

Venice Neighborhood Council

STANDING RULE

Adopted 6/8/06 by the VNC Budget & Finance Committee

DONE SPENDING REQUIREMENTS AND PROCEDURES

New Spending Procedures

As the Neighborhood Council Funding Program has evolved, the scope and cost of projects entered into by the Neighborhood Councils have expanded and increased, respectively. This change reflects the greater participation of the Neighborhood Councils in shaping community priorities and in coordinating community improvements with other groups and with city departments. Community improvement projects have grown more complex and as a result, more costly. Neighborhood Councils are to be congratulated for taking on a greater role in identifying and financing community improvement projects. With this greater role, however, comes a responsibility to ensure larger cost projects, specifically those items costing \$5,000 or more, receive board approval in a public meeting. Board approval is necessary to make clear to the public that these projects have been thoroughly discussed and included in a publicly approved budget. This is to protect both the Neighborhood Council and the City of Los Angeles from assertions of inadequate public input and failure to meet Funding Program requirements for transparency and accountability of board actions.

The Request for Paper Check form (commonly referred to as the Demand Warrant or DW form) has therefore been revised to include a section in which the treasurer and second signatory attest that the item being requested received board approval on a certain date. Please complete the form by including the date of the board meeting in which the item costing \$5,000 and above was approved.

Checks cannot be issued if the following are not in place:

1. Board approved budget on file.
2. Documentation of board approval of the budget (either *approved board minutes* listing the approval and the votes on the budget or the attached *affidavit* affirming the approval).
3. Quarterly submission of reconciliations, bank statements, and original receipts for pre-paid card charges and petty cash within 90 days after the close of each fiscal quarter. In other words, the "grace period" needs to be honored.

Neighborhood Councils will now be required to spend their funds (city checks and card loads) according to the designated amount allocated in the budget. If Neighborhood Councils do not have a current board approved budget, the department will not issue city checks. Likewise, if a treasurer has not submitted the required reconciliation within the specified time frame, city checks and card uploads for the Neighborhood Council cannot be processed.

Requirements for Demand Warrants

Food and Refreshment Expenditures:

1. Completed Demand Warrant form
2. Original Invoice (or fax of original invoice)
3. Copies of sign-in sheet and agenda of event/meeting

Neighborhood Council Outreach Event:

1. Completed Demand Warrant form
2. Original invoice (or fax of original invoice)
3. Board approval of expenditure (please provide a copy of board minutes or affidavit)
4. Copies of sign-in sheet for the event and/or flyer for event
5. Insurance agreement (please consult with funding program if needed)

Community Improvement Project:

1. Completed Demand Warrant form
2. Original invoice (or fax of original invoice)
3. Board approval of expenditure (please provide copy of board minutes or affidavit)
4. An official neighborhood council statement explaining how the project will benefit the community
5. Letter of acknowledgement of receiving agency (i.e. Department of Recs. and Parks, LAUSD, Department of Street Services) acknowledging and approving the desired project
6. Proof that required licenses and permits are in place (if needed)

Unacceptable Purchases

Below is a list of unacceptable purchases using City funds, including both the Commercial Prepaid Card and paper checks. It is the responsibility of the Neighborhood Council to obtain prior approval on all questionable items that are not listed here or on the Acceptable Purchase Categories list.

The Department at Neighborhood Empowerment has created the Funding Program based on a good faith relationship with the Neighborhood Councils. It is assumed that Neighborhood Council purchases will reflect this assumption of good faith and will adhere to the prohibitions described below. To assist the Neighborhood Councils, the Department retains fiscal controls to minimize mistakes or monetary abuses by the Neighborhood Councils. The Department is able to monitor Neighborhood Council purchases through real-time online access to the Bank of America and the City Financial Management Information System (FMIS) databases and reports. If fiscal mistakes or abuses occur, the Department may use a sanction process to correct the situation.

Unacceptable Purchase Categories and Items

- Any purchases made without the authorization of the Neighborhood Council governing body, and any purchases that are not identified by category in the approved budget or spending plan of the Neighborhood Council
- Transactions completed without obtaining an original invoice, receipt, written quote, or written estimate
- All costs or expenses incurred prior to the date of enrollment in the Funding Program
- Renting or leasing of office space without prior approval of the Department (This is a contracting issue that requires adherence to specific guidelines)
- Long-term contract in excess of 12 months or one full funding cycle without approval of the General Manager and City Attorney (contracts require adherence to specific guidelines because of liability concerns)
- Gifts, grants, and donations of money or goods to individuals or groups without a clearly identified and tangible benefit to the Neighborhood Council, and without a receipt from the recipient individuals or groups. (State law prohibits public funds from being given as a gift; contact your Project Coordinator or the Funding program for more information) – Gift Cards, Flowers to Neighborhood Council members or any other individual or group (State law prohibits public funds from being given as a gift)
- Airfare and any other travel expenses including hotel/motel facility expenses without prior Department approval. (The City Controller must approve all travel-related expenses for City departments, and the Department of Neighborhood Empowerment must approve travel by Neighborhood Councils, in advance)
- Alcohol, tobacco, firearms, and adult entertainment products (this should be obvious)
- Funding to third party individuals or groups without either an approved contract for goods or services or a receipt from a vendor for goods or services received (There must always be a closed transaction with either a contract or receipt acknowledging the funds the Neighborhood Council is spending. There cannot be a third party intermediary that receives Neighborhood Council funds without written acknowledgment for the Neighborhood Council and Department records)
- Hiring staff or securing the services of temporary employees, except through an approved contract between the Department and Apple One Temporary Services, a City-approved temporary employment agency (This is a contract that requires adherence to specific guidelines)
- Retaining janitorial, custodial, security, or any other professional services without an approved contract for services (This is a contracting issue that requires adherence to specific guidelines)
- Supporting or opposing ballot measures or candidates, filing lawsuits against the City or City agency, filing appeals against any discretionary decisions made by any City agency, political forums or debates, unless following City Attorney guidelines