

WMSC R-2019-05
May 14, 2019

WASHINGTON METRORAIL SAFETY COMMISSION
777 North Capitol Street, N.E.
Washington, D.C. 20002

RESOLUTION APPROVING THE ADOPTION OF AN INTERNAL
CONTROLS MANUAL

WHEREAS, the Washington Metrorail Safety Commission (“WMSC”) is in a position of public trust and deems it important and necessary to establish strong and robust internal controls to ensure it comports with the highest standards of financial stewardship and organizational responsibility; and

WHEREAS, the WMSC has prepared an Internal Controls Manual that conveys the methods and procedures the WMSC shall use to manage its finances and assets and govern its business practices.

NOW, THEREFORE, BE IT RESOLVED THAT THE WASHINGTON METRORAIL SAFETY COMMISSION:

Approves the attached Internal Controls Manual.

Adopted by the Metrorail Safety Commission at its meeting on May 14, 2019.



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Internal Controls Manual



Internal Controls Manual

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Purpose

The Washington Metrorail Safety Commission (WMSC) operates using funds provided both by the local jurisdictions and the federal government. As servants of public trust, the WMSC has a great responsibility to utilize the resources provided in the most effective and efficient ways while adhering to applicable law and regulation. A strong system of internal controls is paramount to properly managing resources.

Internal controls are the mechanisms, rules, and procedures that work to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud. Besides complying with laws and regulations, and preventing theft and fraud, internal controls help improve operational efficiency by improving the accuracy and timeliness of financial reporting.



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Every WMSC employee has some role in effecting internal controls. The purpose of this manual is to assist employees in their financial stewardship role and to provide guidance for the basic business controls and to define responsibilities for managing them.

This manual applies to all of the operations, activities, and employees of the WMSC.

Background

The Washington Metrorail Safety Commission (WMSC) is the designated State Safety Oversight Agency (SSOA) for the Washington Metropolitan Area Transit Authority (WMATA) Metrorail system. As such, The WMSC is legally and financially independent of WMATA.

The WMSC serves as the safety regulatory authority for the WMATA Metrorail system, and works in cooperation with the Federal Transit Administration (FTA) and WMATA to enhance public safety. The WMSC's State Safety Oversight (SSO) program was certified by the Federal Transit Administration in accordance with the requirements of Title 49 U.S.C. § 5329(e), and the FTA's SSO regulation 49 C.F.R. Part 674, on March 18, 2019. The WMSC's rail transit experts implement the WMSC's program and focus on verification of compliance with WMATA's safety plans to ensure that these WMATA provides a safe environment and transportation service.

The WMSC oversees the safety of WMATA Metrorail through six core functions: its triennial audit program, onsite inspections, safety event investigation, emergency management activities, safety certification, and oversight of WMATA's corrective active plans (CAPs).

The WMSC's will receive its only federal funding from the U.S. Department of Transportation's (DOT) Federal Transit Administration (FTA), as a recipient pursuant to Title 49 U.S.C. § 5329.

The WMSC does not provide any services or benefits directly to members of the public, and the activities of the WMSC do not confer any obligations or requirements on members of the general public. That said, the WMSC is required to comply with the Freedom of Information Act (5 U.S.C. § 552(a)-(d)) and the Government in the Sunshine Act (5 U.S.C. § 552b).

The WMSC is comprised of Commissioners and Alternates appointed by the District of Columbia, the State of Maryland, and the Commonwealth of Virginia. Each jurisdiction is permitted to appoint two Commissioners and one Alternate, none of whom is a salaried employee of the WMSC. The day-to-day work of the Metrorail Safety Commission is undertaken by a full-time staff of about 11 individuals.

The legal authority for the WMSC is derived from an Interstate Compact, which was authorized by identical legislation enacted by each of the jurisdictions served by Metrorail: D.C. Act 21-666, which became law on February 10, 2017; Maryland H.B. 119, which became law on March 30, 2017; and Virginia H.B. 2136, which became law on March 24, 2017. The U.S. Congress granted its consent and approval of the MSC Compact via H.J.Res.76, which became P.L. 115-54 on August 22, 2017. This legislation is collectively referred to as the "WMSC Compact."

Relevant to this manual, the WMSC Compact, among other things, authorizes the WMSC to enter into contracts, and its exemption from sales taxes.

Tax exempt

Article V, Section E, Paragraph 45 reads:

"45. The exercise of the powers granted by this [W]MSC Compact shall in all respects be for the benefit of the people of the District of Columbia, the Commonwealth of Virginia, and the State of Maryland and for the increase of their safety, commerce, and



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prosperity, and as the activities associated with this [W]MSC Compact shall constitute the performance of essential governmental functions, the Commission shall not be required to pay any taxes or assessments upon the services or any property acquired or used by the Commission under the provisions of this MSC Compact or upon the income therefrom, and shall at all times be free from taxation within the District of Columbia, the Commonwealth of Virginia, and the State of Maryland.”

Authority to contract

Article IV, Section B, Paragraphs 32(e) and 32(f) read:

“(e) Contract for or employ consulting attorneys, inspectors, engineers, and such other experts necessary or desirable and, within the limitations prescribed in this [W]MSC Compact, prescribe their powers and duties and fix their compensation;

“(f) Enter into and perform contracts, leases, and agreements necessary or desirable in the performance of its duties and in the execution of the powers granted under this [W]MSC Compact;”

Background Information

Fiscal Year

The WMSC’s fiscal year ends June 30th.

Roles and Responsibilities

The Commissioners are responsible for fiduciary oversight of the organization including:

- Annual approval of audited financial statements.
- Annual approval of budget.

- Annual approval of CEO salary.
- Quarterly review of financial statements and performance.
- Accountability of the Chief Executive Officer and any personnel responsible for Finance and/or operations.

The WMSC Finance & Operations Committee is responsible for fiduciary oversight including: Aiding the full commission in developing and proposing WMSC budgets, selecting independent auditors, overseeing independent audits and presenting audit findings to the full commission with recommendations for action, developing policies and overseeing civil rights compliance, proposing internal controls, overseeing procurement policies, developing personnel policies, and presenting the annual budget and periodic reports to the commission for adoption.

The accounting and finance function for WMSC is fulfilled as an outsourced service. Refer to Appendix A for the vendor name. The roles of this accounting team include:

- Processing transactions.
- Managing accounts receivable, accounts payable, and billing.
- Reviewing and submitting payroll to the Professional Employer Organization (PEO) for processing (see Appendix A for current PEO information).
- Submitting grant disbursement requests.
- Monthly bank reconciliations.
- Monthly balance sheet account reconciliations.
- Monthly financial reporting and analysis.



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- Assisting with grant reporting.
- Budget preparation.
- Completing ongoing financial forecasting.
- Managing cash flow and projections.
- Audit preparation and support

Additionally, a member of the outsourced accounting team serves as the outsourced Controller for the WMSC, and other vendor personnel serve as additional accounting staff for the WMSC. The role of the Controller includes:

- Managing and overseeing the accounting team.
- Reviewing the general ledger on a monthly basis.
- Reviewing the monthly bank account reconciliations.
- Reviewing fees paid to each vendor and issuing an IRS Form 1099, as required, by January 31 of each year.

Certain employment functions are performed for the WMSC by its PEO. The functions handled by the PEO include:

- Timekeeping
- Payroll
- Employee benefits

Basis of Accounting

The WMSC uses the accrual basis of accounting.

Primary Financial Systems

The WMSC uses the following financial systems and maintains the following accounts:

- General Ledger: See Appendix At
- Payroll: PEO provided
- Bill payment: See Appendix A
- Expense reporting: Scanned receipts

Financial records are stored within the General Ledger and bill payment systems, both being cloud based systems. In addition, any monthly close workpapers are saved in outsourced accounting team's electronic annual binder.

Bank Accounts

The WMSC maintains a checking and escrow accounts. For bank names and other information, refer to Appendix A. The Treasurer, CEO, and COO have full access to all bank accounts, and the outsourced accounting team has read only account access.

The WMSC maintains an escrow account. The purpose of this account is for use if the WMSC fines WMATA, as provided in Article IV, Paragraph 31(c)(2) of the WMSC Compact, which empowers the WMSC to issue "...citations or fines with funds going into an escrow account for spending by WMATA on Commission-directed safety measures."

Signature Authority

All payments over \$5,000 must be approved by the Chief Executive Officer. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks). The following are authorized to sign checks or otherwise approve payments:



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- Treasurer
- CEO
- Chief Operating Officer

General Ledger Structure

The general ledger is structured to allow the organization to track key programs:

- General and Administration
- Programs – Broken Out by Grant Year

The full chart of accounts is attached as Appendix A.

Revenue and Accounts Receivable

Revenue Recognition

The WMSC generally receives the following types of revenue:

- Federal grants,
- Matching funds from the three jurisdictions, and
- Additional operating funds (overmatch) from the three jurisdictions.

Unless otherwise stated, revenues are recognized on an accrual basis, in accordance with the applicable contract or grant (where relevant), and in alignment with GAAP.

Grants

The WMSC receives revenue from government grants. Grant revenue may be restricted for a specific purpose or timeline, but are generally based on an agreed-upon total dollar amount up-front. The grant listing, including

due dates and contact information for each grant, is stored in SharePoint.

Federal grant revenues are recorded as the grants are expended. Matching funds and overmatch revenue is recognized when funds are received. The CEO, or delegate, is the individual responsible for grant reporting and contact with the grantor.

Receipts

The WMSC can receive receipts in the form of electronic fund transfers. The WMSC's goal is to ensure that funds receipts are properly received, recorded, and safeguarded whether they are on-hand, in the bank, or in transit.

Upon receiving notification of the deposit, the accounting team records the deposit in the general ledger using the accounts receivable module.

Grants Receivable

Billing will be processed on a biweekly basis through the appropriate federal payment management system. In between payment requests, the receivable will be tracked as an unbilled receivable. Interest is not charged on balances and amounts are written off when deemed uncollectible. Bad debts are provided on the reserve method based on experience and analysis at year-end.



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Expenses and Accounts Payable

Payroll and Timekeeping

The WMSC processes its payroll through its PEO on a biweekly basis. There are two payrolls run for each period, one for hourly employees and one for salaried employees.

Hourly employees are required to clock in and clock out using the PEO's timekeeping system on a daily basis. Salaried employees review their time allocation and confirm its accuracy. Time allocations are reviewed every Friday by the CEO as part of the monthly financial statement review. Throughout each pay period, hours are accumulated by the accounting team and submitted to the PEO.

Where applicable, timesheets shall be prepared in accordance with the following guidelines:

- Each timesheet shall reflect hours worked during the pay period (time actually spent on the job performing assigned duties).
- Compensated absences (e.g., PTO and holidays) and uncompensated absences should clearly be identified as such.

Benefits are set up and maintained by the PEO with the support of the outsourced human resources team (see Appendix A for vendor name). The outsourced human resources team is responsible for submitting changes to the PEO as necessary. The following changes in payroll data must be authorized in writing by the CEO:

- New hires
- Terminations
- Changes in salaries and pay rates
- Court-ordered payroll deductions

The following changes shall be authorized in writing by the individual employee:

- Voluntary payroll deductions
- Changes in tax withholding (W-4)
- Direct Deposit information

Payroll data and changes are maintained by the PEO.

Purchases and Procurement

Please refer to the Procurement Manual for the detailed procurement process.

Invoices and Payments

Generally, the WMSC makes payments only when properly invoiced. This section explains what constitutes a proper invoice, and it covers payment methods. The WMSC does not make any payments in cash. The following key steps outline the process for processing a payment.

- **Incoming invoices.** When invoices are received, they are routed to WMSC's Bill.com Inbox for processing. The Office Manager, with the assistance of other WMSC staff as required, is responsible for ensuring that only proper invoices (as described below) are approved for payment.
- **Approval of invoices.** WMSC staff will review the invoice to ensure that it is a proper invoice. An invoice is a proper invoice if it was submitted by a valid vendor, if it corresponds to an approved purchase order, if the amount is consistent with the WMSC's agreement with the vendor, and if the services/goods were satisfactorily rendered/received. All invoices must also be approved by either the COO or the Director of External Relations. Invoices are also reviewed by the accounting team to ensure that the coding and accounting period are accurately recorded.



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- **Processing payment requests.** On a weekly basis the Chief Operating Officer will release payments via Bill.com.
- **Filing documentation.** Supporting documentation is maintained in Bill.com.

Paper Checks

Although not a preferred method of payment, paper checks may be used, provided the above process is followed and documentation is maintained.

Payment Cards

Corporate payment cards are not currently in use. This manual will be updated if this should change.

Electronic Payments

Electronic payments such as wire transfers and ACH payments are eligible forms of disbursements.

- **Authorization.** Electronic payments are subject to the same process and approval requirements as for above payments.
- **Processing of transfer.** Electronic payments require one or two authorized approvals depending on the amount of the transfer. The following positions are authorized signers: Chief Executive Officer, Treasurer, and Chief Operating Officer. Wire transfers in the amount of \$0 to \$25,000 require one authorization. Wire transfers in an amount above \$25,000 require two authorizations.
- **Documentation.** Documentation of electronic payments must be provided to the accounting team for recording and processing, along with any supporting documentation. The documentation will be retained in Bill.com.

Employee and Commissioner Expense Reimbursement

Expenses, either incurred in alignment with the travel and expense policy, or for WMSC business purposes, will be reimbursed upon the receipt of a properly approved and completed expense reimbursement form. This form should be submitted within 2 weeks of incurring an expense. The form must include itemized receipts for all expenses over \$25 and include the appropriate account coding for each expense. Any expense listed without an itemized receipt will not be reimbursed. Reimbursed expenses will be paid as part of the weekly processing of check requests.

Vendor Management

To create a payment voucher in Bill.com, the payee must be listed in the vendor listing. The accounting team is responsible for entering new vendors in Bill.com the following information:

- Vendor legal name and any DBA names
- Street address and P.O. box (if applicable)
- Federal employer identification number
- Copy of form W-9
- Telephone number
- Key contact name and email address

When the vendor's first invoice is fully approved, the vendor is deemed a valid vendor. A form W-9 is collected for every new vendor and stored in Bill.com. No payments are made to vendors until a W-9 is collected. On an intermittent basis, vendors that have not been utilized in the preceding two years shall be marked inactive in the vendor master file in Bill.com



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Accounting Procedures

Journal Entries

Manual journal entries are used to record entries other than those that are system generated.

Access to making manual journal entries in the general ledger system is restricted to the accounting team

On a monthly basis, the general ledger is reviewed by the Controller and uploaded to the monthly electronic accounting binder.

Bank Reconciliations

Bank statements are accessed electronically by the accounting team and accounts are reconciled on a monthly basis. Reconciliations are performed by the outsourced staff accountant and the reconciliation packet (including the reconciliation, bank statement, and any supporting documentation) is reviewed by the Controller, indicating review by sign off in the binder. In addition, on a monthly basis, the bank statement is provided to the CEO for review and sign off.

Payment Card Reconciliations

Corporate payment cards are not currently in use. This manual will be updated if this should change.

Monthly Close

The WMSC closes its books on a monthly basis to prevent later changes to the organization's financial records for the period. This helps to ensure that any adjustments to the WMSC's accounting records are appropriately authorized and documented. The WMSC completes each month's official close by the 15th business day of the month, except for the last month of the fiscal year. The close process

includes reconciling all material balance sheet accounts.

All known entries to close the year should be made within four to six weeks of the end of the year. The year is then officially closed upon the completion of the audit and acceptance of the audited financial statements to allow for any proposed adjustments from the auditor to be entered into the general ledger.

Financial Reporting and Planning

Annual Budgeting Process

The WMSC prepares an annual budget on the accrual basis of accounting. The COO with support of the outsourced accounting team follows the budget process outlined below:

- **September.** The outsourced accounting team prepares budget templates for the COO. The COO meets with the appropriate WMSC staff to complete the budget templates. The budget will be prepared via a "bottom up" budgeting process. All fixed costs will be listed and will be supplemented with variable costs.
- **October.** The COO provides the budget templates to the outsourced accounting team for consolidation. The consolidated budget is reviewed by the COO and CEO; the budget is presented to the Commissioners via the WMSC Finance and Operations Committee to evaluate in advance of sharing with the jurisdictions.
- **November 1.** Deadline for the Commissioners to approve the draft budget to circulate to jurisdictions.
- **December 15.** Deadline for limited, informal comments from jurisdictions on draft budget.



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- **January through April.** WMSC engages in discussions regarding the budget with the jurisdictions and reaches an agreement on the funding level.
- **April 15.** Deadline for the WMSC to provide written notice to jurisdictions of agreement amongst the jurisdictions of funding level.
- **May.** Commissioners review the annual budget.
- **June 1.** Deadline for Commissioners to approve budget.
- **July 1.** Budget goes into effect.

Financial Reporting

Financial statements are used by WMSC management and Commissioners to monitor the organization's financial performance, make decisions, and communicate about the organization to external stakeholders. The following financial statements are prepared by the 15th of each month:

- **Balance Sheet.** Reflects the assets, liabilities, and fund balance of the WMSC. It may be prepared to include a comparative balance, generally reflecting the balance at the end of the prior fiscal year. The fund balance may be broken out as reserved or unreserved.
- **Statement of Revenues, Expenditures, and Change in Fund Balances.** Reflects all revenues, expenditures and other funding sources (uses) for the current period and year-to-date. It may be reflected in comparison to historical performance or budget. This report will also be prepared by grant fund for additional detail.

Audit

The WMSC will have an independent annual financial statement audit performed by a qualified firm of independent Certified Public Accountants each year. The audit shall be prepared in accordance with generally accepted auditing principles.

If appropriate and required, a single audit of federal funding should also be performed.

A firm to perform the annual audit will be selected from among three or more proposals. The auditors shall have no personal interest, direct or indirect, in the financial affairs of the WMSC or any of its officers or employees. It is the responsibility of the WMSC Finance and Operations Committee to recommend the audit firm on an annual basis for approval (selection) by the Commissioners.

If this is not approved, the WMSC Finance and Operations Committee will instruct the CEO to issue a request for proposals to at least three accounting firms. The final selection of the firm for the audit will be approved by the Commissioners.

The CEO and COO have direct responsibility for overseeing the implementation of the annual audit. The accounting team is responsible for coordinating with the audit firm and preparing all documentation necessary to ensure an efficient audit process. The Commissioners, employees, agents, and contractors of the WMSC shall provide access to information necessary or desirable for the conduct of the audit.

Upon completion, a draft of the audited financial statements and management letter will be issued for review. All materials will be reviewed and approved by the WMSC Finance and Operations Committee. Any requested changes will be considered and agreed upon, and the final audited financial statements and management letter will be produced and distributed to the WMSC. The Commissioners will



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be asked to accept the audited financial statements at a subsequent public meeting.

Once accepted, the annual financial audit report will be available to the general public, and a copy shall be provided to: the Administrator of the Federal Transit Administration; the Governor of Virginia, the Governor of Maryland, and the Mayor of the District of Columbia; the Chairman of the Council of the District of Columbia; the President of the Maryland Senate, and the Speaker of the Maryland House of Delegates; the President of the Virginia Senate, and the Speaker of the Virginia House of Delegates; and, the General Manager and each member of the board of directors of WMATA.

Compliance

Payroll Tax Filings

Internal Revenue Service (IRS) Form 941, quarterly payroll tax filings to the IRS reporting wages paid to employees and federal payroll taxes, is due by the end of the month following the end of each calendar quarter. The PEO will prepare all quarterly and annual payroll tax forms for filing. The PEO is also responsible for preparing and processing all returns and all required payments for both federal and state payroll taxes. The CEO, or delegate, is responsible for reviewing all required payroll tax returns.

Form 1099

The WMSC issues IRS Form 1099 for all applicable individuals or organizations. At the conclusion of each calendar year, the Controller reviews total fees paid to each vendor and issues a Form 1099 for eligible individuals or organizations paid more than \$600. These forms are due by January 31 of each year.

Asset Management

Fixed Assets

The WMSC capitalizes fixed asset purchase with a value of more than \$5,000 when purchased or received.

The WMSC uses straight-line depreciation calculated over the estimated useful life of an asset. The useful life of an asset and years to depreciate that asset is determined on the following schedule:

- Furniture - 10 years
- Computers - 3 years
- Office equipment - 5 years
- Vehicles - 5 years
- Leasehold Improvements - life of lease

An item will be deemed disposable if it is no longer useful or operational. At the time of disposal, the fixed asset's depreciation expense is recorded up-to-date. The fixed asset and its associated accumulated depreciation are removed from the records. Any gain or loss from the disposal is recorded at the time of disposal.

Operating Reserve

The WMSC will maintain 6 months of expenses in an operating reserve, measured as the liquid fund balance. If the reserve falls under the required balance, the jurisdictions will be billed accordingly. Overages in the balance will be credited against future bills for the jurisdictions.



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Other Relevant Policies

Employee Travel and Expense Policy

WMSC staff members and commissioners may be required to travel or incur expenses related to the mission of the organization. Please note that the commissioner's travel is governed by a separate policy. The WMSC provides payment or reimbursement for travel and other expenses as long as they are ordinary, necessary, and serve a business purpose.

The section sets forth common guidelines to ensure that travel and related expenses are reasonable and appropriate. As such, consistent procedures for approval, and reimbursement of authorized expenses are outlined.

The following general categories of expenses may be considered reasonable, business-related expenses:

- **Air travel.** Coach class unless approved by Chief Executive Officer and for a specific need
- **Lodging.** Non-luxury and moderately priced hotels
- **Meals.** Within reasonable range of recommended daily amount by U.S. General Services Administration
- **Ground Transportation.** Taxi, shuttle, or public transportation
- **Automobile.** Rental car and fuel or personal mileage

All travel expenses that fall in the above categories should be estimated and discussed with a supervisor to determine their reasonableness prior to the commitment of any funds.

In planning travel activities, employees are expected to exercise prudent judgment, and to carefully balance the business need for the proposed travel or activity with the related expenses. That said, employee safety is paramount and may not be compromised.

Employees are encouraged to fly coach class with the lowest available airfare for non-stop travel. First class flights are not allowed unless approved by the CEO and for a specific need.

If a car rental is required, employees are requested to rent mid-sized or compact vehicles.

The WMSC will not reimburse expenses that are inherently personal in nature. All exceptions and any proposed expense that do not fall in the above categories will require specific pre-approval by the CEO. The following list includes examples of non-reimbursable expenses:

- Personal travel insurance
- Personal reading materials
- Childcare
- Traffic violations or parking tickets
- Toiletries, cosmetics, or grooming products
- Expenses incurred by spouses, children, or relatives
- In-room movies or video games
- Sporting activities, shows, etc. for personal entertainment

Personal travel may be combined with business travel provided that aggregate expenses are no higher than they would have been without the personal travel. Any personal expense will be borne solely by the employee. In no circumstance will the WMSC reimburse for spouse or partner travel or personal



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entertainment expenses incurred in tandem with employee travel.

After incurring expenses, receipts must be attached to an expense form which must be completed, signed, and submitted to the Supervisor for approval within 30 days of the day the expense was incurred. Reimbursements will be processed as part of the check request process or included in employee payroll.

Receipts are required for reimbursement of all expenses in the amount of \$25 or more. Receipts must be accompanied by a summary that outlines:

- The nature of the expense,
- The date of the expense, and
- The purpose for the expense.

Employees are allowed to use a personally owned automobile for business purposes. A valid driver's license issued within the United States and personal automobile insurance are required for expenses to be reimbursed. Drivers should be aware of the extent of coverage (if any) provided by his/her automobile insurance company for travel that is business or not personal in nature.

If employees use their vehicles for business travel, mileage incurred in addition to that of regular travel to and from the office will be reimbursed as per the current mileage rate. Appropriate parking fees related to business travel are also reimbursable. Local travel to and from the office is not reimbursable.

The standard mileage rate will be consistent with the standard IRS rate. This amount represents reimbursement for all vehicle related expenses including, but not limited to, gasoline, wear and tear, and personal auto insurance. Expense Reimbursement form is required to receive reimbursement for mileage incurred.

Any request for a payment under this section to the CEO must be reviewed and approved for allowability by the Controller prior to payment. Further, each such payment approved by the Controller must be communicated to the WMSC Chair for his or her awareness.

Compensable Meetings and Reasonable Expenses for Commissioners

WMSC Commissioners are eligible for stipend payments and reimbursement for reasonable expenses in accordance with the Compensable Meetings and Reasonable Expenses policy adopted by the Commissioners. Payments to the Commissioners are made through Bill.com as described elsewhere in this manual. Stipend payments are tracked and reported on IRS Form 1099 as described elsewhere in this manual.

Document Retention Policy

It is the policy of WMSC to retain records (in electronic form) as required by law and to destroy them when appropriate. The destruction of records must be approved by the Office Manager. The records retention schedule is as follows:

- Accident reports/claims involving WMSC employees (settled cases) - 7 years
- Accounts Payable ledgers and schedules - 7 years
- Accounts Receivable ledgers and schedules - 7 years
- Audit reports of WMSC finances - permanently
- Bank reconciliations - 3 years
- Bank statements - 3 years
- Chart of Accounts - permanently



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- Cancelled checks (any taxes, property purchases, special contracts) - permanently
- Contracts, mortgages, notes, and leases - 7 years if expired; otherwise permanently
- Correspondence: General - 2 years; Legal and important matters only - permanently; Accounting - 5 years; Routine with contractors and/or vendors - 2 years
- Deeds, mortgages, and bills of sale - permanently
- Depreciation schedules - 7 years
- Duplicate deposit slips - 3 years
- Employment applications (hired) - 3 years
- Expense analyses/expense distribution schedule - 7 years
- Year-end financial statements - permanently
- IRS Form I-9 - 3 years
- Garnishments - 7 years
- General Ledgers/year end trial balance - permanently
- Insurance policies (expired) - 3 years
- Insurance records (policies, claims, etc.) - permanently
- Internal audit reports of WMSC finances or similar internal reports - 3 years
- Inventories of products, materials and supplies - 7 years
- Invoices - 7 years
- Journals - permanently
- Minutes of meetings of the Commissioners, bylaws and charters - permanently
- Notes receivable ledgers and schedules - 7 years
- Payroll records and summaries - 7 years
- Personnel records (terminated) - 7 years
- Physical inventory tags - 3 years
- Property records (incl depreciations schedules) - permanently
- Purchase orders - 7 years
- Receiving sheets - 1 year
- Resumes and applications (unhired) - 1 year
- Retirement and pension records - permanently
- Requisitions - 1 year
- Sales records - 7 years
- Subsidiary records - 7 years
- Tax returns and worksheets, examination reports and related records - permanently
- Timesheets/cards - 7 years
- Trademark registrations and copyrights - permanently
- Training manuals - 7 years
- Voucher register and schedules - 7 years
- Withholding tax statements - 7 years
- Final reports pertaining to SSOA core functions (e.g., safety event reports,



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inspection reports, audit reports) – permanently

- Supporting documents, statements, official notes, and related materials pertaining to final reports pertaining to SSOA core functions – 3 years after completion of associated final report

Whistle Blower Protection

The WMSC requires Commissioners, officers, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The WMSC is committed to facilitating open and honest communications about its governance, finances, and legal compliance. All employees and representatives of the organization must practice honesty and integrity in fulfilling their responsibilities and complying with all applicable laws and regulations.

No trustee, officer, or employee who in good faith reports a violation of the WMSC's code of conduct shall suffer harassment, retaliation, or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This whistleblower policy is intended to encourage and enable employees and others to raise appropriate concerns within the organization.

The WMSC encourages employees to share their questions, concerns, suggestions, or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if employees are not comfortable speaking with their supervisors or they are not satisfied with the response, they are encouraged to speak with the outside general counsel. For suspected fraud or financial wrongdoing, you may speak with the Treasurer.

The Commissioners shall address all reported concerns or complaints regarding accounting, auditing, and financial impropriety. The general counsel shall immediately notify the Chair of any such complaint and work with the Commissioners until the matter is resolved.

Anyone filing a complaint concerning a violation or suspected violation of the code of conduct must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the code of conduct. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, based upon the nature of the violation and the need to conduct an adequate investigation.

The general counsel will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken, as warranted by the investigation.



Appendix A: Reference Material



Internal Controls Manual

This appendix provides information for reference that may change from time to time (e.g., the names of contractors, banking information, etc.). WMSC staff will keep this appendix up to date with current information. Changes to this appendix do not require approval of the Commissioners.

The outsourced accounting and finance function for WMSC is fulfilled by CliftonLarsonAllen.

The outsourced human resources function for WMSC is fulfilled by CliftonLarsonAllen.

The WMSC's Professional Employer Organization (PEO) is Adams Keegan.

The WMSC maintains accounts at the following banking institutions:

- BB&T (checking and escrow accounts)
- Wells Fargo (checking account)

The WMSC uses and stores financial records in the following cloud-based financial systems:

- General Ledger: Intacct
- Bill payment: Bill.com



Appendix B: Full Chart of Accounts



Internal Controls Manual

| Account No. | Title | Type | Balance |
|-------------|--|------|---------|
| 10000 | Cash | BAL | DB |
| 10100 | Checking - BB&T Operating | BAL | DB |
| 10105 | Checking - BB&T Escrow | BAL | DB |
| 10200 | Checking - Wells Fargo Operating | BAL | DB |
| 10900 | Bill.com Clearing Account | BAL | DB |
| 12000 | Contributions Receivable | BAL | DB |
| 12100 | Grants Receivable | BAL | DB |
| 12999 | Allowance for doubtful contribution receivable | BAL | DB |
| 13000 | Unbilled Receivables | BAL | DB |
| 14000 | Prepaid Expenses | BAL | DB |
| 16000 | Fixed Assets | BAL | DB |
| 16105 | Furniture | BAL | DB |
| 16110 | Computers | BAL | DB |
| 16115 | Equipment | BAL | DB |
| 16120 | Vehicles | BAL | DB |
| 16125 | Leasehold Improvements | BAL | DB |
| 16200 | Accumulated Depreciation | BAL | DB |
| 17000 | Investments | BAL | DB |
| 19000 | Other Assets | BAL | DB |
| 19105 | Security Deposits | BAL | DB |
| 19999 | InterCompany Receivable | BAL | DB |
| 21000 | Payables | BAL | CR |
| 21100 | Accounts Payable | BAL | CR |
| 21210 | Accrued Expenses | BAL | CR |
| 21220 | Accrued Payroll and Related Expenses | BAL | CR |
| 22000 | Grants Payable | BAL | CR |
| 23000 | Deferred Revenue | BAL | CR |
| 29000 | Other Liabilities | BAL | CR |
| 29120 | Refundable Advances | BAL | CR |
| 29125 | Deferred Rent Liability | BAL | CR |
| 29999 | InterCompany Payable | BAL | CR |
| 30000 | Fund Balance | BAL | CR |
| 40000 | Government Grant - contribution | INC | CR |
| 40100 | Federal Transit Admin Revenue | INC | CR |
| 40200 | DC Match Revenue | INC | CR |
| 40250 | DC Grant Revenue - Additional Funds | INC | CR |
| 40300 | MD Match Revenue | INC | CR |
| 40350 | MD Grant Revenue - Additional Funds | INC | CR |
| 40400 | VA Match Revenue | INC | CR |
| 40450 | VA Grant Revenue - Additional Funds | INC | CR |
| 48000 | Investment Revenue | INC | CR |
| 48100 | Dividend Revenue | INC | CR |
| 48200 | Interest Revenue | INC | CR |
| 48300 | Unrealized Gain/Loss | INC | CR |
| 48310 | Realized Gain/Loss | INC | CR |



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| Account No. | Title | Type | Balance |
|-------------|-------------------------------|------|---------|
| 48900 | Disposition on Assets | INC | CR |
| 49000 | Miscellaneous Revenue | INC | CR |
| 71000 | Salaries and Related Expenses | INC | DB |
| 71100 | Salaries - Direct | INC | DB |
| 71105 | Salaries - Indirect | INC | DB |
| 71110 | Bonuses | INC | DB |
| 71200 | Payroll Taxes | INC | DB |
| 71300 | Employee Benefits Expense | INC | DB |
| 71305 | PTO | INC | DB |
| 71310 | Holiday | INC | DB |
| 71315 | Health Benefit Plans | INC | DB |
| 71330 | Staff Development | INC | DB |
| 71340 | Payroll Management Expense | INC | DB |
| 73000 | Contract Service Expense | INC | DB |
| 73100 | Management Consultant Fee | INC | DB |
| 73200 | Legal Fee | INC | DB |
| 73300 | Accounting Fee | INC | DB |
| 73310 | Audit Fee | INC | DB |
| 73400 | Staff Augmentation | INC | DB |
| 73500 | Training Expense | INC | DB |
| 75000 | Promotion and Recruitment | INC | DB |
| 75100 | Promotion Expense | INC | DB |
| 75200 | Recruitment and Development | INC | DB |
| 80000 | Office Expense | INC | DB |
| 80100 | Office Supplies | INC | DB |
| 80101 | Office Equipment | INC | DB |
| 80105 | Postage & Delivery | INC | DB |
| 80110 | Association Dues | INC | DB |
| 80115 | Periodicals and Publications | INC | DB |
| 80120 | Telephone and Internet | INC | DB |
| 80130 | Bank & Credit Card Fees | INC | DB |
| 81000 | Facility and Equipment | INC | DB |
| 81105 | Rent | INC | DB |
| 81115 | Equipment Maint. & Repair | INC | DB |
| 81125 | Security Expense | INC | DB |
| 81500 | Insurance | INC | DB |
| 81510 | Office Insurance | INC | DB |
| 81520 | D&O Insurance | INC | DB |
| 82000 | Equipment Expense | INC | DB |
| 82100 | Leased Equipment | INC | DB |
| 82200 | Printing and Copy | INC | DB |
| 82300 | Safety Equipment | INC | DB |
| 82310 | Small Equipment | INC | DB |
| 83000 | IT | INC | DB |
| 83100 | IT Consulting | INC | DB |



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| Account No. | Title | Type | Balance |
|-------------|---|------|---------|
| 83200 | IT Hardware/Software | INC | DB |
| 84000 | Travel Expense | INC | DB |
| 84105 | Ground Transportation | INC | DB |
| 84110 | Airfare | INC | DB |
| 84115 | Lodging | INC | DB |
| 84120 | Meals - Food & Beverage | INC | DB |
| 84125 | Alcoholic Beverages | INC | DB |
| 84130 | Entertainment | INC | DB |
| 84500 | Travel/entertainment for public officials | INC | DB |
| 85000 | Depreciation & Amortization | INC | DB |
| 91100 | Taxes | INC | DB |
| 91115 | Business Tax | INC | DB |
| 91120 | Personal Property Tax | INC | DB |
| 91125 | Unrelated Business Income Tax | INC | DB |
| 92000 | Fines & Penalties | INC | DB |
| 93000 | Corporate Expense | INC | DB |
| 93105 | Bad Debt | INC | DB |
| 99999 | Miscellaneous Expense | INC | DB |