

OHIO AUDITOR OF STATE
KEITH FABER

Basic Policies for Small Governments

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Basic Policies for Small Governments

What is a policy?

- Difference between a policy and procedure
- Policies:
 - Communicate an organization's culture, values, and philosophy.
 - Lay the groundwork for the work culture.
- What is in a good policy?

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What is a procedure?

- Policies show the "why."
- Procedures tell the "how."
- Procedures outline:
 - Who is responsible for each task
 - What steps they need to take
 - Who they need to report to


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Example for requesting vacation time:

- Difference between a policy and a procedure:
 - Policies determine how much time an employee can take.
 - Procedures ensure that employees know what to do.

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Why do policies and procedures matter:

- Improve communities and interacting with citizens
- Carry out federal and state programs and laws
- Maintain accurate records
- Ensure employees abide by regulations
- Communicate clear goals and expectations
- Ensure employees know policies and procedures
- Promote consistency across organizations

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Sample policies:

- Credit Cards
- Travel Expenses
- Cash Management
- Personnel
- Personal Information
 - Note: This is not an all-inclusive list of policies.

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Credit Card Policies

- **General Provisions - Enacted HB 312 / ORC § 9.21**
 - Effective date: November 2, 2018
 - By February 2, 2019 each entity must adopt a written policy for the use of credit card accounts
 - If your entity currently does not use credit cards, you must adopt a policy prior to using or opening a credit card account
 - Due to the increased risk and ability to conduct ATM transactions via debit card, HB 312 prohibits the use of a debit card except for law enforcement purposes and debit/gift cards which are tied to grant moneys.

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Credit Card Policies (continued)

- **Policy Requirements:**
 - Appointment of compliance officer
 - Authorized users
 - Types of expenses
 - Acquisition, use and management of credit card
 - Submitting itemized receipts
 - Issuance, reissuance, cancellation and lost or stolen credit cards
 - Maximum credit limit or limits
 - Actions or omissions that qualify as misuse of a credit card account

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Credit Card Policies (continued)

- **Additional Resources:**
 - AOS Bulletin 2016-004 - "Credit Card Cash Withdrawals and Credit Card Controls in General"
 - AOS Best Practices December 2017 - "How to Minimize the Risk of Credit Card Abuse"
 - AOS Bulletin 2018-003 - "House Bill 312 Amendments to Regulate the Usage of Credit and Debit Cards"

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Travel Expense Policies

- Adopt formal policies and procedures for the reimbursing of travel expenses for employees. This policy should include, at a minimum:
 - an amount to be paid for mileage;
 - maximum amounts to be paid for meals and overnight stays;
 - and documentation required to be submitted to the Fiscal Officer for reimbursement.
- Updates from the IRS:
 - The standard mileage rates for car, van, pickup or panel truck are updated each year.
 - The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile.

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Cash Management Policies

- Need to have policies addressing
 - Investments – very complicated
 - Cash on hand – how long to hold?
 - Petty cash – replenishment & receipts
 - Fund balance requirements – 1 month or more?
 - Collateral with banks.

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Personnel Policies

- Formal leave (sick/vacation/personal) policies and accrual rates
- Working hours & breaks
- Compensation rates
- Evaluations
 - *Note: This can be complex and might require the use of an expert in human resource management.*

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Personal Information Policies

- Includes: Personally identifiable information, SSN & other information.
- Ohio Rev. Code Section 1347.05 states every state or local agency that maintains a personal information system shall:
 - Appoint a responsible individual
 - Adopt and implement rules
 - Inform each of its employees
 - Specify disciplinary measures
 - Inform a person
 - Develop procedures
 - Take reasonable precautions
 - Collect, maintain, and use
- Further, Ohio Revised Code Section 1347.07 states a state or local agency shall only use the personal information in a personal information system in a manner that is consistent with the purposes of the system.

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