

**San Francisquito Creek Joint Powers Authority**

**June 25, 2009 Board Meeting**

**Agenda Item 6**

**Executive Director's Report**

With the help of Kevin Murray and Miyko Harris-Parker, I am pleased to submit the following:

a) 2007-08 Audit Management Letter Follow-up

On the Consent Calendar is a proposal to the Board to accept the Financial Statements and Management Letter for the Fiscal Year ending June 30, 2008. Within the Management Letter are five observations and recommendations regarding the "internal control structure" of the JPA, none of which were found to be a significant deficiency. These recommendations include the following:

- JPA staff should post all audit adjustments and post-closing adjustments into its general ledger as soon as each annual audit is complete,
- The JPA Board of Directors should adopt the accounting policies,
- The Authority should complete the accounting procedures manual,
- The JPA should work with the Corps of Engineers to design, agree upon, and document in formal agreements the financial information to be provided by the Corps, and
- After the Authority develops an investment policy as recommended above, it should invest a portion of its cash to receive a higher rate of return.

JPA staff believe these recommendations would improve the workings of the agency, and several of these recommendations have appeared in prior year audits. As the Management Responses within the Management Letter indicate, we are moving forward to address them, and thus this item will be on the agenda for Board information or action at approximately every third Board meeting until the recommendations are implemented.

b) Updating JPA Policies

At the March 26, 2009 Board meeting, the JPA Board adopted the Fiscal Year 2009-10 JPA Operating Budget. The Budget included an increase in General Contingency to 2% of the Budget, and moving that account field outside of the Administrative section to allow for greater flexibility to address needs in all areas of the budget.

In my March 26 Executive Director's Report to the Board regarding this item, I stated that before the new Budget takes effect on July 1, I will propose policies to the Board that will allow the Executive Director to authorize in writing, a transfer of funds from the unallocated balance of the General Contingency Account to any other account field, except to the account fields pertaining to the Executive Director's salary or transportation allowance. Attached to this Executive Director's Report is Resolution 09-06-25 which accomplishes that, and which creates JPA policies that spell out the following:

- All expenditures made on behalf of the Authority must be made in accordance with the annual SFCJPA Operating Budget approved by the Board of Directors,
- The Executive Director may authorize in writing a transfer of funds between account fields not to exceed \$10,000, except to the account fields pertaining to the Executive Director's salary or transportation allowance,

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- The Executive Director may execute a contract in an amount not exceeding \$10,000 provided that such contract is consistent with the approved Operating Budget, and
- The Executive Director shall inform the Board of Directors at its next meeting in writing of any actions taken pursuant to the authority granted to the Executive Director by this resolution.

This resolution has been reviewed and approved by JPA General Counsel Greg Stepanicich.

As mentioned above in the write up for item 6.a., the 2007-08 Audit Management Letter included a recommendation that the Board adopt accounting policies. With the assistance of Auditor Kevin Harper and Greg Stepanicich, JPA staff has begun a review of additional policies that we intend to bring to the Board for review and adoption in the coming months.

**Proposed Board Action:** Amend and pass Resolution 09-06-25 (enclosed), which establishes the Executive Director's budgetary, expenditure and contract approval authority.

Submitted by:



Len Materman  
Executive Director



SAN FRANCISQUITO CREEK

**Joint Powers Authority**

www.sfcjpa.org

East Palo Alto, Menlo Park, Palo Alto, San Mateo County Flood Control District, and the Santa Clara Valley Water District

**RESOLUTION No. 09-06-25**

**Resolution of the Board of Directors of  
The San Francisquito Creek Joint Powers Authority (SFCJPA)  
Establishing the Executive Director's  
Budgetary, Expenditure and Contract Approval Authority**

**BE IT RESOLVED** by the Board of Directors of the San Francisquito Creek Joint Powers Authority that the Board of Directors hereby adopts the following policies regarding budgetary and expenditure authority and contract approvals:

1. All expenditures made on behalf of the Authority must be made in accordance with the annual SFCJPA Operating Budget approved by the Board of Directors, as amended by the Board. Notwithstanding the foregoing, the Executive Director may authorize the following Operating Budget transfers:
  - a. The Executive Director may authorize in writing, a transfer of funds from the unallocated balance of the General Contingency Account to any other account field, except the account fields pertaining to the Executive Director's salary or transportation allowance.
  - b. The Executive Director may authorize in writing a transfer of funds between account fields not to exceed \$10,000.00, except to the account fields pertaining to the Executive Director's salary or transportation allowance.
2. The Executive Director may execute a contract in an amount not exceeding \$10,000.00 provided that such contract is consistent with the approved Operating Budget. The Executive Director may award and sign a contract exceeding the amount of \$10,000.00 only after the approval of the Board of Directors.
3. The Executive Director shall inform the Board of Directors at its next meeting in writing of any actions taken pursuant to the authority granted to the Executive Director by this resolution.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

\_\_\_\_\_  
Vice Chairperson

Date:

\_\_\_\_\_  
Chairperson

Date:

APPROVED AS TO FORM:

\_\_\_\_\_  
Legal Counsel

\_\_\_\_\_  
Date