

Mutual Aid Box Alarm System – Illinois Administration – Financial Investment Banking Policy

Index #: A-04-01

Adopted: 2/18/2017

Revised:

Page 1 of 4

Subject: Financial Investments & Banking Policy
Functional Area: Administration – Treasurer / Comptroller
Category: Policy
Approved By: MABAS Executive Board



PURPOSE

The purpose of this document is to formalize the investment and banking policy for MABAS, outline the responsibilities of all parties involved, facilitate communication, and enhance supervision, monitoring, and evaluation of MABAS' assets and distributions.

RESPONSIBILITY

This policy applies to the MABAS Treasurer/Comptroller, MABAS elected Board members, and related MABAS staff as well affiliated banking institutions.

ACCOUNTABILITY

Enforcement of this specific policy rests initially with the MABAS Treasurer/Comptroller, followed by the MABAS President, 1st Vice President and 2nd Vice President and Secretary.

REPORTING REQUIREMENT

The Treasurer/Comptroller will make regular reports to the MABAS Executive Board concerning the financial activities of MABAS.

BACKGROUND

The Mutual Aid Box Alarm System - Illinois (herein referred to as "MABAS") is a unit of intergovernmental cooperation created under the constitutional and statutory provisions of the State of Illinois, specifically 5 ILCS 220/1 *et. seq.* It is governed by an Executive Board composed of representative of the various MABAS Divisions that comprise the MABAS mutual aid network in Illinois. Day to day operation of MABAS is under the direction of the Elected Board members (Board) that is comprised of the President, 1st Vice President, 2nd Vice President, Treasurer/Comptroller and Secretary. MABAS employs staff and or contractors to execute daily administrative and financial functions of MABAS.

The Board and all fiduciaries to MABAS shall act and discharge their fiduciary duties with respect to MABAS' funds solely in the interest of MABAS. In discharging their duties they shall not: deal with the assets of MABAS in their own interest; act on behalf of any other party whose interests are adverse to the interests of MABAS; or receive any consideration for their own benefit from any party dealing with MABAS in connection with a transaction involving the assets of the MABAS.

POLICY

Section 1: Responsibilities of the Elected Board and MABAS Staff

1.01 The ultimate responsibility for oversight of MABAS funds rest with the fiduciaries of MABAS. The Board and staff will exercise its responsibilities as a prudent body in conformance with all applicable statutes of the State of Illinois and the Federal Government. The Board and its staff, as fiduciaries, must operate under an extremely high ethical standard and, therefore, must not enter into any action or transaction that would be in conflict or perceived to be in conflict with the best interests of MABAS. It is incumbent upon the Board and staff that they disclose any conflicts of interest.

Mutual Aid Box Alarm System – Illinois Administration – Financial Investment Banking Policy

Index #: A-04-01

Adopted: 2/18/2017

Revised:

Page 2 of 4

- 1.02 The duties and responsibilities of the Board include but are not limited to:
 - 1.02.1 Ensuring that MABAS funds are managed effectively and prudently in compliance with all applicable laws and ordinances, discharging its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character.
 - 1.02.2 Acting in good faith on a best-efforts basis to keep the appropriate parties including the Board, staff, consultants and financial institution(s) apprised of any changes to such applicable statutes.
 - 1.02.3 Delegating supervisory responsibilities to appropriate individuals, assigned staff, or assistants for administration of MABAS funds.
 - 1.02.4 Establishing policies, procedures and/or guidelines related to MABAS finances.
 - 1.02.5 Ensuring that MABAS operations funds are appropriately segregated from any Federal grant funds.
 - 1.02.6 Ascertaining the adequacy of this policy, reviewing it annually or as needed, determining any warranted changes.
 - 1.02.7 Engaging such professional expertise as may be needed to assist in the supervision of MABAS' assets including but not limited to investment consultants, custodians, attorneys, and auditors.
 - 1.02.8 Communicating with the MABAS Executive Board on a regular basis the financial condition of MABAS.

Section 2: Financial Institution(s) and Accounts

- 2.01 The Treasurer/Comptroller is responsible to ensure that all MABAS funds are properly deposited, recorded and maintained.
- 2.02 MABAS shall maintain all funds within the safekeeping of one or more state or national banks that maintain insurance coverage for deposits with the Federal Deposit Insurance Corporation (FDIC).
- 2.03 The Treasurer/Comptroller shall select appropriate financial institutions for all MABAS funds with the concurrence of the Board.
- 2.04 Generally, bank demand deposit accounts will be established for the following purposes:
 - 2.04.1 Disbursing Account: This will be a regular business checking account that will be utilized for disbursing funds related to accounts payable, contract payments and similar expenses. This account will maintain a minimum balance, as agreed to with the financial institution, generally in the range of \$5000 to \$10,000. Funds will be transferred into this account from both the General Revenue accounts and Grant Account to cover checks written against the account.
 - 2.04.2 General revenue Account(s): This will be one or more regular interest bearing business revenue account(s) that will be utilized to hold MABAS operational (non-grant) funds. All non-grant funds received by MABAS will be promptly deposited into the appropriate General Revenue Account by MABAS staff and/or the Treasurer/Comptroller.
 - 2.04.3 Grant Account: All grant funds received by MABAS will be promptly deposited into the Grant Account by MABAS staff and/or the Treasurer/Comptroller. The Illinois Comptroller will also transfer grant disbursements into this account using Automated Clearing House (ACH) direct fund transfers.
 - 2.04.4 Certificates of Deposit: From time to time, it may be to the advantage of MABAS-IL to invest in Certificates of Deposit. The Treasurer/Comptroller is authorized to invest in Certificates of Deposit with the consent of the Board.

Mutual Aid Box Alarm System – Illinois Administration – Financial Investment Banking Policy

Index #: A-04-01

Adopted: 2/18/2017

Revised:

Page 3 of 4

- 2.05 It is anticipated that MABAS will generally have deposits with a single financial institution that exceed the insurance limits of the Federal Deposit Insurance Corporation. To protect MABAS funds above the FDIC limits, any financial institution holding MABAS funds must agree to the following provisions:
- 2.05.1 All deposits beyond FDIC limits must be properly collateralized by the financial institution to a level of 120% of the uninsured balance.
 - 2.05.2 The form of collateral must be approved by the Treasurer/Comptroller and may be held by an independent (third-party) organization. Generally, collateral should be in the form of Bond Pledge Agreements or mortgages or spread deposits to multiple financial institutions to stay below FDIC limits (Wintrust Banks).
 - 2.05.3 Financial Institutions required to collateralize MABAS deposits must report to the Treasurer/Comptroller, at least monthly, the amount and location of the collateral.

Section 3: Signatories

- 3.01 All checks, disbursements and non-payroll related ACH (external) fund transfers will require two signatures from the signatory list established in 3.02 and 3.03.
- 3.02 Individuals holding the following elected positions are hereby established as signatories for all MABAS accounts:
- President
 - 1st Vice President
 - 2nd Vice President
 - Treasurer/Comptroller
 - Secretary
- 3.03 The use of signature stamps or electronic signatures is hereby prohibited for disbursement signatures.

Section 4: Deposits

- 4.01 MABAS-IL will receive revenue from various sources. Staff shall readily identify for what purpose all revenues are received.
- 4.02 Staff shall regularly deposit funds into MABAS-IL accounts, generally within five (5) days of receipt.
- 4.02.1 All Federal grant related revenues shall be deposited into the Grant Account.
 - 4.02.2 All operations related revenues shall be deposited into the appropriate General Revenue Account.
 - 4.02.3 Receipts from credit cards sales or online transactions shall be deposited into the appropriate General Revenue Account.
- 4.03 Copies of all deposits and credit card transaction receipts shall be promptly forwarded to the Treasurer/Comptroller for posting.

Section 5: Reconciliation

- 5.01 MABAS bank accounts will be promptly reconciled each month.
- 5.02 Generally, staff will conduct the initial review and reconciliation.
The Treasurer/Comptroller shall also review the monthly reconciliation.

Mutual Aid Box Alarm System – Illinois Administration – Financial Investment Banking Policy

Index #: A-04-01

Adopted: 2/18/2017

Revised:

Page 4 of 4

Section 6: Reporting

- 6.01 The Treasurer/Comptroller shall prepare regular Treasurer's Reports for review and distribution to the MABAS Executive Board.
- 6.02 The Treasurer's Report shall include, but not be limited to:
- Statement of Beginning Fund Balances
 - Summary of Revenue by Fund
 - Summary of Expenses by Fund
 - Statement of Ending Fund Balances
- 6.03 Regular Treasurer's Reports will be placed on the MABAS Executive Board Agendas for review and acceptance.
- 6.04 The Treasurer/Comptroller shall oversee the completion of other reports and audits as requested and/or required.

CONCLUSION

Acceptance and compliance with this policy should insure appropriate financial and banking management of MABAS-IL funds.