

Neighborhood Council Funding Program

POLICIES & GUIDELINES

Updated April 8, 2019



Office of the City Clerk
Administrative Services

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Neighborhood Council Leaders,

The Office of the City Clerk would like to extend a warm welcome to all new board members and particularly the new Financial Officers in the Neighborhood Council (NC) system. The NC system is indeed one of the gems in the City of Los Angeles, and we are proud to be able to provide the administrative support for NCs to run their financial operations successfully through the Neighborhood Council Funding Program.

The NC Funding Program was transferred from the Department of Neighborhood Empowerment to the Office of the City Clerk in July 2016. At that time, our City leaders had a vision to expand and strengthen support to the NC system while simultaneously allowing the Department of Neighborhood Empowerment to focus its staffing resources on capacity building and technical assistance in the field.

At the core of the City Clerk's approach to working with our NC system and creating the Neighborhood Council Funding Program Policies and Guidelines is TASC: Transparency, Accountability, Simplicity and Consistency. TASC is also the lens utilized in the creation of the online NC Funding System portal.

With the support from the Commission on Innovation and performance, the Office of the City Clerk was able to bring **simplicity** to the execution of financial transactions by NCs. The NC Funding System portal is an easy to use online platform for the NCs to request funds, track expenditures, upload documents, and generate financial reports. Utilizing the online platform, anyone with computer access can view spending trends by budget categories in detail creating a new level of **accountability** and **transparency** required in the expenditure of NC funds.

The Office of the City Clerk is committed to developing and implementing funding policies and guidelines that mirror sound accounting practices and make sense for the NC system. The **consistency** with which we will administer these funding policies and guidelines will make them both predictable and easy to follow. We will continue to work in partnership with our NC system, the Mayor, City Council, Office of Finance, Controller's Office, Risk Management, City Attorney's Office and Department of Neighborhood Empowerment to ensure that we continue to innovate and provide excellent service to the NC system.

Sincerely,

A handwritten signature in black ink, appearing to read "Holly L. Wolcott".

Holly L. Wolcott
City Clerk

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Governance and Administration

The Office of the City Clerk, Administrative Services Division, Neighborhood Council Funding Program (NC Funding Program) is pleased to distribute our “*NC Funding Program, Policies & Guidelines*.” It has been our goal since the NC Funding Program was transferred to our department to provide Neighborhood Councils (NC) with a fresh set of comprehensive policies that can be consistently applied and updated as necessary. These easy to follow guidelines build on the established financial management framework on which each NC is currently operating.

Background

On March 21, 2017, the Los Angeles City Council adopted ordinance 184835 which amended sections 5.517, 22.801(p), 22/810.1(g) and 22.815 of the Los Angeles Administrative Code in order to transfer administration of the NC Funding Program from Department of Neighborhood Empowerment to the Office of the City Clerk, and establish a trust fund for the City Clerk to administer NC Accounts. Said change came fourteen years after the inception of the NC Funding Program in March 2003 via Council File 02-0699.

Mission

Our Mission is to assist the NC System with its fiscal administrative needs as they relate to NC funding. Our philosophy in order to accomplish our mission is based on a two-pronged approach: 1) Facilitate access by the NCs to their annual budget allocation by making the process of spending public funds simple, while maintaining accountability and transparency, and 2) Ensure that public funds are spent appropriately following all City government laws, policies, rules, guidelines and expectations and that said regulations and policies are applied consistently across the NC System.

Administration of the NC Trust Fund

The Policies and Guidelines set forth in this set of documents (known as “policies”) are the governing rules for the NC Funding Program. The Policies and Guidelines are subject to revision at the discretion of the Office of the City Clerk, Administrative Services Division, NC Funding Program. The NC Funding Program may issue additional instruction(s) on NC Funding matters not addressed in these documents.

Authority to Administer the NC Trust Fund

Los Angeles City Charter Article IX Section 911.

Funds shall be appropriated into a special fund to be established by ordinance. The Mayor and Council shall thereafter appropriate funds for the department and NCs at least one year in advance of each subsequent fiscal year.

Los Angeles Administrative Code Section 22.810.1(g) Subsection (1) & (2)

Money appropriated in the budget of each year for certified NCs for the costs related to the functions, operations and duties of a certified NC shall be placed in the NC Fund. The functions, operations and duties of a certified NC include, but are not limited to, meeting and office space, office equipment, computers, supplies and communications, such as the costs associated with newsletters, postage or printing written materials. At the discretion of each NC, and as approved by the City Clerk, all or part of the money so appropriated may be used for neighborhood improvement projects. The City Clerk is authorized to promulgate all procedures, rules and regulations, as well as to issue any directives necessary for the administration of NC expenditures, including neighborhood improvement projects and Neighborhood Purpose Grants.

Plan for a Citywide System of NCs (the Plan)

The NC Funding Program derives additional guidance not already implicit in the City Charter or Administrative Code from the Plan, such as general financial accountability, funding responsibilities and expectations, including operations, outreach, neighborhood projects and grants, corrective actions and remedial measures.

NC Boards and Financial Officers

NC Funding Program Policy 1.0 - NC Boards and Financial Officers

In 1999, voters in the City of Los Angeles approved changes to the City Charter which added Section 900 to create the NC System. With the creation of the NC System, the Plan for a Citywide System of NCs (Plan) was also drafted and adopted. The Plan discusses financial accountability relative to NCs and the requirements for proper spending of public funds. The Plan also discusses Funding in Article IX which explains the purpose of the funding appropriated to NCs.

Each Certified NC's Governing Body is comprised of elected, selected, and/or appointed stakeholders. Each NC is allocated funds for their Office, Outreach, Election, Neighborhood Purposes Grants, and Community Improvement Project expenditures. Since NCs are City bodies who are subject to local, state and federal laws, and who use public funds for their activities, all expenditures by NCs must be agendaized and voted on at a properly noticed public meeting.

1. Fiduciary Responsibility

- a. All NC Board Members have the responsibility of ensuring that the funding account activity of their respective Boards complies with established Policies and Guidelines prescribed by the Office of the City Clerk. All Board members voting on funding-related matters at official NC meetings must complete and abide by all required trainings.
- b. If a Board member thinks they may have a potential conflict of Interest, they must contact the Office of the City Attorney prior to engaging in discussion or voting on any matters that may pose a potential conflict of interest.
- c. All funding-related matters must be included on a board agenda, discussed and approved at a public meeting that complies with all Brown Act and other meeting notification requirements. The board should include enough information on the agenda regarding a funding matter so that the public can make a reasonable decision whether they would like to attend and provide their input on the matter.
- d. Treasurers are to report the Monthly Expenditure Report (MER) to the board and its stakeholders on a monthly basis regarding the status of its NC Funding Program account including expenditures, outstanding expenditures, and the total remaining balance for the fiscal year. If at any time a funding discrepancy is discovered, the board should be notified immediately so that it may be discussed and corrected. If the discrepancy cannot be resolved or is of a nature that may involve criminal activity, the board should notify the NC Funding Program immediately.

2. Eligibility to Vote on Financial Matters

- a. To be eligible to vote on any NC Expenditure, Financial Reports, and/or annual budgets, the board member must:

- i. Be an Elected, Appointed and/or Selected Board Member of the NC
- ii. Be 18 years of age or older
- iii. Have completed the California State Ethics Training Requirement for Local Officials (AB 1234)
- iv. Have completed the online NC Board Member Funding Training and obtain a passing score of 70% on any test associated with the online course at least once every 2 years.
 - 1. Board members may also attend the in-person Funding Training required for NC Financial Officers, at least once every 2 years.
 - 2. Any Funding trainings completed before July 1, 2018 will expire June 30, 2020
- v. Have completed the Code of Conduct acknowledgement.

3. Board Member Responsibilities

- a. Every Board member eligible to vote on funding items has a fiduciary responsibility and must ensure that proper procedures are followed when expensing public funds.
- b. Each board member is responsible for understanding the NC Funding Program and educate himself or herself on the rules and guidelines governing the use of public funds.
- c. Every board member is responsible for completing all required trainings and abide by Conflict of Interest Laws applicable to NCs.
- d. Each board member must seek advice from the Office of the City Attorney, NC Advice Division, when applicable, and *PRIOR* to any discussion and/or vote.
- e. Every board member is responsible for understanding the funding items up for discussion and action. Each expenditure should be evaluated on its merit, with all of the necessary supporting documentation.
- f. Every board member must know what is appropriate and inappropriate use of public funds.
- g. All board members must review, understand, inquire, discuss and ultimately vote on the Monthly Expenditure Report (MER) on a monthly basis.
- h. Every board member must visit the NC Funding Program Public Dashboard and stay current with their NC's financial activity.
- i. Every board member must feel free to speak with their vote anytime there is a disagreement on any financial matter.

4. Financial Officers

- a. Every NC must select, elect, or appoint the following Financial Officers from the NC Board:
 - i. Treasurer
 - ii. 2nd Signer
 - iii. NC Bank Cardholder
- b. An NC may also, if they choose, select, elect, or appoint an Alternate Signer to serve as a Financial Officer as described in Section 5 below.
- c. Financial Officers of the NC must meet the following criteria:

- i. Fully eligible to vote on expenditures, financial reports, and annual budgets as listed above
- ii. Complete the in-person NC Funding Program Training at least once every 2 years.
 - 1. Trainings completed before July 1, 2018 will expire June 30, 2020
- iii. Complete the in-person NC Funding System Portal Training at least once every 2 years.
 - 1. Trainings completed before July 1, 2018 will expire June 30, 2020
- iv. Complete Funding Program bank documents, providing two forms of identification
- v. Have a level of comfort with technology and utilization of an online Funding system
- vi. Inability to meet the criteria above will cause the Financial Officer to be suspended from, or be unable to perform, their respective responsibilities until the criteria is met.

5. Financial Officer Responsibilities

- a. The NC **Treasurer** is responsible for the following:
 - i. Use of the online Funding System portal which includes:
 - 1. Submitting check payment requests after the NC Board approval vote has been taken. As a best practice, the NC should submit payment requests within 45 days of the NC board approval of the expenditures.
 - 2. Generating the Monthly Expenditure Reports (MER) and presenting them to the Board for review and action on a monthly basis.
 - ii. Submit requests for bank card limit increases, as needed
 - iii. Keep track of the NC's annual budget for revisions by the Board, as needed
 - iv. Maintain custody of financial documents - unless appointed differently by the Board
- b. The NC **2nd Signer** is responsible for the following:
 - i. Verifies Funding Program documents have been correctly and completely filled out before submitted for processing.
 - ii. Acts as the second signer as required on Funding Program documents
- c. The NC **Bank Cardholder** is responsible for the following:
 - i. Maintains secure custody of the NC's bank card
 - ii. Ensures card is used for payment transactions as approved by the Board only.
 - iii. Obtains itemized receipts or itemized paid invoices for every card transaction.
 - iv. Submits (Uploads) itemized receipts or itemized paid invoices for card no later than 10 days after the date the transaction posts.
 - v. Must not accept cash refund. All refunds must be made as a credit return.
 - vi. Notifies the Funding Program immediately of lost or stolen cards

1. Bank must be notified immediately by the NC Bank Cardholder to block any further usage of the card.
 2. A new card can be ordered upon notification
 3. The Neighborhood Council will be limited from accessing its available funds through the bank card while a new card is being requested from the bank.
- vii. Notifies NC Funding Program upon resignation or removal as the NC Bank Cardholder.
1. The Neighborhood Council will be limited from accessing its available funds through the bank card when a cardholder has resigned or has been removed and a new card is being requested from the bank for a newly-appointed cardholder.
- viii. Can only serve as Cardholder for one NC at a time.
- ix. Is the only Board Member authorized to pick up the NC bank card, issued to his/her name, from the NC Funding Program Office.
- d. The NC **Alternate Signer** is responsible for the following:
- i. In the absence or unavailability of the Treasurer or 2nd Signer, the Alternate Signer can sign Board-approved funding documents to be submitted to the NC Funding Program.

Fiscal Year Annual Budget & Administrative Packet

NC Funding Program Policy 1.1 - Fiscal Year Annual Budget and Administrative Packet

“The fiscal year of the City shall begin on July 1 of each year and shall end on June 30 of the following year.” City of Los Angeles, Charter Sec. 310.

As an entity of the City of Los Angeles, the NCs adhere to the same fiscal calendar as the City of Los Angeles. Each fiscal year, the NCs will be given access to their annual allocation through the Office of the City Clerk’s prescribed method.

1. Annual Budget and Administrative Packet

Pursuant to Los Angeles Administrative Code Section 22.810.1 (g), NCs are to spend the funds on the functions, operations, outreach, and projects of the NC. The annual budget and Administrative Packet is a plan for the utilization of resources and expenditures. The annual budget and Administrative Packet should be used as a strategic financial road map to conduct activities that will help the NC achieve its mission, goals, and objectives. It should include the input of stakeholders, be accessible, and comply with the rules that govern the use of NC public funds.

- a. The annual budget is comprised of the following expenditure categories:
 - i. General and Operational Expenditures (comprised of three subcategories)
 1. Office/Operational
 2. Outreach
 3. Elections
 - ii. Neighborhood Purposes Grants
 - iii. Community Improvement Projects
- b. The Administrative Packet is a complete record of all items that support the NC's fiscal and administrative operations as the new fiscal year begins, which includes the annual budget form, Letter of Acknowledgement signed by all Financial Officers, information on administrative services such as office space, meeting space, storage facility, P.O. box, and website support services, as applicable to the NC.
- c. NCs must submit their annual budget and Administrative Packet to the Office of the City Clerk, NC Funding Program by the beginning of the new fiscal year in order to re-establish access to their allocated funds when the fiscal year starts.
 - i. NCs that have not submitted an annual budget and Administrative Packet to the NC Funding Program when the new Fiscal Year begins will be limited to \$333.00/month for Office/Operational expenditures only.
 1. This limited amount will be available for the first 3 months (first quarter) of the new fiscal year only to assist NCs to function in a basic capacity, including the ability to schedule a timely board meeting to review and take action on its annual budget and Administrative Packet.

2. If the annual budget and Administrative Packet are not submitted when the 4th month (second quarter) of the fiscal year begins, the NC's funds will be frozen.
- ii. Payment requests related to Outreach (including events), Elections, Neighborhood Purpose Grants, and Community Improvement Projects will not be allowed when the annual budget and Administrative Packet have not been submitted to and accepted by the NC Funding Program.

2. Annual Budget Specific Line Items

- a. The Office of the City Clerk will not accept specific line items in the annual budget as authorization for payments, except for monthly and recurring Office/Operations-related expenditures. These may include:
 - i. Office space leases
 - ii. Office supplies and equipment expenses, excluding inventory items
 - iii. Storage facility leases
 - iv. P.O. Boxes
 - v. Office telephone and Internet services
 - vi. **Meeting refreshments/snacks. Please see Policy 2.1.1.d for further explanation.**
 - vii. Website hosting and maintenance services
 - viii. Professional meeting/office-related services, i.e. translators, minute-takers, audio services
 - ix. Printing and copying for meetings/office-related purposes only
 - x. Business cards
 - xi. Postage
- b. Expenditures related to Outreach (including events), Elections, Neighborhood Purposes Grants, and Community Improvement Projects must be approved by the NC board at a Brown Act compliant meeting through separate board actions, not as specific line items in the annual budget.

3. Annual Budget Funds Rollover

- a. Effective February 1, 2019, a new policy will be implemented to allow for non-cumulative rollover of up to \$10,000 of unspent funds per fiscal year (FY) for each NC. Rollover funds will allow the NCs to make sound budgetary decisions throughout the FY, without the risk of forfeiting unspent funds, thereby eliminating the need to request last minute City Council Motions to move funds, or hold time consuming special board meetings in May/June to approve any unplanned expenditures. Instead, NCs will be allowed to accrue up to \$10,000 in unspent funds to add to the next FY's budget allocation.
- b. No more than \$10,000 may be rolled over from one FY to the next, on a non-cumulative basis. Non-cumulative means no more than \$10,000 may be retained and added each year to the City's annual budget allocation for each NC.
 - i. Example of non-cumulative rollover:
 1. FY18/19 Budget per NC = \$42,000.

2. NC ends FY 18/19 with \$14,000 balance in unspent funds. \$10,000 may be rolled over.
Total FY19/20 Budget Allocation is \$42,000 plus \$10,000 rolled over from FY18/19 or \$52,000.
 3. FY19/20 same NC ends FY with \$6,000 balance in unspent funds. All \$6,000 may be rolled over into next FY.
Total FY20/21 Budget Allocation is \$42,000 plus \$6,000 rolled over from FY19/20 or \$48,000.
- c. This policy is not intended to circumvent necessary authority and approval requirements as part of the City's financial processes. If funds are being held for a special project, a new account needs to be established and approved by City Council. If funds are being transferred into an existing special account or to a City department, a City Council Action is required.
 - d. The Funding Program will notify NCs of their Fiscal Year closing balance including available rollover funds, if any, on August 1st or next business day.
 - e. Depending on when an NC submits its annual budget, the NC may need to revise and submit its annual budget to account for any rollover funds received.
 - i. Available rollover funds will be added to the NC funding account when the NC has submitted a valid annual budget including the rollover funds.
 - f. An NC is INELIGIBLE to receive rollover funds if any of the following apply:
 - i. In Exhaustive Efforts status as determined by DONE
 - ii. NC funds are in "frozen" status due to delinquent MERs as determined by the Office of the City Clerk. NC funds may be frozen if MERs for the preceding FY are delinquent according to Program Policy 6.0.3.a, Corrective Measures:
 1. Three (3) cumulative missing reports during the Fiscal Year, or
 2. Two (2) consecutive missing reports during the Fiscal Year.
 - iii. The current sitting Treasurer and Bank Cardholder are not in good standing per Policy 1.0.4.c Financial Officers

Expenditures

NC Funding Program Policy 2.0 - Expenditures

All expenditures made by an NC are intended for the purpose of a general public benefit and must be approved through board action at a Brown Act-compliant board meeting prior to the expenditure. Expenditures made by the NCs must abide by all laws, rules, and regulations applicable to NCs. Expenditures must be approved by the board during the same fiscal year the expenditure is to be executed. If approval occurs in a prior fiscal year as part of a larger planning effort (for example, a strategic annual budget plan), the expenditure must be reaffirmed during the fiscal year when the expenditure is to be made before the expenditure is executed.

1. Expenditure Categories

The NC expenditures shall be categorized under one of the three budget categories and/or one of the three subcategories listed below, which are further explained in NCF Policies 2.1-2.5.

- a. General and Operational Expenditures (comprised of three subcategories)
 - i. Office/Operational
 - ii. Outreach
 - iii. Election
- b. Neighborhood Purposes Grants
- c. Community Improvement Projects

2. Prepayments/Advance Payments

- a. NCs are not authorized to make payments before services are rendered or goods are received. Payment for services and goods can only be made at the time of delivery of the services or goods. Any exceptions to allow for prepayments are made at the discretion of the Office of the City Clerk, NC Funding Program.
 - i. As a general rule, deposit payments of up to 50% of the invoiced amount or not exceeding \$1,000 may be allowed if authorized by the NC Funding Program.

3. Fiscal Dates

- a. For the purposes of accounting and reconciliation, the following fiscal dates must be followed:
 - **May 20** - Final date to request an event approval for the current fiscal year using current fiscal year funds;
 - **June 1** - Final date to submit a check payment request using current fiscal year funds;
 - **June 20** - Final day for any bank card transactions using current fiscal year funds.

4. Requirements for Check Payment Requests

- a. Check payments are issued to vendors as requested by the NC Treasurer. Check Payment requests must be submitted by the Treasurer after the Board approval vote and no later than June 1 of the fiscal year. Check payment requests that are not submitted by June 1, will not be processed by the NC Funding Program in the current fiscal year, and may need NC action to appropriate in the following fiscal year.
- b. The method of requesting a check payment is as prescribed by the Office of the City Clerk, Funding Program. The check payment request generally requires:
 - i. Board Action Certification (BAC) form authorizing the requested payment, completed and signed by the NC Treasurer, 2nd Signer and/or Alternate Signer.
 1. The Board Motion language provided in the BAC form must reflect the same agenda item or action as approved by the Board.
 - ii. Vendor invoice, which provides the following:
 1. Vendor name
 2. Vendor address and contact information
 3. Invoice number
 4. Invoice date
 5. Payment Amount due
 6. Description of purchase
 7. Name of the NC in the "bill to" section
- c. The NC Funding Program may request additional supporting documentation or information to further evaluate and account for payment requests, such as, W-9 forms, IRS Letters of Determination, quotes, meeting agendas, meeting minutes, etc.
- d. Check payment requests, once submitted, may take 1 to 3 business days for staff review and authorization, depending on level of staff review necessary for requested payment and completeness of submission. Payment requests that are found to require contract considerations may take longer to process.
- e. In situations where an NC no longer has a Treasurer, or the ability to appoint a Treasurer, the NC will be limited from accessing its available funds. When a new Treasurer is appointed by the Board, and authorized by the NC Funding Program, access to the NC Funding System will be granted.
 1. Access to the NC Funding System may also be limited in situations where the NC does not have a 2nd Signer, or Alternate Signer, as at least one is necessary to sign Board Authorization Certification (BAC) forms required by the funding system.

5. Requirements for Bank Card Payments and Cardholders

- a. The NC Bank Card is a credit-card based payment method to pay for low-value, non-contracted items less than one thousand dollars (\$1,000), including board or committee meeting incidentals, basic office supplies. NC Bank Cardholder usage is monitored through the NC Funding System portal by conducting daily and monthly reviews.

- b. The front of the card is printed with the City of Los Angeles seal and the board-appointed NC Bank Cardholder's name and respective NC name. The individual whose name appears on the card is the only individual authorized to use the card.
- c. Purchases made with a bank card must be approved by the board before the expenditures are made. NC Bank Cardholders must submit (upload) an itemized receipt or paid invoice by the 10th day after the transaction posting date, through the method prescribed by the NC Funding Program, which is currently to upload the receipt or invoice in the NC Funding System portal. Receipts must provide the following:
 - i. Vendor name
 - ii. Vendor address and contact information
 - iii. Receipt date
 - iv. Reasonable description of items for which payment was made
 - v. Price per item and total amount paid
- d. Payments made through PayPal or other non-descriptive payment methods are not allowed. Non-descriptive payment methods include those that do not provide necessary information as listed above in (c).
 - i. NC Bank Cardholders are advised to check with vendors who accept bank card payments to confirm if the method used to charge cards will be PayPal or another non-descriptive method. If so, payment to the vendor will need to be made through the check payment method.
- e. All expenditures paid through bank card may be subject to additional administrative procedures. NC Funding Program may request additional supporting documentation or information to further evaluate and account for transactions.
- f. In situations where an NC no longer has a bankcard holder, the NC will be limited from accessing its available funds through the bank card until a new bank cardholder is appointed by the Board and authorized by the NC Funding Program to be the custodian of the NC bank card.
- g. NC Funding Program maintains the right to audit or revoke a bank card at any time.
 - i. Bank cards will be revoked automatically for the following:
 - 1. Someone other than the authorized user makes a purchase with the card
 - 2. Repeated infractions
 - 3. Prohibited uses

6. Bank Card Limits and Requests to Increase Limits

- a. Standard bank card limits are:
 - i. \$5,000.00 per month
 - ii. \$1,000.00 per transaction
- b. Any requests for increases to the above standard limits must be submitted in writing, via email, by the NC Treasurer to the Funding Program for review and approval. To request an increase, the Treasurer must provide the following:
 - i. Board Action Certification (BAC) authorizing the requested expenditure

- ii. Vendor invoice/quote
 - iii. Project or Event budget, as necessary or requested by the Funding Program
- c. Once approved, the Funding Program will notify the Treasurer and the NC Bank Cardholder. There will be a limited amount of time to make the transaction with the authorized increase limit. Processing requests to increase bank card limits may take up to two business days.
- d. If the Funding Program considers that an NC is not in compliance with requirements of the Program, such as being delinquent with Monthly Expenditure Reports or with bank card transaction receipts or other necessary documentation, it may deny requests to increase card limits.

7. Lost or Missing Receipts

- a. When a required NC bank card receipt is lost or otherwise unavailable and all measures to obtain a copy have been exhausted, a Missing Receipt Affidavit should be completed and submitted.
- b. A Missing Receipt Affidavit should be used on rare occasions and may not be used on a routine basis. A maximum of two (2) Affidavit submissions are permitted during a fiscal year. More than 2 uses of the Affidavit during the fiscal year may revoke the privilege of providing a declaration in lieu of a receipt, lead to freezing of the NC bank card, and any further action by the Funding Program as deemed appropriate or necessary.
- c. A Board Action Certification (BAC) form authorizing the use of the Missing Receipt Affidavit must be provided when submitting the Affidavit in lieu of the missing receipt. The Affidavit and BAC must be submitted through the NC Funding System portal

8. Accidental Payments

- a. In situations where an NC Bank Cardholder has accidentally or inadvertently issued a payment with the NC bank card which was not for the purpose of NC business, the NC Bank Cardholder will be required to either return the merchandise to the vendor for full credit returned to the bank card or reimburse the NC in the total amount spent, as prescribed by the NC Funding Program.
 - i. When reimbursing the NC:
 - 1. the Board member must do so using a personal check, money order, or cashier's check.
 - 2. The NC Board must approve the reimbursement to its funding account during a Brown Act-compliant and properly posted meeting.

9. Prohibited Usage of the NC Bank Card

- a. Expenditure Types
 - i. Personal purchases
 - ii. Transaction of product or vendor considered inappropriate (e.g. firearms, tobacco, alcohol, adult entertainment)
 - iii. Transactions of products or vendor not compliant with all applicable laws
 - iv. Cash-in-lieu of credit to card

- v. ATM cash withdrawals
 - vi. **Split charges - using multiple bank card transactions to pay for a single charge to circumvent the \$1,000.00 single-transaction limit allowed on the bank card.**
 - 1. **For example, a charge of \$1,500 cannot be split into two separate transactions of \$900 and \$600.**
 - 1. **The Treasurer can request a bank card limit increase from the NC Funding Program to allow for the single charge on the card.**
- b. Vendors
 - i. Bars
 - ii. Liquor Stores
 - iii. Travel Agencies
 - iv. Night Clubs
 - v. Cocktail lounges
 - vi. Casinos
 - c. Products
 - i. Airline Tickets, event tickets, movie tickets, etc.
 - ii. Alcoholic beverages
 - iii. Gasoline, diesel fuel, propane gas (exceptions may apply)
 - iv. Jewelry
 - v. Flowers for individuals
 - d. Services
 - i. Car Wash
 - ii. Cash Advance
 - iii. Dry cleaning for uniform and carpets
 - iv. Cleaning
 - v. Tuition reimbursements
 - vi. Vehicle leases
 - vii. Payments by "Paypal" or other non-descriptive payment services
 - e. The listing above serves as a guideline and should not be construed as an all-inclusive or all-exhaustive listing of prohibited card usages. Exceptions to the items listed above may be granted by the Funding Program with proper justification.

10. Unacceptable Purchases/Transactions with NC Funds

- a. Below are transaction guidelines for the use of NC funds. Please contact the NC Funding Program in the event you are unsure of the proper transaction method for any expenditure. Liability is always an important consideration with any project. Please contact the Funding Program for further information. The following are prohibited:
 - i. Any purchases made without prior approval of the Board, and any purchases that are not identified in the NC approved budget.
 - ii. Payment for services over an extended period of time that may require a contract or services agreement executed by the Office of the City Clerk. Treasurers should consult with the Funding Program prior to using the bank card for this purpose
 - iii. Gifts of goods or money, i.e., toys, food, clothing items, school supplies, movie tickets, gift cards, plaques, raffles, or other similar

items of value that serve an individual and/or personal use, regardless of value. Such use of NC funds is considered a "gift of public funds", which State law prohibits.

- iv. Any purchases and/or capital improvement projects that impact the value of private property or do not benefit the general public.
- v. Events or projects that do not have the required insurance, permits, or contracts.
- vi. Third-party payments. Payments must be made to vendors who have billed the NC directly for services or products rendered to and under the responsibility and/or sponsorship of the NC.
- vii. Purchases of alcohol, tobacco, firearms, or adult entertainment products.
- viii. Purchases that violate the constitutional separation of church and state (City funds cannot be used to endorse religion and/or interfere with free religious exercise)
- ix. Purchases that violate City and/or State conflict of interest laws.
- x. Supporting or opposing ballot measures or candidates, and political forums or debates unless following City Attorney guidelines.
- xi. Lawsuits against the City or City agencies, and appeals against any discretionary decisions made by any City agency.
- xii. Payment by "Paypal" or other non-descriptive payment service.
- xiii. Personal transportation costs or vehicle parking fees and traffic tickets.
- xiv. Purchase of money orders or cashier's checks.
- xv. Purchases and/or transactions with the intent of creating a line of credit for goods and/or services not rendered and/or promised.
- xvi. Purchase of retail/warehouse/online store memberships, such as but not limited to Amazon Prime, Costco, Sam's Club
- xvii. Online orders of goods and services related to NC events or activities, such as bounce houses, jumpers, slides, dunk tanks, carnival rides, where risk assessment needs to be evaluated by the NC Funding Program.

11. Inventory

- a. The NC Board must certify an inventory list attesting to the completion of the list.
 - i. The inventory certification will be completed on an inventory form provided by the Office of the City Clerk
 - ii. A BAC must be attached approving the Inventory Form
- b. A physical inventory must be taken at least once every 2 years. For NCs which follow a 2-year board election schedule, their inventory certification process is to coincide with the board installation after the board election.
 - i. The assigned board member of the outgoing NC Board responsible for the inventory list must provide a completed inventory form indicating all NC inventory items to the incoming board.
 - ii. A BAC form from the incoming board approving the inventory must be provided to the NC Funding Program within the first quarter (3 months) following the board installation.

- iii. For NCs which follow an election schedule other than the 2-year schedule, their inventory certification process is to coincide with the board installation after the board election or selection and then, subsequently, completed every 2 years.
 - 1. The assigned board member of the outgoing NC Board responsible for the inventory list must provide a completed inventory form indicating all NC inventoried items to the incoming board.
 - 2. A BAC form from the incoming board approving the inventory must be provided to the NC Funding Program within the first quarter (3 months) following the board installation or the anniversary of the board installation.
- c. Items to be include in an Inventory List include, but are not limited to, the following items:
 - i. Goods with a \$1,000 value and at least a 3-year expected life cycle.
 - ii. Electronic equipment
 - 1. Computers
 - 2. Printers
 - 3. Tablets
 - 4. Scanners
 - 5. Cameras
 - 6. Popcorn/snow cone machines
 - 7. Generators
- d. All Inventory items must be photographed and applicable serial numbers recorded on the inventory list.
- e. Inventory taken outside of the Neighborhood Council storage facility, office, or meeting space must be checked-out through the assigned board member responsible for the NC inventory
 - i. The checkout and inventory process is at the discretion of the NC but must be documented.
- f. Salvage - Contact the NC Funding Program Office for instructions regarding the process to salvage NC equipment.

12. Tipping

- a. Under the LA Administrative Code, gratuities not exceeding 15 percent are allowable where reasonable and customary. For the NC Funding Program, fees and tips given to food delivery personnel, catering and service personnel, (up to 15 percent of the bill exclusive of taxes) are considered customary.
- b. Exception to exceeding the 15 percent will be allowed when there is a required gratuity and the amount is added on the bill by the service provider.

13. Custodial Payments

- a. In situations where an NC does not have access to its funds or does not have a Treasurer, 2nd Signer, or NC Bank Cardholder, due to action by the NC Funding Program or Department of Neighborhood Empowerment, or resignation or removal by Board action, the Funding Program will assist the

NC in issuing custodial payments on behalf of the Board for Office/Operations-related expenditures only (office rent, storage space, P.O. boxes, phone/web service, professional temp services, etc.). This also includes Financial Officers who are unavailable to carry out their duties due to temporary causes as determined by the Funding Program. The NC will be responsible to provide necessary invoices to the Funding Program to ensure continuation of services.

- b. The Funding Program will issue custodial payments for a period of up to three (3) months.
 - i. If custodial payments are needed beyond 3 months, the Funding Program may take corrective action as set forth in NCF Policy 6.0, Corrective Measures.
- c. In situations where an NC has been placed in “Exhaustive Efforts” by Department of Neighborhood Empowerment, the NC Funding Program and Department of Neighborhood Empowerment will authorize and issue office/operational, outreach, and election payments as deemed appropriate and fiscally responsible.

14. Monthly Expenditure Reports (MER)

- a. The MER is a document generated electronically by the NC Funding System portal that provides a record of the NC's bank account monthly transactions, including expenditures made in both check payments and bank card transactions, committed and outstanding expenditures, and total net balance for the remaining fiscal year.
- b. The MER is an important and necessary financial document of every Neighborhood Council that serves to provide accountability and transparency in the use of the public funds allocated to each Neighborhood Council.
- c. MERs are generated by the Funding System portal on a monthly basis immediately following the month for which the expenditures are reported.
 - i. Financial Officers are able to access the MER in the Funding System portal beginning approximately the 5th day of the month following the reporting month.
 - ii. **The Board Action Certification (BAC) Form approving the MER is due to the Funding Program Office, through the Funding System portal, by the 10th day of the second month following the reporting month.**
 - 1. For example, the MER for the month of January (the reporting month), will be generated by the Funding System portal beginning the 5th of February, depending on weekends, holidays, or necessary receipts being uploaded to the Funding System portal by the NC bank cardholder.
 - 2. The BAC approving the MER is due to the NC Funding Program Office by the 10th of March.
 - 3. The MER schedule above allows an NC board at least one (1) month to review and take action on the MER before the BAC is due for submission to the Funding Program Office.
- d. As outlined in Funding Program Policy 6.0.3 below, corrective measures may be imposed by the Funding Program Office when an NC is considered delinquent on generating its MERs or submitting its BACs for the MER.

15. Additional Provisions

- a. NCs expenditures may be subject to additional administrative procedures not outlined in this document.
- b. The NC Funding Program may request additional supporting documentation or information to further evaluate and account for payment requests or transactions as deemed necessary by City standards.
- c. If in the situation when an NC violates any laws, rules, or regulations, the NC and/or members of the NC may be subject to corrective measures set forth in NCF Policy 6.0, Corrective Measures.

Office/Operational Expenditures

NC Funding Program Policy 2.1 - Office/Operational Expenditures

Office/Operational Expenditures are expenses made for the purpose of the NC's operations. As outlined under the Los Angeles Administrative Code 22.810 1 (g).

1. Office/Operational Expenditures

NCs may make expenditures for their functions, operations and duties.

- a. Office/Operational expenditures include but are not limited to:
 - i. Office space leases
 - ii. Office supplies and equipment expenses, excluding inventory items
 - iii. Storage facility leases
 - iv. P.O. Boxes
 - v. Office telephone and Internet services
 - vi. Meeting refreshments/snacks. Please see Policy 2.1.1.d for further explanation.**
 - vii. Website hosting and maintenance services
 - viii. Professional meeting/office-related services, i.e. translators, minute-takers, audio services
 - ix. Printing and copying for meetings/office-related purposes
 - x. Business cards
 - xi. Postage
- b. Office/Operational expenditures for an NC must be approved by the NC at a Brown Act compliant meeting. The expenditure must be approved as an individual agenda item. For certain monthly and recurring office/operating expenses, specific line items may be created in the annual budget, under the Office/Operational Category, as payment authorizations, as described in NC Funding Program Policy 1.1.2.
- c. Recurring/repeating payment requests set up in the NC Funding System portal must include Payment Request Documents that support the scheduled monthly recurring payments, such as a Consolidated Invoice from the vendor, the Summary Sheet of an executed contract for the related vendor, or a Letter of Authorization from the Office of the City Clerk authorizing the payments. Recurring payment requests submitted in the Funding System portal without the appropriate, applicable Payment Request Documents as indicated above may be denied.
- d. The Funding Program allows NCs to reasonably and accordingly use their allocated funds for certain food and beverage expenses as operational expenditures for the sole purpose of creating an environment that attracts stakeholders and the general public to official business meetings. Reasonable food and beverage expenses for NC meetings are allowed under the following conditions:
 - i. The meeting is an official NC business meeting open and accessible to the public;
 - ii. Only light refreshments are provided. Light refreshments include coffee, tea, juice, soda and snacks, finger foods-type items such as

pastries, cookies, granola bars, candy, fruit, small sandwiches, pizza or similar items.

- iii. Alcohol is strictly prohibited.
- iv. In situations where food and beverage expenses, and other related expenses, for an NC meeting go beyond what is allowed as described above, the NC may contact the Department of Neighborhood Empowerment (DONE) in advance for advice on how to proceed. In most cases, the NC will need to submit an Event Approval Form for consideration by the Funding Program.

2. Methods of Payment

a. Check Payment

- i. The NC must provide a Board Action Certification (BAC) Form and an itemized invoice after the approval vote is taken. Check requests must be submitted through the NC Funding Portal as prescribed by the Office of the City Clerk.

b. Bank card Payment

- i. Purchases made with a bank card must be approved by the board before the expenditures are made. The NC Cardholder must submit (upload) an itemized receipt or itemized paid invoice by the 10th day after the transaction posting date, through the NC Funding System portal.

3. Additional Provisions

All Office/Operational expenditures may be subject to other administrative procedures. The NC Funding Program may request additional supporting documentation or information to further evaluate and account for payment requests or transactions as deemed necessary by City standards.

Outreach Expenditures

NC Funding Program Policy 2.2 - Outreach Expenditures

One of the core purposes of an NC is to promote its activities, including meetings, events, projects, etc., and engage its stakeholders to become involved in the NC and their communities.

1. General Outreach Expenditures

Outreach expenditures for an NC must be approved by the NC board at a Brown Act compliant meeting. Each outreach expenditure must be identified and approved as an individual agenda item.

a. Examples of Outreach expenditures:

- i. Advertising
- ii. Newsletters
- iii. Promotional items
- iv. Presence of authorized NC representatives at a community event organized and held by another organization, including having a booth or doing tabling at such event.

1. Authorized board members attending a third-party community event for outreach purposes may not gain individual benefits, “perks” as they may be considered potential gifts to government officials which are impacted by government conflict of interest/ethics regulations.

2. When conducting outreach activities, i.e. tabling or having a booth at an event sponsored by another organization, it is reasonable and acceptable for an NC to provide commercially pre-packaged snacks, i.e. cookies, candy, small bags of chips, water, coffee, etc., as well as low value promotional items as a way of attracting attendees to the NC table.

a. However, more expensive food items or outreach activity components, such as having a hot dog cart or food truck, a photo booth, a Disc Jockey or other entertainment planned as part of your outreach efforts is considered to go beyond what is allowed for basic outreach activities and create risks and liabilities for the City of Los Angeles.

i. In these situations, please contact the Department of Neighborhood Empowerment (DONE) in advance for advice on how to proceed.

b. Promotional Items

i. An NC may only purchase outreach promotional items of nominal cost and value for the purpose of advertising its presence in the community.

1. When the NC plans to purchase promotional items for distribution at public events and other outreach

opportunities, i.e. tabling, items purchased must have the NC name or logo and contact information, such as a phone number, website, email address, or social media handle branded on these items so that the items serve a sole purpose of general marketing and advertising for the Neighborhood Council, i.e. branded pens, keychains, magnets, and other similar "freebies" items.

2. NCs may submit proposed items of higher cost to the NC Funding Program for review and consideration.
- c. All outreach expenditures must be approved by the NC board at a Brown Act compliant meeting through separate board actions, **not as specific line items within an annual budget.**
- i. The NC boards must also review and approve, prior to final production, the content of its print media outreach items, i.e. newsletters, flyers, brochures, etc.

2. NC Events

- a. NCs are required to provide at least 30-days advanced notice to the NC Funding Program to address potential risks and liability considerations and secure necessary insurance, permits, and/or agreements with parties involved in the event.
- b. Neighborhood Councils can sponsor or co-sponsor public community events.
 - i. Sponsored Events: Events solely organized, implemented, and/or paid for by the NC. Payment by the NC may not always be involved, for example, when payment is not requested by a vendor or the NC uses its own existing equipment or supplies for the event.
 - ii. Co-sponsored Events: Events partially organized, implemented, and/or paid for by the NC. Payments by the NC may not be necessary, for example, when payments are not requested by vendors or the NC uses its own existing equipment or supplies for the event.
- c. An NC is considered to be an event sponsor or co-sponsor when any of the following apply:
 - i. The NC is hosting or co-hosting the event,
 - ii. The NC is taking part in the event planning and implementation efforts,
 - iii. The NC is contributing financially or in-kind for the event to occur.If any of the criteria above apply, then the NC must submit an Event Approval Form to the NC Funding Program Office for review.
- d. The NCs must submit a complete Event Approval request packet at least 30 days prior to the event for proper review and approval. The event approval packet is comprised of the following documents to be deemed complete for review:
 - i. NC Event Approval Form (as provided by the NC Funding Program);
 - ii. Board Action Certification Form (BAC);
 - iii. Complete event Budget, including expenses to be paid by identified co-sponsors; and
 - iv. Other supporting documentation such as, but not limited to:

1. Invoices/quotes/estimates (Billed to the NC)
 2. Insurance Certificates from vendors involved, i.e. venue, catering, entertainment, or equipment rental vendors, etc.
 3. Permits, including but not limited to facility use permits from parks, libraries, schools, and other venues, as well as health permits from food vendors, street closure permits, and L.A. County Department of Public Health Community Events permits
 4. Service or Use Agreements/contracts as required by the City of Los Angeles or vendors involved, i.e. venue, catering, entertainment, or equipment rental vendors, etc.
 5. Flyers/promotional material
 6. Proof of artwork
 7. **For more information and details, please refer to the “Neighborhood Council Community Events – Risks & Liabilities Checklist” Form found on the Funding Program website, or contact your Funding Program Representative.**
- e. If a complete Event Approval request packet is submitted with less than 30 days for review, the application package may be rejected, and the NC will not be authorized to sponsor/co-sponsor the event.
 - f. If an NC submits an incomplete event packet, or the event itself violates any rules, laws, or policies applicable to NCs, the event application packet shall be rejected.
 - g. If an NC sponsors/co-sponsors an event without the approval of the Office of the City Clerk, the NC and/or individual members of the NC may assume personal responsibility and liability for the event, and additional corrective measures will be taken as outlined in NC Funding Policy 6.0.
 - h. Under Article II of the Plan it is stated:
 - i. Certified NCs must encourage all Community Stakeholders to participate in all of their activities, and may not discriminate in any of their policies, recommendations or actions against any individual or group on the basis of race, religion, color, creed, national origin, ancestry, sex, sexual orientation, age, disability, marital status, income, homeowner status, renter status or political affiliation. Therefore, all events sponsored or co-sponsored by an NC, must be open, accessible, and free of charge to the general public.
 - i. All Sponsored and Co-sponsored event packets for the current fiscal year must be submitted for approval July 1 - May 20 of the same fiscal year. NCs may submit Event Requests for future fiscal years for review as necessary. However, funding is contingent upon receipt of a future fiscal year allocation, board approval of the event funding during the same fiscal year the event is scheduled, and cannot be expended until the new fiscal year.
 - i. Exceptions for Events occurring through July 15th
 1. Expenses for Events scheduled to occur from July 1st to July 15th may be paid from the immediate prior fiscal year funds with approval of the NC Funding Program.
 2. Events scheduled after July 15th must be paid with funds from the current fiscal year.

3. Exceptions to the NC Funding Program policies and guidelines may be provided at the discretion of the NC Funding Program.

3. Methods of Payment

a. Check Payment

- i. To request a check payment for general outreach expenditures, the NC must provide the following documents after the vote approving the expenditure is taken:
 1. Itemized invoices
 2. Board Action Certification (BAC) Form;
- ii. Check payment requests for event-related outreach expenditures require the following documentation:
 1. Event Approval Form marked as “Approved” by NC Funding Program;
 2. Board Action Certification (BAC) Form;
 3. Itemized invoices
- iii. Check payment requests must be submitted through the NC Funding System portal.

b. Bank card Payment

- i. Purchase transactions made using the NC bank card must be approved by the board before the transactions are executed. The NC Bank Cardholder must submit (upload) an itemized receipt or itemized paid invoice by the 10th day after the transaction posting date, through the NC Funding System portal.

4. Additional Provisions

All outreach expenditures may be subject to other administrative procedures. The NC Funding Program may request additional supporting documentation or information to further evaluate and account for payment requests or transactions as deemed necessary by City standards.

Election Expenditures

NC Funding Program Policy 2.3 - Election Expenditures

Election expenditures are expenses made for the purpose of the NC's periodic general governing board Election process, including Selections. NCs can pay for expenses related to voter engagement and participation, such as election advertising, voter outreach events and activities, social media and print media expenses, etc.

1. Election Expenditures

Election expenditures for an NC must be approved by the NC at Brown Act compliant meetings. The expenditures must be approved as individual agenda items, not as part of the general Election category in the annual budget.

- a. The board may create and approve a budget document for its election-related expenses where it itemizes each planned expenditure, including the particular purpose and description for each expenditure and, if possible, the vendor to be used.
 - i. The approved election budget may be accepted as authorization for payments.

2. Methods of Payment

- a. Check Payment
 - i. The NC must provide a Board Action Certification (BAC) Form and an itemized invoice after the expenditure approval vote is taken. Check requests must be submitted through the NC Funding System portal.
- b. Bank card Payment
 - i. Purchases made with a bank card must be approved by the Board before the expenditures are made. The NC Cardholder must submit (upload) an itemized receipt or itemized paid invoice by the 10th day after the transaction posting date, through the NC Funding System portal.

3. Additional Provisions

All election expenditures may be subject to other administrative procedures. The NC Funding Program may request additional supporting documentation or information to further evaluate and account for payment requests or transactions as deemed necessary by City standards.

Neighborhood Purposes Grants

NC Funding Program Policy 2.4 - Expenditures for Neighborhood Purposes Grants (NPG)

Los Angeles Administrative Code 22.817:

NCs are authorized to make monetary grants to nonprofit corporations (excluding religious institutions and private schools) organized under 26 United States Code Section 501(c)3 and to public schools pursuant to the criteria set forth in Article XI of the Plan for a Citywide System of Neighborhood Councils.

1. Neighborhood Purposes Grant

The Neighborhood Purposes Grant (NPG) program provides NCs with greater opportunity to benefit their communities while supporting and building partnerships with local public-benefit organizations. Eligible organizations include 501(c)(3) nonprofits and public schools.

- a. Grants cannot be issued to religious organizations or to private schools.
- b. NPGs must be approved by the NC at a Brown Act compliant meeting. The grant must be approved as an individual agenda item.
- c. Any NPG issued by an NC must be for a public purpose: How will the grant help the community? Please refer to document entitled, “*What is a Public Benefit*” of the application for Neighborhood Purposes Grant for more information.
 - i. Funds requested for purposes of purchasing uniforms or other personal equipment to be utilized by individuals, i.e. cheerleader uniforms, football helmets, music instruments, etc., the items must be considered property of the Grant applicant, available to the general community the applicant serves, and must remain with the applicant until the retirement of the items.
 - ii. Funds requested for purposes of providing scholarships or financial assistance to community members are allowed as long as a public purpose and benefit is demonstrated, and the NC is not involved in the process of selecting the scholarship or financial assistance recipients and no NC board member or family members become recipients of the scholarships or financial assistance.
- d. NPGs cannot be approved as part of an annual budget as specific line item expenditures.
- e. NCs shall vote on completed NPG application packets which include the following documents:
 - i. Completed and signed NPG Application Form as provided by the Office of the City Clerk
 - ii. 501(c)3 Letter of Determination from the Internal Revenue Service for a non-profit organization applicant; Or
 - iii. Letter from the school on the school's letterhead, signed by the school principal for a public school applicant.
- f. NPGs are primarily for prospective community-benefit projects, and NPG applications shall be approved by the NC before the Completion Date listed on the NPG application.

- i. NPGs approved after the Completion Date shall not be authorized for payment by the Office of the City Clerk.
- ii. NPG must demonstrate funds requested are needed in the current Fiscal Year for the approved grant funds to be issued out of the current Fiscal Year account of the NC.
- iii. Individual board members cannot commit NC funds without prior board approval.
- iv. NPG funds may not be used for reimbursements for expenditures made in anticipation of the approval of an NPG
- g. NCs must submit (upload) the approved NPG application packet with a Board Action Certification to the Office of the City Clerk after the Board approval vote is taken.
- h. Before funds are granted, NPG requests must be approved by both the NC Board and the Office of the City Clerk.
- i. The NC Funding Program may request additional information to further evaluate a proposed grant payment request.

2. NPG-Funded Events

- a. Article II Section (2) of the Plan states: "Certified NCs must encourage all Community Stakeholders to participate in all of their activities, and may not discriminate in any of their policies, recommendations or actions against any individual or group on the basis of race, religion, color, creed, national origin, ancestry, sex, sexual orientation, age, disability, marital status, income, homeowner status, renter status or political affiliation." Therefore, all events funded by an NPG, whether in whole or partial funding support, must be open and accessible to the public and free of charge.

3. Eligibility to Award Neighborhood Purposes Grants

- a. Only NCs in good standing with the NC Funding Program will be eligible to participate in the NPG program. Good standing means the following:
 - i. NCs must have a current Fiscal Year budget on file with the NC Funding Program;
 - ii. NCs should ensure sufficient funds have been allocated within their annual budget for NPG awards;
 - iii. NCs cannot be delinquent with their Monthly Expenditure Reports submissions to the NC Funding Program (see NCF Policy 6.0.3 Corrective Measures);
 - iv. NCs must have an eligible Treasurer and Signer on the Board; and
 - v. NCs cannot be in Exhaustive Efforts.

4. Conflict of Interest Laws

- a. State and local conflict of interest laws that currently apply to the NC Funding Program also apply in the consideration of Neighborhood Purposes Grant requests.
- b. Should there be a conflict due to an affiliation with an applicant, board members should recuse themselves from the discussion and vote on an NPG request. Recusal means that a board member cannot participate in the presentation, discussion, and voting of the request and must leave the meeting room before any consideration on the request begins. Please

refer to the document entitled, "*State and City Conflicts of Interest Laws for NCs*" of the application for Neighborhood Purposes Grant and/or Department of Neighborhood Empowerment's representative for more information.

5. Contract Requirements for Neighborhood Purposes Grants

- a. Through the Neighborhood Purposes Grant, NCs have the legal authority to issue grants of public funds in amounts up to \$5,000.00 without a written contract.
- b. Grants for amounts \$5,000.01 and over will require further review on a case by case basis for City contract considerations in coordination with the Office of the City Clerk so as to meet City contracting standards. NCs are not authorized to enter into contracts. When a contract is required, the City Clerk will enter into agreement on behalf of the NC.

6. Grant Project Completion Follow Up

- a. As a best practice, NCs are strongly encouraged to require the grantee to provide a Project Completion Report to provide accountability for the proposed project goals and use of the funds awarded and to demonstrate evidence of successful efforts benefiting the community. The Project Completion Report form is available online at clerk.lacity.org

7. Method of Payment

- a. Payment awards approved for Neighborhood Purposes Grants can only be issued through the check payment method:
 - i. The NC must provide a completed Board Action Certification (BAC) Form and a completed NPG application packet after the board approval vote is taken.
 - ii. Check payment requests must be submitted through the NC Funding System portal.

Community Improvement Projects

NC Funding Program Policy 2.5 - Expenditures of Community Improvement Projects

1. Community Improvement Projects (CIP)

CIPs include projects associated with beautification and capital improvement projects on public places such as, but not limited to:

- a. Street medians, parkways landscaping
- b. Neighborhood markers
- c. Street furniture
- d. Murals
- e. Tree plantings
- f. graffiti abatement
- g. Community gardens
- h. Capital improvements on recreation centers, libraries, parks, fire stations, etc.
- i. Signage such as Neighborhood Watch signs
- j. Historic-Cultural Monument Applications

2. Review of CIPs

Community Improvement Projects are reviewed on a case by case basis, depending on the scope of work or services involved. Thus, the proposed project may require certain permits such as, but not limited to:

- Insurance certificates,
 - Authorizations from other agencies,
 - Contracts or agreements involving a number of public agencies, vendors, etc.
- a. Additional guidance from other City agencies and/or Departments may be necessary.

3. Submission Deadline

All Community Improvement Projects must be submitted to the NC Funding Program for review and approval no less than 30 days PRIOR to issuance of payment to involved vendors and commencement of project.

4. Unauthorized Projects

Capital improvement or beautification projects involving private property are not permitted under the NC Funding Program, except when permitted and authorized by applicable City Ordinance.

5. Method of Payment

- a. Payments for CIPs are primarily issued through the check payment method, in particular when a contract is involved and stipulates check payments to be issued:
 - i. The NC must provide a completed Board Action Certification (BAC) Form and an executed contract.

ii. Check payment requests must be submitted through the NC Funding portal or prescribed method by the Office of the City Clerk.

b. Bank card Payment

In certain instances, CIP payments may be made through the NC bank card. Payment transactions made through the NC bank card must be approved by the board and the CIP approved by the City Clerk with all permits, insurance, etc. in place before the transactions are executed. The NC Bank Cardholder must submit (upload) an itemized receipt or itemized paid invoice by the 10th day after the transaction posting date, through the NC Funding portal.

6. Additional Provisions

All CIP expenditures may be subject to other administrative procedures. The NC Funding Program may request additional supporting documentation or information to further evaluate and account for payment requests or transactions as deemed necessary by City standards.

Board Member Reimbursement

NC Funding Program Policy 3.0 - Board Member Reimbursements

NC activities should be well projected, with necessary expenditures payments planned in advance to determine whether the NC bank card or a check payment request will be needed to make payments to vendors. As an option of last recourse, if regular NC payment methods are not available, a Board Member may spend his/her own funds to pay for NC activity expenses, for which the Board Member may be reimbursed from the NC's funds.

1. Maximum Allowed

The total allowable reimbursement amount cannot exceed \$1000 per Board Member per Fiscal Year.

2. Requirements

In order for the Board Member to be reimbursed for the expense, the following is required:

- a. A Board Action Certification (BAC) Form authorizing the use of NC funds for the NC activity or purpose for which the Board Member incurred the expense. This BAC Form must show it was authorized by the Board prior to the expenditure.
- b. A BAC Form authorizing the reimbursement payment to the Board Member.
- c. As applicable, when known in advance, the Board may approve through one single BAC, both the board expenditure and reimbursement to a specific board member who will make the board expenditure.
- d. Board Member must provide proof of purchase in the form of an itemized receipt.
 - i. If necessary, NC Funding Program may request additional supporting documentation based on the type of purchase and payment made.
 1. For example, for a reimbursement of purchases for meeting refreshments, Program staff may request copies of the meeting agenda and/or other supporting documentation such as sign-in sheets, flyers, minutes, etc. If a payment was made by personal bank card transaction, staff may request copy of the bank card monthly statement.
- e. Only an NC Board Member, or Alternate acting as a Board Member, if applicable, will be reimbursed.
 - i. Expenses for NC activities incurred by an individual who is not a Board Member, or an Alternate acting as a Board Member, at the time of the expenditure, will not be reimbursed.

3. Additional Provisions

The NC Funding Program may request additional supporting documentation or information to further evaluate and account for payment requests as deemed necessary by City standards.

Contracts and Leases

NC Funding Program Policy 4.0 – Contracts and Leases

To ensure that NCs and City assets are protected and liability is minimized, contracts or leases may be required before an NC is able to purchase a good or service. Under Article IX, Section 902, NCs do not have the authority to enter into contracts, agreements, permits, and/or memorandums of understanding. With the transfer of the NC Funding Program and the administration of the NC Trust Fund, the Office of the City Clerk is granted the authority to enter into contracts on behalf of the NC.

1. NC Contracts

- a. Expenditures will require a contract if the expenditure falls under one of the criteria listed below:
 - i. Owner of the location/business requires a contract
 - ii. Expenditure for the service exceeds \$5,000 within a fiscal year
 - iii. Expenditure for the service exceeds three months (exceptions may include subscription services)
 - iv. The risk and liability exposure to the City, as determined by the NC Funding Program, is excessive
- b. The Office of the City Clerk will sign a contract on behalf of the NC or issue a Letter of Authority.
 - i. Letters of Authority grant the NC Presidents the ability to sign an agreement on behalf of the Office of the City Clerk. Letters of Authority are granted on a case-by-case basis for smaller expenditures such as:
 1. Storage Facilities
 2. Mail Boxes (PO Boxes)
- c. If the NC Funding Program determines a contract or a Letter of Authority is required, the items listed below may be requested:
 - i. The Board Action Certification of the Expenditure
 - ii. Itemized invoice(s) and/or Quotes from the Vendor
 - iii. Copy of the vendor's insurance
 - iv. Additional supporting documentation or information at the request of the NC Funding Program
- d. NCs must abide by all provisions set forth in the contract. If provisions of the contract are violated by the NC, the NC may be subject to corrective measures set forth in NCF Policy 6.0, Corrective Measures.
- e. Once we have all required documentation a contract will be completed within 60 days.

2. NC Lease Agreements

- a. Office space always requires a lease agreement and should be within the NC's geographic boundaries, whenever possible.
- b. Meeting space lease agreements are required in the following instances:
 - i. If the owner of the leased facility requires an agreement;

- ii. If the NC wants to secure the meeting venue for certain dates and times on an on-going basis.
- c. Types of Lease Agreement
 - i. Privately-owned - This is space that is privately owned by an individual, corporation or business that is charging the NC a fee to use their location.
 - ii. Donated-space - This is space that is privately owned by an individual, corporation or business that is not charging the NC a fee to use their location. This will require of the owner to provide the City with a letter each fiscal year and on business letterhead, identifying the exact items and space they are providing the NC along with the monetary value associated with said donation. Donated space will require City Council to accept these donations on behalf of the NC as NCs are not authorized to accept donations.
 - iii. Shared Space - This is an agreement between City Departments to allow NCs to use space with a building operated (and possibly owned) by a City Department.
- d. The NC shall provide a copy the following items for an Office or Meeting Space Lease Agreement:
 - i. The Board Action Certification of the Expenditure
 - ii. Completed On-site Assessment Checklist
 - iii. Completed Meeting and public Events ADA Accessibility Checklist
 - iv. Copy of the vendor's insurance
 - 1. Unless insurance information has already been uploaded by the vendor's insurance broker through the appropriate method as prescribed by the Office of the City Clerk
 - v. Additional supporting documentation or information at the request of the NC Funding Program
- e. Once we have all required documentation a lease will be completed within 60 days.

Expenditures During Declared Emergencies

NC Funding Program Policy 5.0 - Expenditures of NC Funds in a Declared Emergencies

1. Emergency Authority

- a. In the event that imminent and immediate danger to community persons and/or property is reasonably foreseen as a proximate result of a declared emergency, determined as a state of emergency by a government agency, the NC President may, at his or her discretion, direct the immediate use of NC funds under the conditions listed herein.
- b. This emergency authority may remain in effect until the following Board meeting. It is expected that the Board will make efforts to hold a meeting as soon as reasonably possible.

2. Use of NC Funds

- a. The NC is hereby authorized to expend NC funds not exceeding \$1,000.00 total for emergency services and/or supplies under the circumstances described herein **without** prior board approval.
- b. With prior approval by the NC Board at a properly noticed meeting, the NC may authorize more than \$1,000.00 for emergency services and/or supplies under the circumstances described herein
- c. Expenditures during a Declared Emergency are categorized under the Outreach Subcategory
- d. NCs may expense funds for items such as:
 - i. Water and light refreshments for first responders
 - ii. Water and light refreshments for affected persons
 - iii. Emergency generators
 - iv. Flood lights
 - v. Shelter amenities
 1. Blankets
 2. Toiletries
 3. Pet food
 - vi. Communication equipment/services
 1. Walkie-talkies
 2. Radios
 3. Bull-horns
 - vii. Printing services
 1. Flyers
 2. Banners

3. Bank Card Use

- a. The NC President may authorize the NC Bank Cardholder to utilize the NC bank card to purchase items and services listed above. Purchases may not exceed \$1,000.00 unless previously authorized by the board, as prescribed under Section 2.b. of these policies. Such expenses are strictly for

emergency services and/or supplies under the circumstances described herein.

4. Board Member Reimbursement

- a. In the event the NC bank card is not available for use and with authorization from the NC President as described herein, a Board member may use his/her personal funds for emergency services and/or supplies under the circumstances described herein.
- b. Board member reimbursements under circumstances described herein are exempt from the reimbursement payment limits of \$1000 allowed per Board member per Fiscal Year.

5. Alternative Authority

- a. In the absence or unavailability of the NC President, the NC Vice-President or Treasurer, in successive order, may authorize use of the NC bank card herein.

6. Receipts and Invoices

- a. Receipts or paid invoices itemizing payments must be obtained from the vendor and uploaded to the NC Funding portal per standard operating procedures.

7. Report and Board Action

- a. At the next regular or special meeting of the NC, the President shall report the expenditure to the governing board, including the details surrounding the emergency which gave rise to the expenditure. The expenditure shall be ratified by the governing board through a Board Action Certification (BAC) entered into the minutes of the meeting.
- b. If a Board member reimbursement as described herein is requested, the Board must review and approve the request through a separate BAC and submit (upload) for payment through the NC Funding System portal.

Corrective Measures

NC Funding Program Policy 6.0 - Corrective Measures

1. Preliminary Review of Expenditures

The Office of the City Clerk, NC Funding Program may make a preliminary review of any expenditure or financial transaction contemplated by an NC to ensure that it is acceptable, appropriate, and comports with the NC Funding Program guidelines and laws that pertain. Where an NC is unsure whether a proposed expenditure is appropriate, it shall make a written request for guidance from the NC Funding Program on the matter before any commitment to expend funds is made or the transaction is completed.

2. Expenditure Oversight

The NC Funding Program may monitor and review any and all financial transactions made by an NC as follows:

- a. Online review of any information concerning check payments, bank card transactions, or any other applicable method by which NCs may access City funds and make financial transactions.
- b. On-site review of any NC's accounts, statements, books, records, receipts, invoices, or any other document that evidences any financial transaction.
- c. An NC Funding Program in-house review of any NC's accounts and records prior to releasing funds to the NC for the conduct of its business.

3. Admonition

- a. If the NC Funding Program determines that an NC has failed to account for its funds or has misused its funds, then the NC Funding Program may issue a Fiscal Responsibility Admonition Notice informing the NC of the problem. Failure to account for its funds includes:
 - i. Delinquent Monthly Expenditure Reports (MER). Delinquent MERs is defined as:
 1. Three (3) cumulative missing reports during the Fiscal Year or
 2. Two (2) consecutive missing reports during the Fiscal Year.
 - ii. Bank card receipts not uploaded to the NC Funding portal within ten (10) days of the posting date of the transaction in a consistent manner, meaning three (3) or more occurrences during the Fiscal Year.
- b. Where the NC Funding Program deems it necessary, the Financial Responsibility Admonition Notice may require as follows:
 - i. That the NC take specific corrective action to comply with Generally Accepted Accounting Principles applicable to NCs or those prescribed by the NC Funding Program.
 - ii. That the Treasurer, or any other NC representative, shall meet with the NC Funding Program staff to discuss accounting practices or any other financial matter involving the NC and, thereafter, follow a remedial plan as prescribed by the NC Funding Program.

c. Corrective Action and Remedial Measures

If the NC Funding Program determines that an NC has misused its funds, then the NC Funding Program may impose corrective action or remedial measures. The NC Funding Program's decision to impose corrective action or remedial measures, or both, is final.

i. Corrective Action

As outlined in the NC Funding Program's Fiscal Responsibility Admonition Notice, the corrective action prescribed by the NC Funding Program may include, but is not limited to, the following:

1. Denying funding requests for payment on purchases or transactions deemed unacceptable or a misuse of public funds.
2. Limiting or suspending (freezing) all access to and the use of NC funds, including any check payment requests and the bank card.
3. Reducing funding to an NC in amounts that equal or approximate the amount necessary to compensate for, or remedy, any unacceptable purchase or financial transaction, or to redeem misused public funds; including any administrative or incidental costs associated therewith.
4. Assign temporary staffing services from a City-contracted temporary staff agency to work with the NC to complete needed NC Funding Program documents.
 - a. The assignment of temporary staff by the NC Funding Program to the NC is binding. Payments due for services rendered, as invoiced, will be paid from available NC funds.
5. Additional corrective measures the NC Funding Program may impose on NCs include, but are not limited to, the following:
 - a. Restricting available credit on the Purchase Card
 - b. Requesting repayment from the NC Board or individual members of the Board
 - c. Require additional training of the NC Board and/or the Financial Officers
 - d. Recommend Exhaustive Efforts to Department of Neighborhood Empowerment
 - e. Remove board members from serving in the capacity of Financial Officers or remove board member's eligibility to vote on any future financial matter

ii. Remedial Measures

The NC Funding Program is authorized to impose remedial measures on any NC when the Program determines that an unacceptable purchase, financial transaction, or misuse of public funds has occurred, or may occur, in violation of accounting principles, program guidelines, or laws that pertain. Additionally, remedial measures may be imposed when Department of

Neighborhood Empowerment notifies the NC Funding Program of actions taken to place the NC in "Exhaustive Efforts". Any remedial measures imposed by NC Funding Program will be identified in a Fiscal Responsibility Admonition Notice and may include any combination of corrective actions and remedial measures that the NC Funding Program deems appropriate under the circumstances.

1. In an effort to ensure that NCs operate in a fiscally responsible manner and to support the financial integrity of the NC Funding Program, the NC Funding Program may impose the following remedial measures:
 - a. Require mandatory supplemental training for any Financial Officer of an NC or, if necessary, the entire governing board of the NC.
 - b. Completely or partially freeze the NC funding account when the NC Funding Program determines that the NC has been repeatedly deficient in its accounting practices, has consistently mishandled or misused its funds, or is in Exhaustive Efforts as determined by Department of Neighborhood Empowerment.
 - c. Suspend and/or remove Financial Officers from their duties with the NC Funding Program.
 - i. In situations where an NC does not have a Treasurer, 2nd Signer, or NC Bank Cardholder on its Board, due to NC Funding Program action, resignation of or removal by Board action of said Financial Officers, the NC Funding Program will assist the NC in issuing custodial payments on behalf of the Board for Operations-related expenditures only. This also includes Financial Officers who are unavailable to carry out their duties due to temporary causes as determined by the NC Funding Program.
 - d. Require that the NC immediately relinquish all access to, and tender all control of, its funding records and funds to the NC Funding Program. The NC Funding Program may impose this measure when it determines that the NC has not complied with the corrective or remedial measures outlined in a previous Financial Admonition Notice, the prospect of rectifying the problem is unlikely, or the circumstances require immediate action to safeguard public funds.
 - e. Request that the Department of Neighborhood Empowerment to further explore other applicable measures that may be taken per Department of Neighborhood Empowerment's authority, if necessary. This may include involuntary

decertification, as set forth in section 22.810.1(e) (2) of the Los Angeles Administrative Code. Department of Neighborhood Empowerment may recommend decertification when it is determined that an NC is incapable of handling its accounts, its governing board refuses to follow the advice, corrective action, or remedial measures promulgated, or the circumstances require immediate action to safeguard public funds.

- f. Refer the matter to the appropriate City department, commission, or law enforcement agency when the NC Funding Program has reasonable cause to believe that someone has engaged in unlawful or criminal activity involving an NC's public funds

NC Funding Program Forms

- Form 101 Board Action Certification (BAC)
- Form 104 In-Person Training Completion Form
- Form 105 Missing Receipt Affidavit
- Form 106 Event Approval Form
- Form 107 NPG Application
- Form 108 NPG Completion Report
- T7. A Meeting and Public Event ADA Accessibility Checklist
- Neighborhood Council Community Events – Risks & Liabilities Checklist

These documents are posted on our website at clerk.lacity.org.

Glossary of Terms

Budget Line Item

A line-item in a budget indicates specific types of expenses that the Neighborhood Councils plan or project on making during the fiscal year.

Exhaustive Efforts

Actions taken by the Department of Neighborhood Empowerment, per the Plan for a Citywide System of Neighborhood Councils, Article VI, Section 4, to remedy complaints that impact the operations and functions of a Neighborhood Council.

Fiduciary Responsibility

The obligation entrusted on Neighborhood Council board members to care for the use of the Council's allocated funds for the benefit of the general public.

Good Standing

For general purposes of the NC Funding Program, a Neighborhood Council is considered to be in good standing when it is in compliance with the explicit obligations of the Program, while not being subject to any corrective measures per the Policies and Guidelines.

Itemized Invoice

A document provided by a vendor serving as proof of request for payment for goods or services listing the cost of each item purchased rather than just the total cost.

Itemized Receipt

A document provided by a vendor serving as proof of payment made for goods or services listing the cost of each item purchased rather than just the total cost.

Monthly Expenditure Report (MER)

A document generated electronically by the NC Funding System portal that provides a record of the NC's bank account monthly transactions, including expenditures made, committed and outstanding expenditures, and total net balance for the remaining fiscal year.

Non-Descriptive Payment

Payment made that does not provide necessary proof of payment information, i.e. itemized receipt, necessary to account for the purpose of the expenditure.

Prepayment/Advance Payment

Payment made before goods and services are provided.

Public Benefit

An activity or project that builds community, enhances the neighborhood, promotes government engagement and communication, and is open, accessible, and free of charge to the members of the community wishing to participate in or make use of the activity or project. This includes the ability for a Neighborhood Council to utilize its funds for operational purposes in a manner that promotes the Council's mission, goals, and objectives.

Recurring Expenditures

Expenses incurred by a Neighborhood Council on a repeating, periodic basis, particularly on a month-to-month basis, such as payments for office space and equipment leases, storage space rental, P.O. box rental, telephone and Internet service, website hosting, meeting-related expenses like printing, photocopying, minute-taker, refreshments. etc.

Contact Us

If you have any questions regarding the NC Funding Policies and Guidelines, how to complete required funding documentation, Program training, or any general questions regarding the NC Funding Program

Please call us at: 213-978-1058

Or

Email us at: clerk.ncfunding@lacity.org