taken.

DRAFT

Appendix A, Section 5

PERE MARQUETTE CHARTER TOWNSHIP

CONFLICT OF INTEREST POLICY

GENERAL

The purpose of this policy is to establish a standard set of guidelines that are essential to describing the conduct of Township employees, including Elected Officials, in order for them to hold the respect and confidence of the general public. Township employees and Elected Officials must, therefore, avoid conduct which is in violation of the public trust or which creates a justifiable impression among the public that such trust is being violated. To ensure propriety and preserve public confidence, persons employed by the Township should have the benefit of specific standards to guide their conduct and some disciplinary mechanism to ensure the uniform maintenance of those standards. All respective individuals shall perform their duties in a manner free from conflicts of interest to assure the proper performance of Township business as well as to earn and keep public confidence. This policy is intended to supplement but not replace any applicable state and federal laws or local ordinances governing conflict of interest that might be applicable.

DEFINITIONS

Conflict of Interest is where there exists a situation whenever a person misuses, or gives the appearance of misusing, a position of public trust for private benefit or personal advantage. A conflict may occur anywhere along a broad spectrum of actions ranging from overtly criminal conduct to behavior that could potentially lead to a *perception* of ethical impropriety.

Potential Conflict of Interest is where there is a circumstance that creates a reasonable doubt of a conflict of interest.

Related Party/Related Party Transaction is where a party has a close connection (i.e., employee, Elected Official, contractor, etc.) to the Township and to the organization that the Township is potentially going to do business with. This close association with both entities might be through themselves or a family member (related through blood, marriage, or adoption) having a financial interest or personal interest in the transaction.

Financial Interest is any financial interest in or relationship or prospective relationship with an entity, including, but not limited to, ownership of stocks, bonds, partnerships or other equity interests, rights to patent or lease payments, receipt of consulting fees, salary, loans, gifts, compensation for serving on boards of directors, or other forms of remuneration.

Personal Interest is to one person's interest or advantage. The pursuit of one's interest, i.e. self interest.

Appendix A, Section 5

POLICY/PROCEDURES

The Township recognizes that its employees occupy a position of trust and, therefore, accepts an unequivocal obligation to preclude the occurrence of legal and ethical impropriety, including the appearance of impropriety, on the part of its employees. The Township forbids any conduct that places, or appears to place, an employee's personal, financial, proprietary, or familial interests in conflict with the Township's best interests or the Township's contractual obligations. Department Heads/Elected Officials shall not knowingly condone a clear conflict of interest and will be held accountable for enforcing this policy. To facilitate compliance, the Township requires self-disclosure of an existing conflict or potential conflict.

This policy applies to all Township employees, volunteers and individuals holding an elected or appointed position within the Township.

The examples outlined below are offered to illustrate a few of the types of conflict that require both self-disclosure by the individual involved and corrective action. The following items are to be understood as illustrative guidelines, and not as a comprehensive or exhaustive list of prohibitions:

- Unauthorized use of Township information, findings, facilities, property or derivative tangible or intangible products for private financial advantage, direct or indirect;
- Unauthorized use of privileged, proprietary Township information, gained through a position with the Township, including any affiliated vendor, for use in private business or in private, non-Township-affiliated endeavors;
- Exerting intentional, direct or indirect influence in contractual matters or other operational matters between the Township (including its vendors) and any private entity in which a personal, financial, proprietary and/or familial interest is involved;
- Pursuing and/or maintaining any non-Township business interest and/or professional endeavor that significantly interferes with the employee's commitment of time and professional energy to the Township;
- Unauthorized acceptance or extension of monetary, personal, or other reasonably discernible favors or benefit from or to a private entity with which the Township conducts business or persons with whom the Township conducts business (this includes accepting any money, gift or exchange of services between a Township employee and any resident, client or member of the public who is seeking service/assistance from the Township);
- Undisclosed familial relationships with vendors or employees where one party to the relationship holds either decisional authority, recommending authority, or significant influence over the economic and/or employment standing of the other party; and/or;
- Solicitation or acceptance of personal favors (including sexual favors) from employees or a private entity in exchange for favorable treatment, which includes, but is not limited to, financial consideration, improvement in employment status, or other significant consideration related to Township operations.

Appendix A, Section 5

Some conflicts of interest may arise unintentionally. Other situations, though not constituting an actual conflict of interest, may carry an appearance of impropriety. This policy applies to both unintentional conflicts and the appearance of a conflict.

Full disclosure to the Supervisor is required in all cases. Some situations may be amenable to Township authorization, or to practices insulating the Township and/or the employee from conflicts of interest or appearances of impropriety. Certain potential conflict situations may be managed in an acceptable manner through scrutiny and strict adherence to prescribed conditions, at the approval of the Township Board.

Any potential conflict that is not disclosed as set forth above shall be deemed unauthorized.

It is not the intent of this policy to authorize or encourage needless intrusion upon any individual's personal behavior or endeavors. It requires self-disclosure. While vigilant enforcement is expected, reckless or malicious disclosure of alleged conflict or rumormongering by third parties is discouraged and may be subject to discipline as prescribed by the Supervisor.

Self-disclosure must be immediately provided in writing to the Supervisor. This is not only the least intrusive means of ensuring compliance with this policy but also affords the opportunity for mutually compatible resolution of actual or potential conflicts of interest. The responsibility for full self-disclosure rests with each employee.

All employees who are named in any capacity in a Power of Attorney, Will or other legal document of any non-relative, as of the implementation of this policy, must immediately disclose same if the person so named met or formed a relationship by way of their Township employment.

The Supervisor is available for consultation by any employee who is uncertain as to whether a specific set of circumstances constitutes a conflict or potential conflict in violation of this policy. Such consultation will be treated as confidential to the greatest degree practicable in conformity with Township policy and applicable law. Following consultation, responsibility for formal self-disclosure remains with each individual employee. If concerns arise regarding conflicts of interest involving the Supervisor, the employee or Elected Official in question is to bring the concern to two other Elected Officials.

RELATED PARTY TRANSACTIONS

The Township recognizes that related party transactions present a heightened risk of conflicts of interest (or the perception thereof) and therefore those transactions will be subject to approval/resolution in accordance with this policy.

DISCLOSURE OF CONFLICTS

Elected Officials and employees shall disclose conflicts as they arise as well as disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the conflict. Employees should disclose to their Department Head/Elected Official. Elected Officials should disclose any conflicts of interest to the Supervisor as soon as the person with the conflict is aware of the conflict/potential conflict or appearance of a conflict exists.

ANNUAL STATEMENT

Each employee/Elected Official shall annually sign a statement which affirms they have received a copy of the conflict of interest policy, they have read and understand the policy, and they agree to comply with the policy.

Appendix A, Section 5

DISCIPLINARY MEASURES

Disciplinary measures consistent with existing law, Township policy, and collective bargaining agreements, etc., when applicable, may be taken if there is a violation of this policy. Refer to the personnel handbook and policies for specific measures to be taken.

RESOLUTION OF A CONFLICT OF INTEREST SITUATION

Disclosed conflicts will be managed in a manner acceptable to the Township and the employee wherever feasible and warranted. Undisclosed conflicts may result in discipline ranging from notice to discontinue a specific activity to termination of employment.

I have received the Conflict of Interest policy and confirm that I agree with the provisions and requirements therein:

NAME: _____

DATE: _____

**PERE MARQUETTE CHARTER TOWNSHIP
FRAUD RISK MANAGEMENT POLICY**

GENERAL

The Township recognizes the importance of protecting the Township, its operations, its employees and its assets against financial risks, operational breaches, and unethical activities. This policy is intended to advise employees and Elected Officials about activities which may be fraudulent, corrupt, illegal or otherwise unethical.

The Township will not tolerate such activities and disciplinary measures will be implemented as appropriate.

This policy applies to permanent and temporary employees as well as Elected Officials, consultants, vendors, contractors, outside agencies doing business with the Township, and any other parties with a business relationship with the Township. Each permanent or temporary employee and Elected Official of the Township is responsible for reporting any observed or suspected fraud or fraudulent activity to the Supervisor. Any concerns that arise involving the Supervisor are to be brought to two Elected Officials.

Fraud and fraudulent activities as herein defined are strictly prohibited.

DEFINITIONS

Fraud is defined as the intentional, false representation or intentional concealment of a material fact for the purpose of inducing another to act or upon it to his/her injury.

A material fact is one which constitutes substantially the consideration of a contract, document or agreement involving or related to the Township, or one without which the contract, document or agreement would not have been made.

The following are examples of prohibited acts:

- Forgery or alteration of documents including but not limited to checks, promissory notes, time sheets, personnel records, independent contractor agreements, purchase orders, and budgets.
- Willful misrepresentation of information on or in documents.
- Appropriation of funds, supplies or other assets for personal gain or benefit.
- Impropriety in the handling or reporting of money or financial transactions to the detriment of the Township or for personal gain or benefit.
- Disclosing confidential and proprietary information to outside parties for personal gain (either directly or indirectly).
- Unauthorized destruction, removal or use of records, furniture, fixtures and/or equipment for personal gain (either directly or indirectly).
- Misuse of Local, State, or Federal funds for other than their designated purposes.
- Accepting or seeking anything of material value for personal gain or benefit from contractors, vendors or persons providing services/materials to Township.
- Use of position for personal gain or benefit.
- Failure to disclose information when there is a legal duty to do so.

The above are by way of example only and not intended to represent all activity within the definition of fraud or fraudulent activity.

Appendix A, Section 6

DETECTION

The Township directs employees and Elected Officials to report any suspected fraud or fraudulent activities by contacting the Supervisor as soon as fraud is suspected.

CONFIDENTIALITY

To the extent permitted by law, the Township will treat reports of suspected fraud in a confidential and sensitive manner. The identity of the individual may be kept confidential provided this does not hinder or frustrate any investigation. However, there will be occasions where the identity of the individual needs to be revealed. For example, where the individual is required to give a witness statement or give evidence at a formal hearing, where allegations of misconduct or criminal activity are involved. Applicable fraudulent activities will be referred to law enforcement for potential criminal investigation. This does not apply to items under the Freedom of Information Act, which has specific rules and requirements that the Township will adhere to.

EMPLOYEES RESPONSIBILITIES

The key to a successful Anti-Fraud Policy is training and awareness. It is expected that employees and Elected Officials read, understand and comply with this policy and any procedures that apply to them. Disregard of these policies and procedures may lead to formal disciplinary action, up to and including termination of employment when applicable.

DISCIPLINARY MEASURES

Disciplinary measures consistent with existing law, Township policy, and collective bargaining agreements, etc., when applicable, may be taken if there is a violation of this policy. Refer to the personnel handbook and policies for specific measures to be taken.

PERE MARQUETTE CHARTER TOWNSHIP

FUND BALANCE CLASSIFICATION AND BEST PRACTICES POLICY

GENERAL

The Township Board recognizes that the maintenance of fund balance is essential to the preservation of the financial integrity of the Township and is fiscally advantageous for both the Township and its taxpayers. Preservation of fund balance is a component of financial health of any governmental entity to help to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. To retain this stable financial base, the Township needs to maintain a fund balance in the General Fund that is sufficient to fund General Fund cash flows, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature as they relate to the General Fund, and to provide funds for future approved projects of the General Fund.

The purpose of this policy is to address the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement defines the classifications of fund balance in governmental funds. Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable fund balance and amounts that are restricted, committed, or assigned, or any combination of those classifications. The General Fund may also include an unassigned amount of fund balance.

This policy also establishes a key element of the financial stability of the Township by setting guidelines for fund balance of the General Fund. It is essential that the Township strives to maintain adequate levels of fund balance in the General Fund to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. Fund balance also provides cash flow liquidity for the general operations of the Township.

DEFINITIONS

Fund Balance – Fund balance is a measurement of available financial resources in a fund and is the difference between total assets and total liabilities in each fund. GASB Statement 54 distinguishes fund balance classifications based on the relative strength of the constraints that control the purposes for which specified amounts can be spent. Beginning with the most restrictive constraints, fund balance amounts will be reported in various categories as noted in the following definitions.

Non-spendable – The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid items or (b) legally or contractually required to be maintained intact, such as the corpus of an endowment fund. These amounts will be determined before all other classifications.

Restricted – Fund balance will be reported as restricted when constraints are placed on the use of resources by an outside source such as being (a) externally imposed by creditors (such as through debt covenants), grantors (a grant that can only be used for public safety purposes), contributors (a donor gives money specifically for park improvements), or laws or regulations of other governments; (b) imposed by law through constitutional provisions or enabling legislation; (c) dedicated voter approved millages; etc.

Committed – This classification of fund balance can only be used for specific purposes pursuant to formal action of the Township Board. A majority vote of the Board is required to approve a commitment of fund balance and a majority vote of the Board is required to remove a commitment of fund balance.

Appendix A, Section 7

Assigned – Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This would include all remaining amounts (except negative balances) reported in governmental funds, other than the General Fund, that are not classified as non-spendable, restricted or committed. The Board delegates to the Supervisor or his/her designee the authority to assign amounts to be used for other specific purposes. Examples of this are assignments for working capital, or other departmental assignments.

Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

ORDER OF APPLICATION OF FUND BALANCE

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Township to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, it shall be the policy of the Township that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. This policy applies to all governmental funds of the Township.

GENERAL FUND FUND BALANCE

The fund balance of Township's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The Township's basic goal is to limit expenditures to anticipated revenue of the current year in order to maintain a balanced current year budget without utilizing fund balance but that cannot always be maintained to support important programs/services within the Township and planned usages of fund balance may occur occasionally. This should only occur after the formal budget process is followed and there is approval of the Township Board.

It is the goal of Township to achieve and maintain an unassigned fund balance in the General Fund greater than 20% of annual expenditures and other financing uses. The use of fund balance is appropriate to avoid creating a structural deficit, as long as it is approved by Board.

If fund balance drops below 20% of General Fund expenditures and other financing uses, the current year budget will be evaluated and adjusted where feasible as a plan to add back a minimum of 1% to fund balance until the 20% target is reached.

OVERSIGHT AUTHORITY

Oversight authority for fund balance categorization and fund balance levels is the responsibility of the Township Board. The Board will review departmental management of these accounts to ensure conformance with this policy.

**PERE MARQUETTE CHARTER TOWNSHIP
CAPITAL ASSET MANAGEMENT POLICY**

GENERAL

The purpose of this policy is: (1) to describe the policies and procedures utilized in the Township's capital asset management system; (2) put in place guidelines for accounting for and depreciating the Township's capital assets.

The primary goals of this policy are:

- To ensure that the Township's capital assets are accounted for in conformance with generally accepted accounting principles; and
- To establish a consistent and cost-effective method for accounting of the Township's capital assets.

This capital asset policy is in accordance with generally accepted accounting principles and closely conforms to capital asset accounting practices as recommended by the Government Finance Officers Association. The Government Finance Officers Association (GFOA) recommends that every state and local government consider the following applicable guidelines in establishing capitalization thresholds for capital assets:

- Capital assets should be capitalized only if they have an estimated useful life of at least one year following the date of acquisition.
- Capitalization thresholds should be applied to individual assets rather than to groups of similar items (e.g., desks, tables).
- As a general rule, capitalization thresholds should be designed to encompass approximately 80% of a government's total non-infrastructure assets.
- Governments should exercise control over their non-capitalized assets by establishing and maintaining adequate internal control procedures at the department level.

DEFINITIONS

Capital Assets – Capital assets include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, intangible assets (such as computer software), works of art, and historical treasures.

Capitalization – Capitalization of an asset occurs when the cost of the asset meets the “threshold” and the “estimated useful life” set in the organizational guidelines.

Depreciation – Depreciation is the process of allocating the cost of property over a period of time, rather than recognizing the cost as an expense in the year of acquisition. Generally, at the end of an asset's life, the sum of the amounts charged for depreciation in each accounting period (accumulated depreciation) will equal the original cost less salvage value, if any.

Donated Capital Asset – Donated assets are those assets contributed to the Township. The donated assets are treated like any other capital asset (using the estimated acquisition cost on the date received as its basis).

Estimated Useful Life – Estimated useful life means the estimated number of months or years that an asset will be able to be used for the purpose for which it was purchased. In determining useful life, consideration is given to the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service demands.

Appendix A, Section 8

Fair Market Value – The amount that would be paid if the item were sold currently in a transaction between a willing buyer and a willing seller.

Historical Cost – The historical cost of a capital asset includes the cost or estimated cost at the time of acquisition, freight charges, installation, and site preparation charges, and the cost of any subsequent additions or improvements, excluding repairs.

Infrastructure Asset – Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets (non- infrastructure assets). Infrastructure assets are normally stationary in nature and are of value only to the government entity. Examples include the water and sewer lines.

Estimated Useful Life – Estimated useful life means the estimated number of years that an asset will be able to be used for the purpose for which it was purchased. In determining useful life, consideration is given to the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service demands.

Salvage Value – The salvage value of an asset is the value it is expected to have when it is no longer useful for its intended purpose.

Straight-line Method – The straight-line method of depreciation is the simplest and most commonly used method for calculating depreciation. It can be used for any depreciable property. Under the straight-line method, the basis of the asset is written off evenly over the useful life of the asset. The same amount of depreciation is taken each year. In general, the amount of annual depreciation is determined by dividing an asset's depreciable cost by its estimated life.

Capitalization Threshold – The capitalization threshold is the dollar amount that an asset must equal or exceed if that asset is to be capitalized. Otherwise, the item would be considered as an expense at the time of acquisition.

POLICY/PROCEDURES

Threshold – effective with the implementation of this policy, the Township will capitalize individual assets other than Buildings, Building Improvements and Land Improvements, and Infrastructure that cost \$10,000 or more and have an estimated useful life of more than one (1) year. Assets acquired with debt proceeds may be capitalized regardless of cost. In addition, assets acquired prior to the implementation date of this policy that were capitalized at a lower threshold, may continue to be depreciated on the basis of past practice.

Effective with the implementation of this policy, infrastructure projects and improvements shall be capitalized in accordance with this policy so as to substantially account for the Township's investment in infrastructure and consider related debt.

Individual assets that cost less than \$10,000, but that operate as part of a network system may be capitalized in the aggregate, using the group method, if the estimated average useful life of the individual asset is greater than one (1) year. A network is determined to be where individual components may be below \$10,000 but are interdependent and the overriding value to the Township is on the entire network and not the individual assets (e.g. computer systems and telephone systems).

Appendix A, Section 8

Valuation – in accordance with generally accepted accounting principles, the Township will value its capital assets at historical cost. Historical cost includes the cost or estimated cost at the time of acquisition, freight charges, installation and site preparation charges, and the cost of any subsequent additions or improvements, excluding repairs. If a capital asset is donated to the Township the asset will be valued based on the estimated acquisition cost at the time the asset is donated.

Depreciation – the Township will use the Straight-Line Method as its “basic approach” (standard approach) to depreciate capital assets.

Capital Assets Inventory Report – as part of the financial audit, the Clerk’s office shall submit a capital asset report to the Township’s external auditor on an annual basis, after being reviewed by the Supervisor, Clerk and Treasurer. This report will include, but not be limited to, the following information:

- Type of asset (i.e. land, building, infrastructure)
- Date of acquisition
- Acquisition cost
- Estimated useful life
- Annual depreciation
- Accumulated depreciation

Estimated Useful Lives – the following ranges are guidelines in setting estimated useful lives for depreciating assets.

Building & Improvements	15 – 50 years
Land Improvements	10 -20 years
Equipment	5 – 7 years
Vehicles	5 – 10 years
Infrastructure	5 – 50 years

Capital vs. Repair and Maintenance Expense – the following criteria are the basis for distinguishing costs as either capital or repair and maintenance expense:

With respect to improvements on non-infrastructure and infrastructure capital assets, under the basic approach, costs should be capitalized if the useful life of the asset is substantially extended, or the cost results in a substantial increase in the capacity or efficiency of the assets. Otherwise, the cost should be expensed as repair and maintenance.

Inventory – for internal control purposes, the Township may maintain an inventory listing of certain assets (controlled equipment) that do not meet the above reference capitalization amounts. Controlled equipment includes items that should be specifically accounted for and inventoried periodically due to the high re-sale value of the equipment and potential risk of theft. Controlled equipment may include items such as computers, construction equipment, and other office equipment.

Each Department Head is responsible for all controlled equipment within their areas of responsibility.

Disposal and Transfer of Township’s Assets – Disposition of Township assets will be performed in a manner that is in the best interest of the Township and in accordance with the Township’s Surplus Property Policy.

Appendix A, Section 8

OVERSIGHT AUTHORITY

Oversight authority for capitalization and categorization of potential capital assets is the responsibility of the Department Head, as ultimately directed by the Board. The Board will review management of these applicable assets to assure conformity with this policy.

DRAFT

Appendix A, Section 9

PERE MARQUETTE CHARTER TOWNSHIP

CREDIT CARD POLICY

GENERAL

The purpose of this policy is to establish a standard set of guidelines pursuant to those established under the Credit Card Transactions Act (1995 PA 266, being MCL 129.241 – MCL 129.247), which regulates credit card transactions of local units of government. In order to maintain appropriate internal control over the utilization of credit cards all credit card arrangements shall be approved by the Treasurer.

DEFINITIONS

Cardholder means a Township employee or Elected Official whose name appears on the credit account and is responsible for all charges made against that account. All cardholders must be approved by the Treasurer. A list of approved cardholders shall be made available to the Clerk's Office.

Credit Card means a card or device issued under a credit arrangement for the purpose of making authorized purchases on behalf of the Township.

Credit Card Arrangement means an unsecured extension of credit for the purchasing of goods or services from the credit issuer or any other person, that is made to the holder of a credit account. All credit card arrangements must be approved by the Treasurer.

Credit Card Account Manager and Custodian is the applicable department head or Elected Official approved by the Treasurer. In addition, any general administrative credit card is maintained by the Treasurer.

POLICY/PROCEDURES

Use of the credit card shall be in compliance with the following. Violation of these policies and procedures may result in disciplinary action and/or revocation of credit card privileges.

- All cards specifically assigned to an employee/Elected Official must be maintained in their possession/control. Under no circumstances is this card to be shared with other employees. When this credit card is needed, it must be logged out and back in by signature of an authorized Township employee, in a custody logbook or folder approved by the Treasurer and maintained in that office.
- A Township credit card may be used only by a Township employee/Elected Official.
- Township credit cards may be used only for the purchase of goods and services in conjunction with official Township business.

Specific limitations on Township credit card accounts and credit card use:

- Township credit card accounts are normally to be utilized by Township employees/Elected Official to pay for travel expenses (lodging, meals, transportation, etc.), internet purchases, immediate needs purchases, and any other purchases that are in the best economic and functional interest of the Township to utilize a credit card as long as they are in conjunction with official Township business and travel. Personal use of the credit card is strictly prohibited.
- Township credit cards may be utilized to purchase goods and services with the specific approval of the Treasurer subject to compliance with the Township's approved departmental budget and the limits/requirements as set forth in the Township procurement policy. **It is the user's responsibility to notify the merchant that the Township is a tax-exempt entity (MI Sales and Use Tax).**

Appendix A, Section 9

- The credit limit for any credit card arrangement shall not exceed \$50,000.
- Township credit cards may never be used for cash advances or purchase of gift cards or prepaid cards.
- Promotional items and/or rebates obtained through the use of the Township credit cards are the property of the Township and must not be used for personal gain. Credit card rewards points, if earned, will be used to pay down the balance of the card once the points total reaches 50,000 points by a percentage allocation by department.

The following additional procedures and requirements apply to credit card use.

- Individuals entrusted with Township credit cards are responsible for protection and custody of the card and will immediately notify the Treasurer's office if the card is lost or stolen.
- All individuals entrusted with Township credit cards must sign the Application for a Township Credit Card.
- Not later than the first business day following the purchase of goods/services or the return from official travel, the user of the credit card will return the credit card to the Treasurer's Office, along with an itemized Credit Card Expense Voucher (with receipts for all purchases attached).
- Upon receipt of the itemized voucher, the Treasurer's office shall:
 - Authenticate each expense listed on the voucher and ensure that that expense has been reviewed and approved by the Department head.
 - Verify that a receipt is included for each expense.
 - Determine the appropriate budget line item to be charged for payment of each item on the voucher.
 - Reconcile and validate approved departmental vouchers against the monthly credit card account statement when received.
 - The Clerk's Office, once all charges are substantiated, will pay the monthly credit card bill via electronically, following the Township's ACH policy, to avoid interest payments necessitated by overdue account balances.

OVERSIGHT AUTHORITY

Oversight authority for credit card account management is the responsibility of the Purchasing Agent/Supervisor. The Clerk's Office will constantly review departmental management of these accounts to ensure conformance with this policy and budget.

DISCIPLINARY MEASURES

Disciplinary measures consistent with existing law, Township policy, and collective bargaining agreements, etc., when applicable, may be taken if there is a violation of this policy. Refer to the personnel handbook and policies for specific measures to be taken.

Appendix A, Section 9

REQUEST FOR A TOWNSHIP CREDIT CARD

Employee Name: _____

Position: _____

I am applying for a Township credit card.

I understand and agree that:

- I bear ultimate responsibility for the card.
- I will not use the Township credit card to withdraw cash.
- I will not use the Township credit card for personal expenses and will use it only for official business on behalf of the Township.
- If I misuse the card (i.e., use it otherwise than in accordance with the instructions given to me in this agreement or related policies) or otherwise fail to reconcile my expenditures within the prescribed procedures and timeframe, I authorize the Township to recover the funds through payroll deductions for any amounts incorrectly claimed or for reconciliations that are one month in arrears of the statement date.
- If the corporate credit card is lost or stolen, I will report it immediately to the Treasurer.
- If I resign from the company, I will return the card with a final reconciliation of all expenditures prior to departure.

Signature of cardholder

Date

Signature of Treasurer

Date

Appendix A, Section 10

Buttersville Campground Cash Handling Process

GENERAL

Strong internal controls for cash/cash equivalent collection are necessary to prevent mishandling of funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. Cash and cash equivalents apply to currency, coin, checks, charge and debit card payments, and other electronic payment media payable to the Township. Additional safeguards must be in place for funds collected at the campground, as they are being collected offsite.

All cash receipts and related documents must be maintained in accordance with the State of Michigan Record Retention schedule. Cash drawer reconciliation sheets, computerized reports, bank deposit slips, credit card receipts, manual cash receipts, etc. must be retained for the current year, plus seven additional years by the Treasurer's Office.

STEP 1

All site payments received at the campground, regardless of the method of payment, must be receipted in the CampSpot reservation module. The campground should also have a triplicate receipt book and provide a receipt to the payee, if requested. Payments received for ice, wood or decals should be entered through the CampSpot point of sale (POS). Payments, once received, must be placed in a safe located in the campground office.

STEP 2

During the camping season, the Deputy Treasurer will go to the campground and, with the campground attendant, open the safe and retrieve the funds. The safe should be a drop safe that requires two combinations to open. These are placed in a tamper-evident bag and brought back, with the related receipts, to the Township offices. Funds are then counted by the Treasurer and Deputy Treasurer, together and compared to CampSpot receipts to ensure that all payments received are appropriately receipted and recorded in the system. These funds will also be recorded, by the Deputy Treasurer, in the BS&A system. The deposit for these funds will follow the Township's cash handling policy.

STEP 3

For any credit or debit card transactions, these will be handled at the Township office by the Deputy Treasurer. A copy of the transmittal sheet should be attached to the appropriate deposit slip. This is to be retained and used during the bank reconciliation process to verify that all charges were appropriately deposited. Additionally, the Deputy Clerk will record the payment in CampSpot. Any checks received will be restrictively endorsed.

Once the deposit slip is prepared, the deposit is taken to the bank in a locked bank bag. The bank deposit slip is brought back to the Township and compared to the receipt report in BS&A and the internally prepared deposit slip. This should be done by Treasurer.

Appendix B, Section 1

PERE MARQUETTE CHARTER TOWNSHIP

ACH/EFT POLICY

GENERAL

The following policy shall govern the ACH/EFT arrangements for the Township.

INTERNAL CONTROLS

The Treasurer shall be responsible for the establishment of ACH/EFT agreements, and for maintaining a list of vendors authorized to be paid by ACH/EFT or electronic transfers.

ACH or electronic fund transfers will be presented to the Township Board for approval in the same way that expenditures by check are presented.

The Clerk or Deputy Clerk shall initiate the transaction through the bank website. At this time, an email requesting approval will be sent to the Treasurer or Deputy Treasurer, in the Treasurer's absence, via the banking website.

The Treasurer or Deputy Treasurer will review the related documentation and, if approved, will indicate that approval through the banking website, which retains all such approvals. Approval of the documentation will be documented in the BS&A system, via the approval report from the bank.

All documentation shall be retained by the Clerk by attaching the electronic documentation to the related transaction in the BS&A system.

OVERSIGHT AUTHORITY

The Treasurer may enter into an ACH/EFT agreement as provided by Public Act 738 of 2002, effective December 30, 2002. The Township Board shall have adopted a resolution to authorize electronic transactions and have received a copy of the policy. Applicable definitions in the act shall apply.

An ACH/EFT arrangement under PA 738 of 2002 is not subject to the Revised Municipal Finance Act, 2001 PA 34, MCL 141.2101 to 141.2821, or to provisions of law or charter concerning the issuance of debt by the township.

RESPONSIBILITY FOR ACH AGREEMENTS.

The Treasurer shall be responsible for all ACH/EFT agreements, including payment approval, accounting, reporting, and generally overseeing compliance with the ACH/EFT policy. The Clerk shall ensure that documentation detailing the goods or services purchased, the cost of goods or services, the date of the payment, and the department levels serviced by payment is maintained. This information will be contained in the electronic general ledger software system.

Appendix B, Section 2

PERE MARQUETTE CHARTER TOWNSHIP INVESTMENT POLICY

GENERAL

It is the policy of the Township to invest public funds in a manner which will provide the highest investment return with the maximum security while enabling the Township to meet its daily cash flow demands. All investments must conform to state statutes governing the investment of public funds.

This investment policy applies to all financial assets held by the Township. These funds are accounted for in Township's annual audited financial statements and include the following:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Improvement Funds
- Enterprise Funds
- Agency Funds

This policy does not apply to the investment of employees' retirement funds which is governed by the Michigan Public Employee Retirement System Act, that being PA 314 of 1965. Nor does it apply to the investment of eligible deferred compensation plan funds which meet the requirements of section 457 of the internal revenue code. In addition, proceeds from certain bond issues are covered by a separate policy.

Cash may be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average daily balances relative to the total pooled balance in the investment portfolio. This process is further described in the internal control section below.

PRUDENCE

The standard of prudence to be used for managing the Township's assets is the Michigan Prudent Investor Rule, found in Section 700.1502 of Act 386 of 1998. It states, "A fiduciary shall invest and manage assets held in a fiduciary capacity as a prudent investor would, taking into account the purposes, terms, distribution requirements expressed in the governing instrument, and other circumstances of the fiduciary estate. To satisfy this standard, the fiduciary must exercise reasonable care, skill, and caution."

The Township's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The Township recognizes that no investment is totally riskless and that the investment activities of the Township are a matter of public record. Accordingly, the Township recognizes that occasional measured losses may be desirable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the Township.

The Treasurer and other authorized persons acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the Township Board and appropriate action is taken to control adverse developments.

Appendix B, Section 2

OBJECTIVES

The following primary objectives, in priority order, shall be applied in the management of the Township's funds:

Safety - Safety of principal being the foremost objective of the Township's investment program, Township funds shall be invested in a manner which seeks to ensure the protection of the public funds invested. To attain this objective the Township will diversify its investments by security type, institution, and maturity and utilize the following measures:

- A. Credit Risk - the Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
 - Limiting investments to types of securities listed below in this policy and allowed by law.
 - Pre-Qualifying the financial institutions, broker/dealers, intermediaries, third-party custodians, and advisers with which the Township will do business with. The Township will limit custodial credit risk, which is the risk that in the event of a bank failure, the Township's deposit may not be returned or in the case of investments, if there is a failure of the counterparty, the Township will not be able to recover the value of the investments or collateral securities that are in the possession of the outside party.
 - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- B. Interest Rate Risk- the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates by:
 - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - Investing normal operational funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.
- C. Concentration of Credit Risk -The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- D. Foreign Currency Risk. The Township is not authorized to invest in investments which have this type of risk.

Liquidity - The investment portfolio shall remain sufficiently liquid to enable the Township to meet all cash flow requirements which might be reasonably anticipated.

Return on Investment - Subject to the foregoing constraints, the Township will strive to maximize the rate of return on the portfolio with the goal of attaining a market average rate of return throughout budgetary and economic cycles.

Appendix B, Section 2

DELEGATION OF AUTHORITY

In accordance with MCLA 41.77, the Treasurer is designated as Investment Officer of the Township and is responsible for managing the township's investment program and shall establish written procedures and internal controls for the operation of the Township's investment program, designed to prevent loss of public funds due to fraud, error, misrepresentation, and imprudent actions.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their impartiality. They shall disclose to the Township Board any material financial interests in financial institutions that conduct business within their jurisdiction, or that could be related to the performance of the Township. This will be done by reviewing and signing the Conflict of Interest policy on an annual basis.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Township Treasurer shall maintain a list of financial institutions that are approved for investment purposes. Financial institutions shall be added to or deleted from the approved list by the Township Board. The list of approved financial institutions shall be periodically reviewed by the Treasurer to ensure that they are still financially sound. No public deposit shall be made except in a qualified public depository as established by State law.

AUTHORIZED AND SUITABLE INVESTMENTS

Investments for the Township shall be made in accordance with Act 20 of 1943 as amended, MCL 129.91-129.96, Investment of Surplus Funds of Political Subdivisions, and Act 40 of 1932, as amended, MCL 129.12-129.14, Depositories for Public Moneys. Any revisions or extensions of these statutes will be assumed to be part of this Investment Policy immediately upon being enacted. This Investment Policy further restricts the investment of Township funds to the following types of securities and transactions:

- US Treasury obligations which carry the full faith and credit guarantee of the United States government, including Treasury Bills, Treasury Bonds, Treasury Notes, Treasury STRIPS and other securities or obligations of the United States, or an agency or instrumentality of the United States;
- Certificates of Deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the FDIC or a credit union which is insured by the NCUA, but only if the bank, S&L, or credit union is eligible to be a depository of surplus funds belonging to the state as defined in PA 105 of 1855;
- Commercial paper, rated in the highest tier by a nationally recognized rating agency;
- Banker's acceptances;
- Investment-grade obligations of the State of Michigan, or any of its political subdivisions, as rated by at least one standard rating service;
- Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments;
- Money market mutual funds regulated by the SEC and permitted for direct investment by local units of government in Michigan and whose portfolios consist of only dollar-denominated securities; and
- Obligations described in the previous first seven bullets as included in PA 20 as revised, if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512 (Added by amendment 7/8/08)

Appendix B, Section 2

- Local government investment pools organized under the local investment pool act, PA 121 of 1985, MCL 129.141 to 129.150. *(Corrected by amendment 7/8/08)*

INVESTMENT POOLS/MUTUAL FUNDS

The Treasurer may, where appropriate, pool cash of various funds to maximize earnings. A thorough investigation of the pool/fund is required prior to investing, and on an annual continual basis.

SAFEKEEPING AND CUSTODY

The Township Board shall approve one or more banks to provide safekeeping and custodial services for the Township. A Township approved safekeeping agreement shall be executed with each custodian bank. To be eligible, a bank must be eligible to be a depository of funds belonging to the State of Michigan.

All security transactions shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.

INTERNAL CONTROLS

As indicated above, the Treasurer's office is responsible for establishing and documenting appropriate internal controls over the investments of the Township.

The responsibilities for initiating, evaluating, and approving transactions are separate from detail accounting and general ledger functions, as the Treasurer office is responsible for making investment decisions, but the Clerk's office performs the bank reconciliation and appropriately posts any related journal entries to ensure that changes in the valuation of investments and derivatives are properly recorded. While not required until year-end, the Township adjusts investments to fair market value on a monthly basis. On a quarterly basis, as part of the reconciliation process, the investment interest, unrealized gains and losses and any realized gains and losses are allocated to the various funds. This is done by determining each fund's proportion of the Township's total fund balance at quarter end. Based on this, each fund is allocated a proportionate share of the interest, unrealized gains and losses and realized gains and losses.

Investment documents are in the Township's name and kept in a secured area within the Treasurer's office. The Township maintains authorized lists of signatures, securities dealers, and counter parties, and those lists are authorized by the governing board and updated periodically. Any changes in investment accounts or transfers between accounts are properly documented and recorded in BS&A.

The Township has a formal investment policy that limits the allowable investments and addresses the specific types of risk to which the Township is exposed. Additionally, the Board periodically reviews investments via the Treasurer's report to ensure that the Township meets any restrictions or limitations imposed by funding sources or the Township.

INVESTMENT PERFORMANCE AND REPORTING

The Treasurer shall provide quarterly investment reports to the Township Board which should provide a clear picture of the status and type of investments of the current portfolio.

INVESTMENT POLICY ADOPTION

The Township's investment policy shall be adopted by resolution of the Township Board. The policy shall be reviewed periodically by the Treasurer and any modifications made thereto must be approved by the Finance Committee and adopted by the Township Board.

Appendix B, Section 2

GLOSSARY

A Glossary of Terms relating to investment of funds shall be maintained by the Treasurer.

CERTIFICATE

I, the undersigned, the duly elected Township Clerk of the Charter Township of Pere Marquette, Mason County, Michigan, do hereby certify that the foregoing policy was adopted by the Pere Marquette Charter Township Board at a meeting held on the 9th day of June, 2020. I do further hereby certify that public notice of said meeting was given pursuant to and in full compliance with Michigan Act 267 of 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Rachelle Enbody, MiPMC, CMC, Township Clerk

S: Policy/Investment Policy (Revised 6/9/20)

Appendix B, Section 3

PERE MARQUETTE CHARTER TOWNSHIP

PURCHASING AND BID POLICY

GENERAL

This Policy is adopted by the Pere Marquette Charter Township ("Township") Board of Trustees ("Board") as a guideline for the purchase of goods and services necessary and appropriate for the normal and routine operation of the Township.

DEFINITIONS

Purchasing Agent shall mean the Supervisor. In the Supervisor's absence the Clerk shall act as the Purchasing Agent.

Goods shall mean materials and supplies, equipment, machinery, vehicles, and tangible things of any kind that are necessary and appropriate for acquisition and use by the Township, its officials and employees in conducting Township business.

Services shall mean all labor furnished and performed by non-Township personnel or entities, by contract or otherwise, that is necessary and appropriate for conducting the Township's business and affairs for which Township funds are paid, whether or not goods are furnished as a part of or incident to such services.

Department Heads shall mean the Clerk, the Treasurer, the Assessor, the Building and Zoning Administrator, the Parks Manager, the Fire Department Chief, and the Superintendent of the Department of Public Works.

PURCHASES UNDER \$5,000.00

- The Purchasing Agent may make or authorize purchases of less than \$5,000.00 for goods or services. Purchase orders, if any, shall be signed by the Purchasing Agent.
- The Purchasing Agent may delegate purchasing responsibilities to one or more elected officials or to staff members, and specifically, the Purchasing Agent shall delegate purchasing authority to the Clerk and the Treasurer as may be necessary and appropriate to carry out their respective statutory duties.
- Department Heads are authorized to spend up to \$500.00 for purchases without prior approval of the Purchasing Agent provided funds are available in the Department Budget.
- Every reasonable attempt must be made to ensure the Township receives the best value for its purchases and the funds expended.
- Every reasonable attempt must be made to assure that purchases are not made from vendors or providers who are currently in default on payment of any taxes, license fees, water/sewer bills, special assessments or other monies due the Township.
- All purchase documentation should be submitted to the Clerk's office for review and preparation for presentation of bills to the Board for approval.
- For purchases within this range, a minimum of three quotes is required. Each potential purchasing source will use uniform specifications from which a quote may be made. This should include a description of the items to be purchased, quantity, price per unit, special terms and/or specifications, and the desired delivery date. This information can be issued in either written or oral form. The response from each source shall be maintained by the Department Head or Purchasing Agent in a readily retrievable format. The written documentation maintained should include a description of the item(s) being purchased, quantity, price per unit, proposed delivery

Appendix B, Section 3

date, and any other information used by the Department Head or Purchasing Agent to make an informed decision that is in the best interest of the Township. This documentation should support the justification of the purchase selection.

PURCHASES FROM \$5,000.00 TO \$20,000.00

- The Township's Finance Committee may authorize and make purchases in excess of \$5,000.00 but not more than \$10,000.00, by unanimous vote.
- Any other purchase of goods or services involving an anticipated amount of at least \$10,000.00 but not exceeding \$20,000.00 shall require prior approval of the Board. The Purchasing Agent shall request proposals or quotes from at least three responsible vendors/providers to be presented to the Board for consideration. No publication of Notice to Bidders is required and the proposals/quotes do not have to be sealed.

PURCHASES OVER \$20,000.00.

- Any purchase of goods or services involving an anticipated amount in excess of \$20,000.00 shall be made by a request for proposal ("RFP") and the receipt of sealed bids.
 1. The Township, or its agent, shall prepare the RFP. The request for sealed bids shall specify the place where the bids shall be received, the date and time of opening the bids received, the final date and time for submission of sealed bids and the address to which the sealed bids are to be submitted. All requests shall also include a description of the services, goods and/or supplies to be purchased and whether performance and/or payment bonds are requested, and shall also request such information concerning the bidders as may be appropriate. The Township shall have the right, and each request for bids shall state that the Township reserves the right to accept or reject any or all bids, to negotiate with any bidder, to waive any informality or errors in the bidding process and to accept any bid deemed to be in the best interest of the Township, including a bid that is not the low bid.
 2. A Notice to Bidders shall be posted on the Township website, published in the Township's newspaper of record, and may also be sent to potential bidders known to the Township.
 3. Each bid/proposal shall be in writing, signed by the bidder and shall contain the full name of any person or company interested therein. Each bid/proposal shall be marked on the outside "sealed bid for (description of goods or services)."
 4. At a time and place prescribed in the request for opening bids/proposals, the Clerk shall publicly open all bids/proposals and read the amounts aloud.
 5. Following opening, the bids/proposals shall be tabulated/reviewed and shall be referred to the Board for action. The Board may reject any and all bids/proposals, may waive any informality and defects in any bid/proposal or in the bidding process, may direct the Purchasing Agent to negotiate with any bidder/vendor, and may accept any bid/proposal and award a contract to the lowest and/or best bidder/vendor competent to furnish the goods or services. The awarding of a contract shall be upon a bid/proposal deemed to be in the best interest of the Township, including a bid/proposal that is not the lowest submitted. Pertinent information shall be considered by the Board in its review of the bids/proposals, and may include:
 - Cost;
 - Reliability and quality of goods or service;
 - Timeliness of delivery of goods or service;
 - Ability, capacity and skill of bidder to supply the goods or service;

Appendix B, Section 3

- Experience, reputation and efficiency of the bidder including but not limited to previous and existing compliance of the bidder with the laws and ordinances relating to supplying goods and services of a similar nature;
 - Ability to provide future maintenance and service;
 - The quality of performance of previous contracts by the bidder;
 - Warranties;
 - Conditions attached to bid/proposal;
 - Whether the bidder is in default on payment of any taxes, license fees or other monies due the Township; and
 - Compatibility of the proposed item with existing Township items.
6. The Clerk shall notify all bidders of the action taken by the Board.

EXCEPTIONS.

- In case of an emergency, when necessary to protect the health, safety, welfare, and wellbeing of the community, the Purchasing Agent, may make or authorize a purchase higher than \$5,000.00, after receiving the consent of the Clerk and Treasurer, or in the absence of one or both, one or two other members of the Board. Such expenditure shall be considered for ratification at the next regular Board meeting.
- If, in its discretion, the Board determines that a RFP or quotes and/or sealed bids under III.B., or IV.A., are not practicable for a specific purchase, such requirements may be waived. Such waiver shall require a concurring vote of a majority of the members of the Board, after stating the reason why a RFP or quotes and/or the sealed bid process are not required for that situation.
- Unless otherwise decided by the Board, this Policy shall not apply to purchases of or contracts for professional services, which include legal, engineering, accounting and information technology services, or to the purchase of insurance, or to employment contracts. The selection of such persons and contracts for such services shall be determined by the Board, in its discretion.
- Competitive bids/proposals are deemed inappropriate for and are not required for the following:
 1. Intergovernmental agreements;
 2. All matters relating to services of offices, officials, board and commission members, and employees in their capacities as personnel of the Township;
 3. Emergency repairs;
 4. Purchases made through State or Federal purchasing programs;
 5. The amendment or renewal of previously awarded contracts, unless the Board decides otherwise; or
 6. The acquisition of any interest in real property.

PAYMENT PROCESS

All invoices for the purchase of goods and services, upon receipt by the Township or by any of its departments or commissions, shall be forwarded to the Clerk's office. Where possible, the invoice will be emailed directly to the Deputy Clerk. For those that are purchased directly by a department head, the department head is responsible for reviewing the invoice, ensuring that the item or service has been received and indicating the appropriate account for the expense account. Once the department head has

Appendix B, Section 3

reviewed the invoice, where applicable, the Deputy Clerk will enter the appropriate information into BS&A and, for any invoices that were not received electronically, scan the invoices into BS&A. Invoices are approved by the Clerk through electronic approval in BS&A. Once reviewed by the Clerk, the Board approves, via motion, the invoices for payment. The Board is provided a list of all invoices electronically and can ask questions of the Clerk at any time.

The Clerk will then initiate ACH transactions for all payments paid online and the Township will follow the ACH/EFT Policy in place. For any that are paid via physical check, the Clerk reviews the check register to ensure that no additional items have been added from the Board approved checks.

Checks are then printed by the Deputy Clerk, who provides those to the Clerk to be signed. These checks and invoices are then provided to the Treasurer to be signed and mailed.

<u>Dollar Limit</u>	<u>Authorized by</u>	<u>Notes</u>
Under \$500	Department Heads	Per the approved budget
Under \$5,000	Purchasing Agent/Clerk/Treasurer	Clerk or Treasurer, in support of statutory duty
\$5,0001 - \$10,000	Finance Committee	By unanimous vote
\$10,001 - \$20,000	Board Approval	At least three proposals, with a majority of board
Over \$20,000	Board Approval	to waive RFPs and bids
*See detail above for emergencies, professional services, etc.		



PERE MARQUETTE

CHARTER TOWNSHIP

Memo

To: Township Board

From: Gerald A. Bleau, Supervisor

cc: DHD #10

Date: 3-22-2023

Re: 1055 N Jebavy

Township Board

The water and sewer committee meet on 3-21-2023 to discuss the request from the Durand's at 1055 N Jebavy.

The committee concluded its deliberation noting that the home is further than the 200' distance that is in the sanitary code and the Townships ordinance does not address mandatory hookup for sewer. Due to the forementioned facts and the complicating factors with the situation, it is recommended that the board approve the request for a septic permit.

And in an effort to gain a customer, offer a discounted rate for the Durand's to hook up if they choose. The committee recommends that the board reduces the frontage charge to \$1140.00 the benefit charge to \$625.00 and the stub charge would be \$950.00 for a total of \$2715.00.

The original quote is for \$4480.00, the savings would be \$1765.00.

Respectfully Submitted

Gerald A. Bleau, Supervisor



PERE MARQUETTE

CHARTER TOWNSHIP

Memo

To: Township Board

From: Gerald A. Bleau, Supervisor

cc:

Date: 3-22-2023

Re: Appointment to Water & Sewer Committee

Township Board

I would like to recommend Matt Fournier to be appointed to the Pere Marquette Charter Township water and sewer committee, effective immediately.

Matt is a township resident and a supervisor at District Health Department No. 10.

His expertise will be a valuable asset to the Township.

Thank you for your consideration.

Gerald A. Bleau, Supervisor

**CHARTER TOWNSHIP OF
PERE MARQUETTE BOARD
OF TRUSTEES MEETING
CONDUCT POLICY**

I. Purpose:

To establish procedures of conduct of Township Board Meetings

II. Policy/Procedure:

PROCEDURE FOR CONDUCT OF TOWNSHIP BOARD MEETINGS

RULE 1. AUTHORITY:

This policy is adopted by the Board of Trustees of the Charter Township of Pere Marquette pursuant to provisions of the Michigan Compiled Laws, 42.1 et seq. 1947, Act. 359 as amended, known as the Charter Township Act.

RULE 2.

MEETINGS:

2.1

The Board of Trustees shall duly adopt an annual meeting schedule prior to the start of the next calendar year. The Board of Trustees will generally meet on the second and fourth Tuesdays of each month, unless otherwise noticed, at 4:00 p.m. for the second Tuesday and 6:00 p.m. for the fourth Tuesday. Meetings of the Board will generally be held in the Basement at Township Hall, 1699 S Pere Marquette Hwy., Ludington, Michigan. Any change in meeting location will be duly noticed in accordance with state statute.

(a) As a general rule, meetings shall not be held on legal holidays.

(b) Actions, resolutions or other commitments on specific proposals shall be taken in accordance with the Open Meetings Act, MCL 15.261 et seq.

2.2 **SPECIAL MEETINGS:**

Special Meetings may be called by the Supervisor or any two members of the Board of Trustees. Notice shall be given to Board members at least 24 hours in advance of the meeting and the Township Clerk shall cause to be posted notice of said meeting at least eighteen (18) hours in advance. The Clerk shall notice said special meeting including the time, place and purpose of the meeting, by posting said notice on public bulletin boards located within Township Hall and/or other prominent and conspicuous places reasonably accessible to the public, on the Township's governmental access television channel and the township's website.

2.3 **CLOSED MEETINGS:**

2.3.1 **Procedure.** The Board of Trustees may meet in closed session, a meeting closed to the public, upon the motion of any Board member, concurrence of that motion and an affirmative 2/3 roll call vote of the Board of Trustees members, serving on the Township Board. Closed sessions may only be held in compliance with the Open Meetings Act.

2.3.2 **Purposes.** The Township Board shall hold closed sessions only for the following purposes:

(1) To consider the dismissal, suspension, or disciplining of a public officer, employee, staff member or individual, or to hear complaint or charges against such a person, but only when the object of the proposed action or charges requests the meeting to be closed.

(2) To consider negotiation strategy connected with negotiation of a collective bargaining agreement.

(3) To consider the purchase or lease of real property prior to the time that an option to lease or purchase such real property is secured.

(4) To consult with the Township attorney regarding trial or settlement strategy in connection with specific pending litigation, but only when an open meeting would have a detrimental effect on the township's litigating or settlement position.

(5) To review the specific contents of an application for employment to a Township office and the applicant requests that the application remain confidential. Whenever the board shall meet to interview an applicant, it shall be in open session.

(6) To consider material exempt from discussion or disclosure by state or federal statute.

2.4 **EMERGENCY MEETINGS:**

An emergency meeting shall be held only upon the consent of two-thirds of the Board of Trustees members, and only if a delay in scheduling a special meeting would pose severe or imminent danger to the health, safety or welfare of the public, including but not limited to placing the Township in an adverse financial position and delay would be detrimental to efforts to lessen or respond to the threat. If possible, notice of the emergency meeting will be posted 18 hours prior to the meeting. However, if the 18 hours posted notice requirement is not met, the emergency meeting shall go forward in accordance with applicable State law including the requirement of notice to be made available at the meeting and the requirement of subsequent notice.

2.5 **MEETING MINUTES:**

The Clerk is responsible for the preparation and recordkeeping of all minutes of meetings of the Township Board. Minutes of closed meetings shall be maintained separately for a period of one year and one day after which time they shall be destroyed, and shall not be disclosed to the public except upon court order. It is expressly understood the purpose for preparing and maintaining meeting minutes is to properly record the official actions of the Township Board. Only those comments made during the Public Hearings portions of a Board meeting will be recorded in the meeting minutes and may be edited by the Clerk in the interest of brevity and conciseness. Copies of the meeting minutes prepared by the Clerk, but not approved by the Board, shall be available for public inspection not more than eight (8) business days after the meeting. Minutes approved by the Board shall be available within five (5) business days after the meeting in which they were approved. The Clerk shall publish and maintain said meeting minutes as legally required.

RULE 3. PUBLIC NOTICE OF MEETINGS

The Clerk shall provide proper notice for all meetings and meeting cancellations of the Township Board. All notices shall include the day, time and place of said meetings. Special and closed meeting notices shall also include the purpose for said meeting. Should a Board of Trustees meeting be cancelled, the reason for said cancellation shall be included in the notice. Notices shall be placed upon the public bulletin board located near the Clerk's Office at Township Hall and/or other prominent and conspicuous places reasonably accessible to the public, on the township's governmental access television channel and on the township's website.

The Clerk shall, upon request, provide notice to the local media and upon request to other newspaper, radio or television media located in the State. Other interested individuals or parties may also be provided notice of meetings, changes in the meeting schedule or special meetings upon written request. No liability shall be incurred by the Township or any of its elected and appointed officials or employees as the result of the failure or delay in providing or receiving such notice.

RULE 4. QUORUM:

Four (4) members of the Board of Trustees shall constitute a quorum for the transaction of business at all meetings of the Township Board with the exception of the requirement for an affirmative 2/3 roll call vote of the Board of Trustees members, to vote in the affirmative to move into Closed Session. A Board member shall notify the Supervisor as soon as possible when the member is unable to attend a Board meeting.

RULE 5. AGENDAS & MEETING MATERIALS

The Supervisor shall review and approve all items to be placed upon the agenda of the Board of Trustees. Upon written request, any two or more Board members may also place items upon the agenda for Board consideration. The Clerk shall prepare the agendas for all meetings and shall distribute agendas and meeting materials. No documents presented to the Supervisor or the Clerk shall be altered or changed by the Supervisor or the Clerk for any reason. All items submitted for the board packet will be submitted as is. The following provisions govern the items to be included on a Township Board agenda:

- 5.1 Regular Meetings: all agenda items shall be submitted to the Supervisor by 12:00 noon on the Tuesday preceding the next regular meeting. This includes all items for which official Board action is sought, as well as, reports or other non-action Board information. If the Supervisor determines the item to be complete such that the Board has sufficient information with which to act upon the request, the Supervisor shall submit agenda items to the Clerk no later than 12 noon on the Wednesday prior to the Tuesday Board meeting. Items that are deemed incomplete will be returned to the appropriate party and will only be considered for inclusion on the agenda once they are complete.

The Clerk shall have the agenda prepared and ready for distribution no later than 4:00 p.m. on the Thursday prior to the Tuesday Board meeting. Reasonable accommodations may be made due to holidays or other unforeseen events that could occur. Agenda packets for Board members shall be placed in their mailboxes at Township Hall and/or emailed to Board members. Agenda packets for department directors may be obtained at the Clerk's Office. Media packets for the local media may be obtained at the Clerk's Office or upon request. The Clerk shall post the agenda packet on the township website by Friday at 4 p.m. before the Tuesday meeting.

Any other arrangements for the distribution of agenda packets may be made with the concurrence of the Clerk.

- 5.2 Special Meetings and Emergency Meetings: all matters to be considered shall be stated in the notice of the meeting. No other matters will be considered. The Board will be provided written material as soon as possible prior to the commencement of the meeting.
- 5.3 Closed Session Meetings: all matters to be considered shall be stated in the meeting notice. No other matters will be considered. In general, written material will be disseminated to the Township Board at the Closed Session Meeting.
- 5.4 **ORDER OF BUSINESS (Board Meetings)**
1. **Call to Order**
 2. **Invocation**
 3. **Pledge of Allegiance**
 4. **Roll Call**
 5. **Adoption of Agenda**
 6. **Approval of Minutes**
 7. **Sheriff / County Commissioner Report**
 8. **Public Hearings** (if necessary)
 9. **Correspondence, Announcements, and Presentations** (includes presentations of special awards, employee service awards, special recognitions.) Letters of correspondence must conform to the above listed categories of awards and recognitions and be delivered to the Supervisor 48 hours before the meeting. Letters will only be read by the Chair or his/her designee if deemed appropriate.
Announcements
(includes township activities or announcements by civic or non-profit organizations)
 10. **Public Comment** (On Unfinished Business or New Business 2 Min.)
 11. **Unfinished Business**
 12. **New Business**
 13. **Extended Public Comment – (Non –Agenda Items, 10 Min.)**
 14. **Reports**
 - Trustees**
 - Clerk, Payment of Bills**
 - Treasurer**
 - Supervisor**
 15. **Adjournment**

- (a) Board meeting's order of business subject to change based on Chair's discretion. Example: for special ceremonial proceedings.
- (b) The Board agrees that no item shall be added to the agenda outside of these parameters unless it is an emergency. Last minute items will not be recognized.

RULE 6. CONDUCT OF MEETING:

Chairperson. The Supervisor shall moderate and chair all meetings of the Township Board. In the absence of the Supervisor, the Clerk shall call the meeting to order and entertain a motion to appoint a Chairperson Pro-Tem for the meeting, by a majority vote. This individual may be any member of the Township Board. Hereafter mentioned, the Chairperson will be referred to as Chair.

The Chair shall introduce every item to be deliberated by the Township Board. Items may be presented by the Chair or other Board members as may be applicable, or by department directors. Items may also be presented by the party or entity seeking Board approval (For example, civic/non-profit organizations, residents, developers, potential parties to a contract, or other interested parties.).

- 6.1 Addressing the Chair. Board members wishing to speak shall first obtain the approval of the Chair and each person who speaks shall address the Chair. Other persons at the meeting shall not speak unless called on by the Chair.

- 6.2 Seating. The Supervisor, shall be seated in the center, flanked by the Clerk and Treasurer, with two Trustees to the outside of both the Clerk and Treasurer.

RULE 7. Voting. The Chair shall reiterate for clarity all motions made by the Board, listing the motion maker and motion supporter and the action outlined in the motion. The Chair will call for the vote and duly note the approval or denial represented by the majority vote of the Township Board. Any non-unanimous vote will trigger a roll call by the Clerk.

- 7.1 Whenever a question is put forth by the chair, every member present shall vote on all questions decided by the Township Board. No member present shall abstain from voting “yes” or “no” unless excused by the unanimous consent of other members present. Board members may only abstain from voting upon matters in which he/she has a financial interest other than the common public interest; upon any question concerning his/her own conduct; or upon a matter pursuant to the Township Ethics Policy.
- 7.2 Roll Call Votes. Upon demand by any Township Board member a roll call vote shall be taken.
- 7.3 Recording of Votes. All votes shall be entered upon the record by name except when the vote is unanimous.
- 7.4 Order of Voting. In the case of a roll call vote, the vote shall be taken in random order.

RULE 8. Board Member Rules of Decorum:

- 8.1 The maker of the motion shall be first to speak; The supporter of the motion shall speak second. During discussion, no member shall speak until recognized for that purpose by the Chair. No member shall be able to speak a second time, before another member is given an opportunity to speak a first time.
- 8.2 A member shall not speak more than two times on a given question, three (3) minutes the first time, three (3) minutes the second time; a member who has the floor shall indicate when he or she is finished speaking; a member may request an extension of debate for all members, with one opportunity to speak for a maximum of three (3) minutes. If an objection is made, the majority through a straw poll will make the determination.
- 8.3 When addressing other Board members, they should be addressed by title and/or last name but not by first name.

- 8.4 Remarks must be confined to the merits of the pending question. No members may comment adversely on any prior act of the Board of Trustees that is not pending.
- 8.5 A courteous tone must be maintained. Interjecting personal attacks is strictly prohibited. These include, but are not limited to derogatory, denigrating, repeated abusive or accusatory language that serves no legitimate public purpose and allegations of criminal or civil wrongdoing. Critiques shall be made in a respectful manner.
- 8.6 Any Board member may ask for a Point of Order, when another member's remarks are considered not relevant to the pending question or a personal attack. In such cases, the Chair shall make the determination (without discussion) to call another member out-of-order. An appeal may be made to the Board, with a majority vote required to overturn the Chair's ruling. If deemed out-of-order, the speaking member will forfeit his/her remaining time to comment on the pending question.
- 8.7 A member's repeated refusal to adhere to the Board meeting rules of decorum set forth, may be called out-of-order by the Chair. A vote of the majority of the Board will determine if the Rules of Decorum have been violated. If it is deemed the rules have been violated, the Board will decide whether to impose a formal reprimand at the following meeting.
- 8.8 A Board member shall not use their personal mobile devices to answer phone calls or send electronic communications, including text messages, while seated at the Board table. Board members who have to attend to personal business shall step away from the Board table to do so.
- (a) These Rules of Decorum shall be maintained throughout the entire meeting.
- 8.9 A call for adjournment shall be made after 2 and 1/2 hours (150 minutes) has elapsed in a Board Meeting. An extension of the meeting time will be determined through a straw poll consensus.
- (a) In the case of an early adjournment, the pending motion on the table shall still be finalized and Public Comment will still be observed.

RULE 9. Public Comment :

- 9.1 Those wishing to speak shall first obtain the approval of the Chair to do so. Persons at the meeting shall not speak unless called on by the Chair. Once recognized, persons are asked to speak at the podium during a Board Meeting. Considerations will be made for persons with disabilities; persons will be asked, but not required to state

their name and address; persons will direct their comments to the Chair. Only one person shall be permitted to speak at a time.

- 9.2 Persons shall use civil language and make comments in a courteous, orderly and non-offensive manner when speaking at Board Meetings. Material will be deemed to be offensive if it contains personal attacks on persons, officials, or employees, or if it contains profanity, is of a grossly indecent nature, or includes inflammatory expressions reasonable persons would deem to cause or incite public outrage or expressions of disgust. Comments should be framed to provide a point of view, to provide information or to express a concern. Heckling or calling out is not permitted.
- 9.3 Public comments shall be directed towards the Chair. The Board shall not engage in a back and forth debate with speakers. The Chair may answer questions or correct misinformation following the Public Comment portion. Administration will make a diligent effort to answer questions and requests for information not immediately available, in a timely manner following the meeting.
- 9.4 Candidates running for elective office are permitted to introduce themselves during an election cycle. However, comments advocating for or campaigning on behalf of a candidate, and politicking in any form is discouraged at any Board Meeting.
- 9.5 Each speaker may address the Board Chair for two (2) minutes for the first public comment session on agenda items, and ten (10) minutes on the extended public comment on any subject. Comment time shall not be "shared" or "loaned" to others.
- 9.6 If several members of an organization or group are in attendance to express the same concerns, they are encouraged to select one individual to serve as their spokesperson and he/she shall indicate who they are speaking on behalf of.
- 9.7 Disorderly Conduct at Meetings: Respectful comment upon action, inaction, or performance of the Pere Marquette Charter Township Board of Trustees, commissions, boards, employees and consultants is allowed. However, inappropriate, profane, vulgar or repeated abusive language and personal attacks that serves no legitimate public purpose will not be tolerated; the speaker will forfeit the remainder of his/her time to address the Board; the Chair will make this determination.

- 9.8 Members of the audience will refrain from being disruptive to the Board's proceeding in any manner. This behavior will include but is not limited to: speaking before being recognized by the Chair, carrying on personal conversations, whistling, clapping other than during special ceremonies, yelling or heckling and interrupting a speaker.
- 9.9 The presiding Chairperson shall be the Sergeant-at-Arms and shall call to order any persons failing to abide by the Board's Meeting Conduct Policy. If any person, after being called to order, continues to be disorderly and disruptive to the meeting, he/she shall be ordered to leave by the presiding Sergeant-at-Arms immediately. **This subsection shall be strictly enforced.**
- (a) A police officer may be present at meetings of the Board of Trustees. When present, the police officer shall serve as security at the direction of the presiding Sergeant-at-Arms of the Board of Trustees and shall have general charge and supervision of the Board Room, Trustee's office, staff offices and work areas and all connecting hallways and passages during Board meetings.
- 10.0 Repeated disorderly behavior by a member of the public may be referred to law enforcement or other authorities for appropriate action. A vote of the majority of the Board will make this determination.

III. Secretary to the Board:

The Clerk may appoint an individual to serve as Secretary to the Board. The Secretary to the Board shall be responsible for audio-taping all regular, special and emergency meetings of the Township Board and shall prepare or assist the Clerk in the written minutes of the proceedings of those regular, special, emergency and study session meetings of the Township Board. It is expressly understood the sole purpose for which the Secretary to the Board audiotapes meetings is to facilitate the written preparation of meeting minutes. Upon approval of the minutes at a subsequent Board meeting, the Secretary to the Board shall reuse the tapes, as practical, for use in accurately preparing future meeting minutes. At the direction of the Clerk, the Secretary to the Board may attend Closed Sessions of the Board and assist in the written recordings of those closed meetings. The Secretary to the Board may assist, as needed, in the roll call votes and recording of such votes in the absence of or at the direction of the Clerk. The Secretary to the Board may perform other duties as determined by the Clerk. If a Secretary is not appointed, the Clerk shall perform the aforementioned duties. In the absence of the Clerk, the Board shall appoint one of its members to be the temporary Clerk for the meeting. (MCL 42.5)

IV. Additional Notes for the Public:

The public is encouraged to attend all public meetings of the Township Board, and in accordance with the Americans with Disabilities Act, upon advance notice, reasonable accommodations will be made to accommodate said persons. To make

themselves more informed about the items appearing on the agenda, it is suggested that individuals seek information from the appropriate department or through the Supervisor's Office on items of interest prior to the meeting. This provides an opportunity for information to be relayed and if needed, appropriate research to be conducted to provide a more thorough response. Often, Township staff can address a concern quickly or provide the Board with additional information in advance of their deliberations.

Members of the public will be permitted to display signs that are not offensive and do not disturb or create a visual obstruction for other audience members.

During Public Hearings, only the item for which the Public Hearing was convened may be discussed.

Parliamentary Authority, Robert's Rules of Order, revised: Robert's Rules of Order, as revised, shall govern all questions or procedures that are not otherwise provided by these rules or by state or federal law.

Yeas:
Nays:
Absent:
Adopted from:



PERE MARQUETTE

CHARTER TOWNSHIP

Memo

To: Township Board

From: Karie K. Bleau, Campground Administrator

cc: Kristin Lange, Personnel Director

Date: 3-22-2023

Re: Campground employees

Township Board

I am seeking approval to allow myself and the Personnel Director to hire campground staff wishing to return to work for the upcoming season, new seasonal campground attendants (if needed) as well as one full-time seasonal campground manager. The positions will be for the 2023 season. The wages will be as approved in the 2023 compensation schedule.

Per the personnel policy, **4.10 Hiring**, the Township Board shall approve the hiring of and the starting salary/wage for each position held in the Township, excluding deputies and Park Commission employees. The Township Supervisor shall report to the Board when a position is filled, indicating a brief profile of the new employee's background and qualifications.

Thank you for your consideration.

Karie K. Bleau, Campground Administrator