Board of Directors

August Finance and Budget Committee Meeting

Schedule	Tuesday, August 18, 2026 9:00 AM — 10:00 AM CDT
Venue	Houston-Galveston Area Council 3555 Timmons Ln. Houston, TX 77027
Organizer	Rick Guerrero

Agenda

1. CALL TO ORDER

2. ROLL CALL

3. DECLARE CONFLICTS OF INTEREST

4. PUBLIC COMMENT

5. CHAIR'S REMARKS

6. EXECUTIVE DIRECTOR'S REPORT
   Report on current and upcoming H-GAC activities. (Staff Contact: Ron Papsdorf)

7. INDIRECT COST CARRYFORWARD
   No action is required. This item is for informational and discussion purposes only. (Staff Contact: Yvette Gonzalez)

ACTION ITEMS

8. JULY 2026 MEETING MINUTES
   Request approval of the minutes from the July 2026 meeting of the Finance and Budget Committee. (Staff contact: Rick Guerrero)

9. MONTHLY FINANCIAL REPORT – JUNE 2026
   Request approval of the monthly financial report ending June 30, 2026. (Staff Contact: Shaun Downie)

10. ACCOUNTING AND FINANCIAL POLICY
    Request approval of the Accounting and Financial Policy. (Staff Contact: Shaun Downie & Maty Kieta)

11. BENEFITS INSURANCE COVERAGE 2026-2027 PLAN YEAR
    Request approval for the Executive Director to execute agreements for employee benefits coverage for the upcoming plan year. (Staff Contact: Laura Tomlinson)

12. ADJOURNMENT

INDIRECT COST CARRYFORWARD

Background

H-GAC uses the Environmental Protection Agency, EPA, as its cognizant agency for approval of the organization's annual indirect cost rate. Each year, EPA approves an indirect cost rate that H-GAC uses to recover eligible administrative and support costs from grants and programs.
After the fiscal year ends and actual costs are finalized, H-GAC compares the amount of indirect costs recovered during the year to the actual allowable indirect costs incurred. If H-GAC recovers less than the actual allowable amount, this is considered an under-recovery.

Current Situation

Historically, H-GAC experienced small deviations between budgeted indirect costs and actual indirect cost recovery. H-GAC went through a significant growth period beginning in about 2021 with increases in budgeted staff positions. At the same time, due to national economic conditions and recruiting and hiring challenges, higher than expected vacancy rates persisted, resulting in growing indirect under-recovery.

The cumulative under-recovery for FY 2021-2024 is approximately $2.4 million. These under-recoveries will need to be booked in 2027 and 2028 from general funds.

For FY2025, H-GAC has identified an indirect cost under-recovery of approximately $1.3M. This means that H-GAC did not recover the full amount of allowable indirect costs during FY2025.

Based on the timing of the rate approval process, this FY2025 under-recovery is expected to be included as an adjustment in the FY2027 indirect cost rate, pending H-GAC Board of Directors concurrence and EPA approval. Moving forward, staff will be implementing procedures and strategies to reduce the amount of indirect under-recovery with a focus on accurately budgeting personnel costs, position control, regular monitoring and interim corrective actions when necessary.

Funding Source

N/A

Budgeted

Not Applicable

Action Requested

No action requested. This item is for informational and discussion purposes only. (Staff Contact: Yvette Gonzalez)

MEETING MINUTES
H-GAC FINANCE AND BUDGET COMMITTEE
July 21, 2026

ATTENDANCE ROSTER

The following members of the Houston-Galveston Area Council (H-GAC) Finance and Budget Committee attended all or a portion of the July 21, 2026 meeting:

- Austin County – Judge Tim Lapham (Chair)
- Galveston County – Commissioner Hank Dugie
- Liberty County – Judge Jay Knight
- City of Friendswood – Council Member Sally Branson
- City of Huntsville – Mayor Russell Humphrey
- City of La Porte – Councilmember Chuck Engelken
- City of Sugar Land – Council Member Stewart Jacobson
- City of Waller – Council Member Nancy Arnold (General Law Cities)

Not Present:

- Fort Bend County – Commissioner Andy Meyers
- Harris County – Commissioner Lesley Briones
- Montgomery County – Judge Mark K. Keough
- Waller County – Judge Trey Duhon
- City of Lake Jackson – Mayor Rhonda Seth
- City of League City – Mayor Nick Long
- City of Bellaire – Council Member Ross Gordon

A quorum was confirmed and announced by Rick Guerrero.

1. CALL TO ORDER

- Chair: Judge Tim Lapham
- Date: July 21, 2026
- Time: Approximately 9:04 a.m.
- Location: 3555 Timmons Lane, Houston, Texas 77027
- The Chair called the meeting to order. The meeting room was declared open and accessible to the public.

2. ROLL CALL

Roll call was conducted by Rick Guerrero. A quorum was present.

3. DECLARE CONFLICTS OF INTEREST

The Chair asked if any committee member had a conflict of interest to declare. None were reported.

4. PUBLIC COMMENT

No public comment requests were received. No comments were presented.

5. CHAIR'S REMARKS

Chair Lapham welcomed the committee and stated his intent to conduct an efficient meeting.

6. EXECUTIVE DIRECTOR'S REPORT

- Presented by: Ron Papsdorf
- Staff reported that the committee would consider the annual mid-year budget adjustment before the item was presented to the full Board.
- Development of the agency's 2027 Budget and Service Plan had begun through an interactive and collaborative process, with adoption anticipated before the fiscal year begins in January 2027.
- Recruitment for the agency's next Chief Financial Officer was underway. First-round interviews were expected by the end of July, final interviews were anticipated by mid-August, and staff hoped the selected candidate could begin as early as September.
- Chuck Wemple thanked the committee for its attention to the agency's finance and budget responsibilities and expressed support for the agency's leadership transition.

7. QUARTERLY INVESTMENT REPORT – SECOND QUARTER 2026

- Presented by: Arathi Nayak
- Staff presented the Quarterly Investment Report for the period ending June 30, 2026.
- The H-GAC investment portfolio consisted of the TexPool Prime account and the Texas Range Daily Select account.
- During the final week of June, $2 million was transferred from TexPool Prime to Texas Range Daily Select in preparation for a term investment completed in early July at a yield of 3.89%.
- As of June 30, the portfolio had earned approximately $184,000 in interest and had a total market value of $9.9 million.
- The component-unit portfolio had a total value of approximately $6.47 million and had earned approximately $163,000 in interest.
- Three certificates of deposit, each earning an annual yield of 2.87%, matured in early July and were invested in the Texas Range Daily Select account.
- Motion to approve was made and seconded.
- All in favor; no opposed; motion passed.

8. MAY 2026 MONTHLY FINANCIAL REPORT

- Presented by: Shaun Downie
- Staff presented the monthly financial report for the period ending May 31, 2026.
- Cooperative purchasing revenue decreased from approximately $570,000 in April to $517,000 in May, with an increase expected in the following month as second-quarter contract billings were recognized.
- Federal grant revenues were ahead of projected levels, primarily due to Federal Transit Administration grant activity and the Quick Clearance Program.
- Pass-through expenditures increased from 25% to 34% of the annual budget.
- Community and Environmental Planning and Transportation remained below budgeted expenditure levels. Consultant expenses remained below projections, and travel increased during May but remained below projected levels.
- Revenues continued to grow faster than expenses, resulting in a positive year-to-date financial position.
- The 9-1-1 program recognized approximately $370,000 in Proposition 8 funding during May, bringing the year-to-date total to approximately $1.2 million.
- Personnel expenditures were at 37% of the annual budget and were tracking with expectations. Pass-through, consultant, and equipment expenditures remained below projected levels.

- Motion to approve was made and seconded.
- All in favor; no opposed; motion passed.

9. 2026 MID-YEAR BUDGET REVISION

- Presented by: Ron Papsdorf and Yvette Gonzalez, Budget and Special Projects Manager
- Staff presented the proposed fiscal year 2026 mid-year budget revision, which aligns budgeted revenues and expenditures with current-year activity.
- Indirect departments increased by approximately $130,000, or 0.85%, primarily for annual merit adjustments and planned additions of a Deputy Executive Director and a Special Projects Controller.
- The Aging program increased by approximately 34.36% to recognize approximately $3.1 million in 2025 carryforward funds for existing services and staff.
- Community and Environmental Planning increased by approximately 3.09%, including 9-1-1 service costs associated with two additional uninterruptible power supply maintenance locations in Chambers County and the City of Manvel.
- Enterprise Solutions increased by approximately 2%, reflecting current-year performance, revenue trends, and new regional digital opportunity strategy and local broadband planning awards.
- Local funds increased by approximately 2.32%. Outreach and Government Affairs funding was reduced from $1.7 million to $1 million as more staff time was allocated directly to programs. Data Analytics and Research revenue increased from approximately $362,000 to $1.3 million, including 2025 carryforward funding.
- Transportation decreased by approximately 16.48% to align anticipated contract and pass-through activity with the timing of work expected in 2027, while adding seven proposed positions for high-priority work.
- Workforce increased by approximately 4.61%, including 37 proposed full-time equivalent positions to bring child care quality functions in-house and increased Texas Workforce Commission and Houston Endowment funding.
- Staff stated that most revisions were routine adjustments to align the budget with actual activity.
- Motion to approve the 2026 mid-year budget revision and recommend it to the full Board was made and seconded.
- All in favor; no opposed; motion passed.

10. ADJOURNMENT

With no further business, Chair Lapham adjourned the July 21, 2026 H-GAC Finance and Budget Committee meeting at approximately 9:23 a.m.

MONTHLY FINANCIAL REPORT – JUNE 2026

Background

H-GAC prepares the monthly financial report to provide the Board with an overview of the organization's financial position and operating results. This report helps the Board monitor financial performance and budget compliance.

Current Situation

As of June, revenue and expenditure are below the year-to-date budget, primarily due to the timing of revenue recognition, lower personnel spending, and delays in contract and program activity. Pass-through activity, which represents a significant portion of our revenue and expenditures, is below budget due to lower childcare enrollments in Workforce, delays in contract execution for C&E, and contract amendments, billing delays, and the timing of subrecipient contracts in Transportation programs. We anticipate pass-through expenditures to increase in the coming months as several grants approach the end of their grant cycles and programs spend down the remaining available funds. Revenue performance varies by program, with strong activity in Gulf Coast 911 and Cooperative Purchasing helping offset lower results in other areas.

Funding Source

Not Applicable

Budgeted

Not Applicable

Action Requested

Request approval of the monthly financial report ending June 30, 2026. (Staff Contact: Shaun Downie)

HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Monthly Financial Report

For Month Ending June 30, 2026

Prepared on August 5th, 2026

Esteemed H-GAC Board of Directors and Executive Director Ron Papsdorf, please find attached the financial report for June 2026. The information contained within is intended for managerial reporting purposes. All figures are unaudited and subject to change.Should you have any questions, please feel free to reach out to one of the accounting managers. Respectfully submitted, Arathi Nayak - Accounting Manager and Shaun Downie - Senior Accounting Manager.

SUMMARY OF KEY CHANGES

REVENUES

> Cooperative Purchasing Fees revenue continues to fluctuate. June revenue totaled $567.6K, bringing year-to-date revenue to 42% of the annual budget. Second-quarter reporting received in July is expected to improve year-to-date results.

> Interest income is at 37% of the annual budget. Interest earnings remain below prior-year levels due to the current rate environment and fluctuations in cash balances available for investment.

> For Gulf Coast Regional 911, in addition to the cash receipt related to the 911 equipment purchase received in Q1, year-to-date Proposition 8 expenditures recognized total approximately $1.3 million. The budget has been revised to reflect updated 911 spending activity and align with current expenditure projections.

EXPENDITURES

> Personnel expenditures remain within budget as we continue to fill vacant positions. Year-to-date personnel costs are at 42% of the annual budget, compared to 50% of the year elapsed, reflecting the timing of position vacancies and hiring activity.

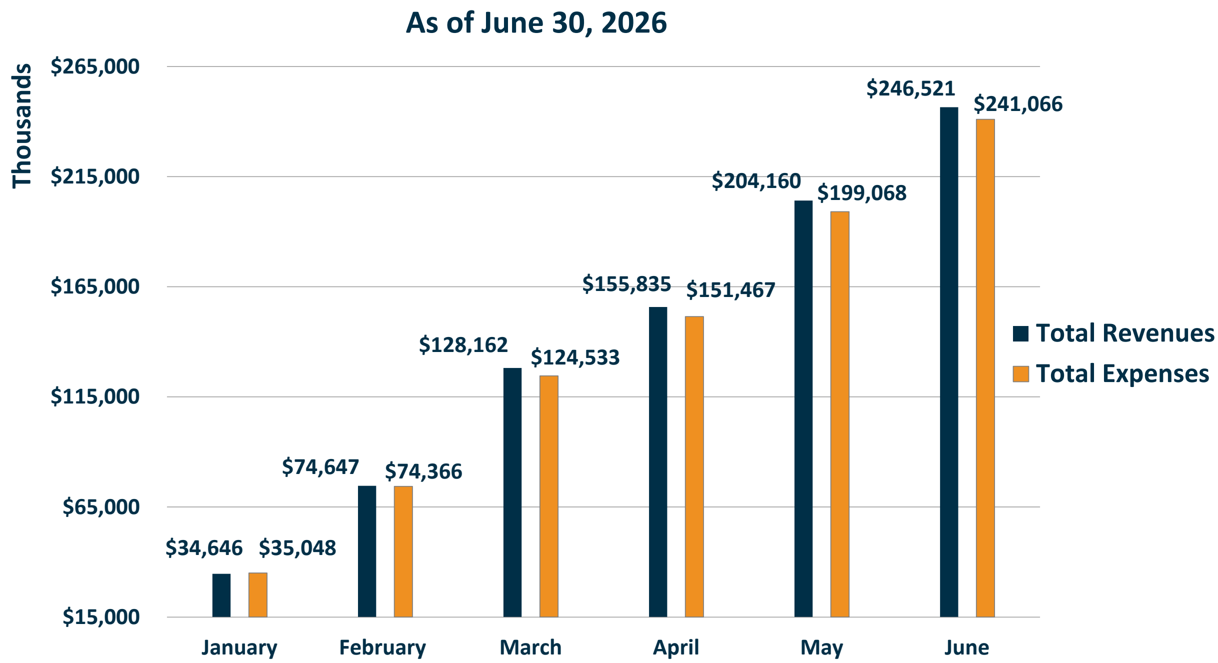
> Consultant and Contract Services expenditures remain below projected levels due to the timing of projects and contract activity. The budget was reduced by 14.6% during the mid-year budget revision process to better align with current spending trends.

> Renovation costs are still being paid, and equipment spending is expected to increase as the remaining invoices are processed. Of the $2 million renovation budget, approximately $98K is expected to remain after all payments are completed. Other equipment costs are expected to materialize during the fourth quarter.

****** Please note: the financial activity outlined above and in the report falls within the past trends observed in H-GAC's operations and is not out of the ordinary. ******

The activity (revenues and expenses) included in this report reflect actual amount recorded to date; some billings have not yet been processed or fully recorded. Reported figures are presented on a cumulative Year-to-Date basis and may be adjusted in subsequent periods to reflect finalized amounts.

Monthly Trends Chart



HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Monthly Trends Report

For Month Ending June 30, 2026

	January 2026	February 2026	March 2026	April 2026	May 2026	June 2026
Revenues						
General & Enterprise Fund Revenues						
Membership Dues	$ 38,083	$ 249,630	$61,023	$8,501	$6,895	$ 2,526
HGAC Energy Corporation	3,735	9,939	8,215	2,980	7,289	9,419
Cooperative Purchasing Fees	199,384	406,185	907,615	570,363	517,124	567,566
Gulf Coast Regional 911 Fees	319,365	37,540	4,460,648	931,207	772,175	457,518
Interest Income	33,613	105,697	79,347	78,313	96,736	54,335
Other Revenues	68,866	392,365	101,900	94,430	121,230	213,048
General Funds - Local	69,655	129,840	184,352	442,690	786,748	484,628
Total General & Enterprise Fund Revenues	**$ 732,701**	**$ 1,331,196**	**$ 5,803,100**	**$ 2,128,484**	**$ 2,308,198**	**$ 1,789,040**
Special Revenue Fund						
Federal Grants	$ 512,118	$ 500,931	$1,171,718	$1,022,904	$610,208	$ 232,788
State Grants	33,401,154	38,168,463	46,540,458	24,521,780	45,406,474	40,339,380
Total Special Revenue Fund Revenues	**$ 33,913,272**	**$ 38,669,393**	**$ 47,712,176**	**$ 25,544,684**	**$ 46,016,681**	**$ 40,572,168**
Total Revenues	**$ 34,645,973**	**$ 40,000,590**	**$ 53,515,276**	**$ 27,673,168**	**$ 48,324,879**	**$ 42,361,209**
Expenditures						
Personnel	$ 4,233,634	$ 4,360,096	$5,227,066	$4,335,643	$4,169,306	$ 4,483,497
Pass-through Funds - Grant	28,908,852	33,193,949	43,162,096	19,468,024	40,556,534	34,134,062
Consultant and Contract Services	283,688	998,384	690,651	1,345,520	1,786,555	1,871,837
Lease of Office Space	181,274	195,662	200,471	152,829	183,247	184,625
Equipment	39,967	47,911	341,429	934,520	65,742	298,761
Travel	15,066	16,492	48,147	37,328	79,348	56,467
Other Expenses	1,385,364	505,970	496,713	660,450	760,032	968,538
Total Expenditures	**$ 35,047,845**	**$ 39,318,465**	**$ 50,166,573**	**$ 26,934,314**	**$ 47,600,764**	**$ 41,997,788**
Excess of Revenues Over(Under) Expenditures	**$ (401,872)**	**$ 682,125**	**$ 3,348,703**	**$ 738,854**	**$ 724,115**	**$ 363,421**

HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Budget to Actual Report - All Funds

For Month Ending June 30, 2026

50 % of Year Elapsed

	FY26 Annual Budget	FY26 Year-to Date Budget	FY26 Year-to-Date Actuals	FY26 % of Actuals to Annual Budget	FY26 % of Actuals to YTD Budget
Revenues					
General & Enterprise Fund Revenues					
	FY26 Annual Budget	**FY26 Year-to Date Budget**	**FY26 Year-to-Date Actuals**	**FY26 % of Actuals to Annual Budget**	**FY26 % of Actuals to YTD Budget**
Membership Dues	$ 466,583	$ 373,389	$ 366,659	79%	98%
HGAC Energy Purchasing Corporation	135,000	67,523	41,577	31%	62%
Cooperative Purchasing Fees	7,556,971	2,747,323	3,168,237	42%	115%
Gulf Coast Regional 911 Fees	9,355,194	3,241,509	6,978,454	75%	215%
Interest Income	1,200,000	541,798	448,041	37%	83%
Other Revenues	2,188,437	1,266,300	991,839	45%	78%
General Funds - Local	5,742,177	3,010,000	2,097,914	37%	70%
Total General & Enterprise Fund Revenues	**$ 26,644,362**	**$ 11,247,842**	**$ 14,092,719**	**53%**	**125%**
Special Revenue Fund					
	FY26 Annual Budget	**FY26 Year-to Date Budget**	**FY26 Year-to-Date Actuals**	**FY26 % of Actuals to Annual Budget**	**FY26 % of Actuals to YTD Budget**
Federal Grant	$ 7,875,088	$ 3,028,817	$ 4,050,666	51%	134%
State Grants	584,179,539	265,281,441	228,377,709	39%	86%
Total Special Revenue Fund Revenues	**$ 592,054,627**	**$ 268,310,258**	**$ 232,428,375**	**39%**	**87%**
Total Revenues	**$ 618,698,989**	**$ 279,558,100**	**$ 246,521,094**	**40%**	**88%**
Expenditures					
	FY26 Annual Budget	**FY26 Year-to Date Budget**	**FY26 Year-to-Date Actuals**	**FY26 % of Actuals to Annual Budget**	**FY26 % of Actuals to YTD Budget**
Personnel	$ 64,137,302	$ 28,838,627	$ 26,809,243	42%	93%
Pass-through Funds - Grant	507,913,797	228,810,715	199,423,517	39%	87%
Consultant and Contract Services	21,545,932	12,153,687	6,976,635	32%	57%
Lease of Office Space	3,599,393	1,785,908	1,098,108	31%	61%
Equipment	6,476,840	2,098,580	1,728,330	27%	82%
Travel	1,215,721	411,978	252,848	21%	61%
Other Expenses	13,810,004	5,452,814	4,777,067	35%	88%
Total Expenditures	**$ 618,698,989**	**$ 279,552,309**	**$ 241,065,748**	**39%**	**86%**
Excess of Revenues Over(Under) Expenditures	**$ -**	**$ 5,791**	**$ 5,455,346**		
Beginning Fund Balance (all funds) - Jan. 1 (1)	**$ 52,762,360**	**$ 46,532,496**	**$ 52,762,360**		
Ending Fund Balance (all funds) - June. 30 (2)	**$ 52,762,360**	**$ 46,538,287**	**$ 58,217,706**		

(1) All beginning fund balances are as of January 1 of each year. The January 1, 2026 beginning fund balance is based on the 2026 ACFR presented at the May 2026 Board meeting.

(2) All ending fund balances are as of June 30 each year.

The Year-to-Date budget has been calculated using a three-year average spending & earning pattern. Historical monthly expenditure trends were analyzed to determine the proportion of annual spending incurred in each period, and these percentages were applied to the current year's approved budget to derive the YTD budget.

ACCOUNTING AND FINANCIAL POLICY

Background
A benchmarking exercise was conducted against other government organizations to make informed updates to the delegation of financial authority and approval thresholds in the Accounting and Financial Policy, ensuring alignment with Texas standards and applicable regulatory requirements.

Key changes include adding delegation of financial authority and outlining approval thresholds and separating the policies from the procedures.

Current Situation
The Finance Division retained a Finance Consultant who worked closely with the Accounting and Finance team to establish an Accounting and Financial Policy. This policy serves as the overarching framework for a series of numbered and distinct accounting and financial policies, reflects current best practices, and helps ensure ongoing compliance with applicable laws, regulations, standards, and requirements.

Funding Source
N/A

Budgeted
N/A

Action Requested
Request approval of the Accounting and Financial Policy. (Staff Contact: Maty M. Keita)

Houston-Galveston Area Council

Accounting and Financial Policy

Finance Division (FD)

Policy Number 1

Version 1.1

TABLE OF CONTENTS

1. INTRODUCTION

The Houston-Galveston Area Council (H-GAC) is committed to maintaining sound financial management practices that ensure responsible stewardship of public funds, support informed decision-making, promote transparency and accountability, and uphold public trust.

This Accounting and Financial Policy establishes the overarching framework for financial operations, accounting, budgeting, investment, reporting, internal controls, grant administration, compliance, and the management of public funds.

It consolidates core financial governance expectations into a single authoritative policy aligned with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) standards, 2 CFR Part 200 (Uniform Guidance), Texas Grant Management Standards (TxGMS), Texas Government and Local Government Codes, as well as other applicable federal, state, and local laws, regulations, and requirements.

H-GAC recognizes that effective stewardship of public funds requires a consistent, well-governed financial management framework. Clearly established financial policies ensure that H-GAC avoids risks that could compromise operational effectiveness, public confidence, and compliance with applicable laws and funding requirements.

H-GAC has a long-standing history of clean audits, routinely undergoes compliance monitoring by various funding partners and state and federal agencies, and has an existing set of board-approved fiscal policies. This policy addresses and ensures that H-GAC continues to have:

- Clear roles, responsibilities, and accountability for financial decision-making.
- Timely and accurate financial reporting and audit readiness.
- Standardized, transparent, and consistent accounting, budgeting, and financial management practices across divisions and departments.
- Strong internal controls that reduce the risk of error, fraud, waste, abuse, or misappropriation of public funds.
- Expenditures, financial commitments, or transactions within delegated authority.
- Financial practices that maintain confidence from the Board of Directors, regulators, auditors, and the public.
- Compliance with all applicable laws, regulations, finance and accounting standards, and audit requirements.

This policy also establishes a governance framework that promotes sound financial management, accountability, transparency, effective internal controls, regulatory compliance, and prudent stewardship of public funds, while supporting H-GAC 's mission and strategic objectives.

2. AUTHORITY

In accordance with Section 1 of Article VI of the H-GAC's Bylaws, the Board of Directors shall be the governing body of the Houston-Galveston Area Council. It shall be responsible for the general policies and programs of the Houston-Galveston Area Council and for control of its funds.

The Chair of the Houston-Galveston Area Council, or if absent, the Chair Elect, or if absent, the

Vice Chair, shall preside at meetings of the Board of Directors. In the event all officers are absent, members present shall designate a presiding officer. The Vice Chair shall also serve as Chair of the Board's Finance and Budget Committee, and shall attest the official actions of the Board as necessary.

3. POLICY STATEMENT

The Houston-Galveston Area Council (H-GAC) is committed to maintaining a comprehensive financial management framework and system that:

- Safeguards public funds, assets, and financial resources.
- Provides transparent, accountable financial reporting.
- Supports strategic planning and fiscal sustainability.
- Produces complete, accurate, and timely financial information.
- Maintains effective internal controls.
- Promotes the efficient and ethical use of resources.
- Prevents fraud, waste, abuse, and misuse of public funds.
- Ensures compliance with applicable laws, regulations, finance and accounting standards, and audit requirements.

Accordingly, all financial transactions shall be properly authorized, documented, recorded, and subject to appropriate oversight.

4. PURPOSE

The purpose of this policy is to establish an overarching framework for financial governance that promotes fiscal integrity and operational efficiency by:

- Supporting transparent financial reporting.
- Promoting consistent accounting and financial management practices.
- Defining financial responsibilities and authority.
- Establishing minimum internal control standards.
- Maintaining compliance with applicable laws, regulations, finance and accounting standards, and audit requirements.
- Safeguarding and responsibly managing public funds and financial resources.

5. SCOPE

This policy applies to:

- Executive Management.
- The Finance Division.
- Directors and Managers of Divisions and Departments.
- Employees with financial responsibilities.
- Contractors and Consultants performing financial functions.
- Volunteers handling public funds.
- Financial systems, transactions, and reporting activities.
- All organizational funds, assets, liabilities, revenues, expenditures, investments, grants, cooperative agreements, contracts, and financial records.

6. GOVERNANCE PRINCIPLES

Accounting and financial management shall be guided by the following principles:

- Accountability
- Transparency
- Stewardship
- Integrity
- Ethical conduct
- Compliance
- Consistency
- Fiscal responsibility
- Efficiency
- Risk management
- Effective internal controls
- Continuous improvement

7. POLICY REQUIREMENTS

H-GAC shall maintain documented accounting concepts, principles, and procedures that, at a minimum, cover:

- Revenues and cash receipts.
- Accounts payable management.
- Accounts receivable management (non-grant).
- Direct and indirect costs and employee benefits.
- Purchase card.
- Journal entries.
- Payroll and related items.
- Tax reporting and regulatory filings.
- Investment and cash management.
- Travel and related requirements.
- Food and Beverage and related requirements.
- Property and equipment.
- Leases.
- Grant administration (Federal/State).
- Subrecipient grant administration.
- Month-end and year-end closing.
- Monthly and annual financial reporting.
- Reconciliations.
- Annual audit preparation and process.
- Budget and service plan.
- Workforce Contractors Financial Reporting and Cash Draw.

The Finance Division and other responsible divisions and departments shall maintain procedure manuals that support this policy.

8. ROLES AND RESPONSIBILITIES

8.1 Board of Directors

Responsible for:
- Providing governance oversight.
- Approving policies, programs, and budgets.
- Controlling organizational funds.

8.2 Executive Director

Responsible for:
- Ensuring implementation of this policy.
- Promoting a culture of ethical accounting and financial management.
- Assigning appropriate responsibilities for accounting and financial management.

8.3 Chief Financial Officer

Responsible for:
- Monitoring internal controls.
- Maintaining accurate accounting and financial records.
- Coordinating audits and financial reporting processes.
- Providing comprehensive financial reports.
- Ensuring compliance with applicable laws, regulations, finance and accounting standards, and audit requirements.

8.4 Division Chiefs, Department Directors, and Managers

Responsible for:
- Managing approved budgets.
- Authorizing expenditures within delegated authority.
- Maintaining supporting documentation.
- Ensuring compliance with established accounting and financial policies and procedures.

8.5 Employees

Responsible for:
- Complying with policies and procedures.
- Maintaining accurate records.
- Safeguarding public and organizational assets and ensuring their proper use.
- Promptly reporting suspected fraud, waste, abuse, misappropriation, or policy violations.

9. INTERNAL CONTROL REQUIREMENTS

H-GAC shall uphold the following minimum internal control standards:
- Segregation of duties.
- Appropriate authorization levels.
- Management review and approval.

- Safeguarding of resources.
- System access controls and audit trails.
- Reconciliations and monitoring.
- Risk assessments.
- Measures designed to prevent fraud, waste, abuse, and misappropriation.

10. FINANCIAL SYSTEMS, DATA SECURITY, AND RECORDS MANAGEMENT

H-GAC shall maintain secure financial systems that provide:

- Accurate accounting records.
- Reliable audit trails.
- Appropriate user access controls.
- Data backup and disaster recovery.
- Cybersecurity protections.
- Secure electronic records.

Financial records shall be stored securely and retained in accordance with applicable records retention laws, regulations, and requirements. They shall also be protected from unauthorized access, disclosure, alteration, or destruction.

11. MONITORING AND COMPLIANCE

Compliance with this policy shall be monitored through:

- Management reviews and oversight.
- Internal reviews.
- Internal audit activities where applicable.

Material instances of noncompliance shall be promptly investigated and addressed by Management.

12. REVIEW REQUIREMENTS

This policy shall be reviewed:

- Periodically.
- When opportunities for improvements are identified.
- Following operational or organizational changes.
- Following audit recommendations.
- Whenever applicable legislative, regulatory standards or requirements change.

Written procedure manuals supporting this policy shall be reviewed and updated at least every two (2) years, or sooner if required.

13. REGULATORY REFERENCES

This policy and Appendix A are intended to align with, and shall be interpreted consistently with, the following authorities:

Authority	Website/Link
Governmental Accounting Standards Board (GASB) Statements and Codification	https://gars.gasb.org/Home
2 CFR Part 200 (Uniform Guidance)	https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200
Texas Grant Management Standards (TxGMS)	https://comptroller.texas.gov/purchasing/grant-management/
Texas Workforce Commission Policies	https://www.twc.texas.gov/agency/grant-administration-financial-reporting
Texas Local Government Code Chapter 201 (Local Government Records Act)	https://statutes.capitol.texas.gov/?tab=1&code=LG&chapter=LG.201&artSec=
Texas Local Government Code Chapter 252 (Purchasing and Contracting Authority of Municipalities)	https://statutes.capitol.texas.gov/?tab=1&code=LG&chapter=LG.252&artSec=
Texas Local Government Code Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments)	https://statutes.capitol.texas.gov/?tab=1&code=LG&chapter=LG.271&artSec=
Texas Local Government Code Chapter 391 (Regional Planning Commissions)	https://statutes.capitol.texas.gov/?tab=1&code=LG&chapter=LG.391&artSec=
Texas Government Code Chapter 552 (Public Information)	https://statutes.capitol.texas.gov/?tab=1&code=GV&chapter=GV.552&artSec=
Texas Government Code Chapter 791 (Interlocal Cooperation Contracts)	https://statutes.capitol.texas.gov/?tab=1&code=GV&chapter=GV.791&artSec=
Texas Government Code Chapter 2251 (Payment for Goods and Services)	https://statutes.capitol.texas.gov/docviewer?docName=GV.2251.htm
Texas Government Code Chapter 2254 (Professional and Consulting Services)	https://statutes.capitol.texas.gov/?tab=1&code=GV&chapter=GV.2254&artSec=
Texas Government Code Chapter 2256 (Public Funds Investment Act)	https://statutes.capitol.texas.gov/?tab=1&code=GV&chapter=GV.2256&artSec=

VERSION HISTORY

Houston-Galveston Area Council (H-GAC) Finance Division (FD) Policy Number	Effective/Revision Date	Version	Summary of Revisions	Approved By
Not Applicable	March 20, 2018	1.0	Publication Date of Accounting & Financial Policies and Procedures Manual.	H-GAC's Board of Directors
H-GAC_FD-1	August 18, 2026	1.1	Separated the Accounting & Financial Policies data from the Accounting & Financial Policies and Procedures Manual so that they can be standalone documents.	

APPENDIX A - DELEGATION OF FINANCIAL AUTHORITY

1. Purpose

This Appendix is an integral part of the Houston-Galveston Area Council (H-GAC)'s Accounting and Financial Policy, establishing the delegation of financial authority and approval thresholds for financial transactions. Its purpose is to promote sound financial management, accountability, segregation of duties, and operational efficiency while safeguarding public funds.

The approval authorities outlined herein represent the maximum authority delegated by the Board of Directors. Nothing in this Appendix prevents a higher level of review or approval when deemed necessary by the Executive Director or required by applicable law, grant agreements, procurement policies, Board actions, or other governing policies.

This Appendix shall be read and applied in conjunction with the Accounting and Financial Policy and, upon approval by the Board of Directors, shall possess the same authority as the policy of which it is a part.

2. General Requirements

The following requirements apply to all financial transactions.

- No employee shall approve a transaction that directly benefits the employee.
- The employee initiating a transaction shall not serve as the final approver.
- The Finance Division shall verify that funds are available before processing any payment.
- Expenditures related to federal and state grants must comply with applicable grant requirements.
- Approval authority shall not be divided or split to bypass approval thresholds or procurement requirements.
- Electronic approvals shall have the same authority as written approvals.

3. Delegation of Financial Authority and Approval Thresholds

A. Purchase Orders, Contracts, Invoices, and Accounting System Workflow Approvals

The roles listed below, or their respective delegated authorities, are authorized to approve purchase orders, contracts, invoices, and accounting system workflows data for H-GAC within the specified thresholds.

Role / Approver	Approval Threshold
Program Manager	$0 - $7,000
Assistant Director *	$7,001 - $16,000
Director	$16,001 - $20,000
Division Chief Officer / Chief Financial Officer	$20,001 - $50,000
Deputy Executive Director	$50,001 - $80,000
Executive Director	Up to $100,000
Board of Directors **	Over $100,000

** Applies only to those departments with this position.*

*** The supporting documentation showing approval by the Board of Directors for amounts over $100,000.00 is verified in the accounting system.*

These approval thresholds apply to:

- Purchase Requisitions.
- Purchase Orders.
- Vendor Invoices.
- Contract Payment Requests.
- Accounting System Workflow Approvals.

The Finance Division may require additional approvals for unusual, complex, or high-risk transactions, and no transaction may bypass required approval.

B. Electronic Disbursement Approval Authority

Electronic disbursements include Automated Clearing House (ACH) payments, electronic funds transfers (EFT), and wire transfers.

The roles listed below, or their respective delegated authorities, are authorized to approve electronic disbursements for H-GAC within the specified thresholds.

Role / Approver	Electronic Disbursement Amount
Chief Financial Officer **and** Executive Director	All Amounts / No Thresholds

Additional Requirements:

- Two signatures are required for all electronic disbursements.
- An Electronic Funds Transfer (EFT) batch report shall be generated, detailing the items included in the batch and the total batch amount.
- The EFT transmittal approval form shall be signed by authorized signers.
- Upon approval, the EFT file shall be uploaded to the bank by the Accounting Manager and subsequently released by the Executive Assistant to the Executive Director.

C. Check Signing Authority

The roles listed below, or their respective delegated authorities/signers, are authorized to sign checks for H-GAC within the specified thresholds.

Role / Approver	Check Amount / Threshold
Chief Financial Officer **or** Executive Director	Up to $6,000
Chief Financial Officer **and** Executive Director	Over $6,000

Additional Requirements:

- All checks exceeding $6,000 require two signatures.
- Checks shall never be made payable to “bearer” or “cash.”
- Blank checks shall never be signed prior to their use.
- Check signers shall not approve their own reimbursement requests.
- Check signers shall not reconcile bank accounts.
- Check stock shall be maintained under secure control by the Finance Division.
- Check signers should examine all original supporting documentation to ensure that each item has been properly verified prior to signing a check.

Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

D. Purchase Card Limits

Below are the maximum H-GAC purchase card thresholds that are allowed per role.

Role	Maximum Credit Limit / Threshold
Department Assistant / Departmental Card	$6,000
Manager / Assistant Director	$8,000
Facilities Manager	$10,000
Director	$10,000
Division Chief Officer / Chief Financial Officer	$15,000
Deputy Executive Director	$20,000
Executive Director	$25,000

Additional Requirements:

- The issuance of an H-GAC purchase card is a privilege, and requests shall not be automatically approved.
- Divisions, departments, and staff members seeking to obtain a purchase card to process business related expenses shall submit a request to the Chief Financial Officer or a delegated authority with justification and demonstrated need.
- All cardholders shall sign a credit cardholder acknowledgement prior to receiving their purchase cards and shall follow the current credit card policy.
- With the prior concurrence of the Chief Financial Officer, Deputy Executive Director, or Executive Director, the spending limit may be temporarily raised above the maximum credit limit or threshold for specific purchase cards. Such cardholders shall be subject to additional oversight.

Misuse of H-GAC purchase cards may result in the suspension or revocation of card privileges.

4. Emergency Authority

In accordance with Section 1 of Article VI of the H-GAC's Bylaws, in the event of a declared Federal, State or Local emergency or disaster, and the H-GAC Board of Directors is unable to convene in a duly or special called meeting, H-GAC Board officers, can exercise temporary authority to empower the Executive Director to authorize related procurements, or agreements which require immediate action related to declared emergency or disaster.

All agreements, or procurements must be presented for ratification at the next duly or special called meeting of the H-GAC Board.

5. Internal Control Requirements for this Appendix

To maintain effective internal controls:

- Duties shall be appropriately segregated.
- Electronic approval logs shall be retained.
- All bank accounts shall be reconciled monthly, within 30 to 60 days of the bank statement date, by an individual independent of the disbursement process.
- The thresholds shall be reviewed periodically by the Chief Financial Officer or a delegated authority.
- All credit card statement reconciliations shall be reviewed by an individual other than the cardholder.
- The Chief Financial Officer or a delegated authority is responsible for monitoring compliance with this delegation of financial authority and approval thresholds.

Any modifications to this delegation of financial authority and approval thresholds shall require re-approval by the Board of Directors.

BENEFITS INSURANCE COVERAGE 2026-2027 PLAN YEAR

Background

The Houston-Galveston Area Council (H-GAC) annually evaluates its employee benefits program to ensure the agency continues to offer competitive, comprehensive benefits while maintaining fiscal responsibility. The H-GAC Board annually considers and approves the agency's medical, dental, vision, voluntary life, and long-term disability insurance offerings.

H-GAC offers employees three medical plan options with varying levels of coverage, allowing employees to select the plan that best meets their individual needs. Employees contribute toward the cost of two of the three available medical plans.

Current Situation

Staff evaluated each line of coverage based on premium rates, plan design, provider networks, employee impact, carrier performance, and overall value. Where appropriate, coverage was marketed to ensure the recommended renewals represent the best overall value for H-GAC while continuing to provide competitive, high-quality benefits for employees.

Medical Coverage

With the assistance of Alliant Insurance Services, H-GAC conducted a comprehensive market evaluation of its medical insurance program. Renewal proposals were obtained from H-GAC's current carrier, Blue Cross Blue Shield of Texas (BCBSTX), as well as Aetna and Cigna.

Staff evaluated each proposal based on cost, plan design, provider network access, employee disruption, and overall value. While all three carriers submitted competitive proposals, staff determined that renewing coverage with BCBSTX provides the best overall value for H-GAC and its employees, with a 9% premium increase. This recommendation maintains continuity of care by minimizing disruption to provider networks and prescription drug coverage while continuing to provide comprehensive medical benefits at competitive rates.

As part of this renewal, H-GAC will transition its employee benefits plan year to a calendar-year schedule. Aligning the plan year with the annual deductible period, as well as H-GAC’s fiscal year, will simplify benefits administration, improve the employee experience by reducing confusion related to deductibles, and create a more seamless annual enrollment process.

Dental Coverage

Delta Dental, H-GAC's current dental insurance carrier, provided a rate pass, allowing the agency to maintain its existing dental plan with no increase in premium rates. Based on the favorable renewal terms, staff recommends renewing dental coverage with Delta Dental for the upcoming plan year. This renewal preserves comprehensive dental benefits while avoiding additional costs for the agency and employees.

Vision Coverage

EyeMed, H-GAC's current vision insurance carrier, also provided a rate pass, allowing H-GAC to maintain its existing vision plan with no increase in premium rates. Staff recommends continuing vision coverage through EyeMed to ensure uninterrupted access to quality vision benefits while maintaining stable premium rates for the upcoming plan year.

Life & Disability Coverage
Reliance Standard, H-GAC's current provider of group life and disability insurance, proposed a modest rate increase of 7.5% following several years without a premium adjustment. As part of the renewal process, H-GAC marketed its life and disability coverage to evaluate available alternatives; however, the competing proposals did not provide a more favorable overall value. Based on the market evaluation, staff recommends renewing life and disability coverage with Reliance Standard. Renewing with the incumbent carrier provides continuity of coverage while continuing to offer competitive benefits for employees.

The following charts outline the proposed medical renewal rates.

Medical Coverage		
	BCBSTX Current	BCBSTX Renewal/Proposal
Total Annual Cost	$ 6,098,011.80	$ 6,648,547.65
Employer Cost	$ 4,861,838.78	$ 5,355,464.34
Employee Cost	$ 1,264,673.02	$ 1,321,583.31

Medical & Dental Contributions (in dollars by month)								
	Employee Only		Employee + Spouse		Employee + Children		Employee + Family	
Plan	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
Perferred Provider Organization (PPO)	$ 122.85	$ 128.38	$ 1,008.48	$ 1,053.86	$ 504.12	$ 526.80	$ 1,210.52	$ 1,264.99
Consumer Driven Health Plan (CDHP)	$ -	$ -	$ 955.93	$ 998.95	$ 500.52	$ 523.05	$ 1,193.68	$ 1,247.40
Health Maintenance Organization (HMO)	$ 33.04	$ 34.53	$ 805.70	$ 841.95	$ 393.60	$ 411.31	$ 945.19	$ 987.72

Funding Source
N/A

Budgeted
Yes

Action Requested
Request approval for the Executive Director to execute agreements for employee benefits coverage with the following providers for the upcoming plan year:

- Medical: Blue Cross Blue Shield of Texas
- Dental: Delta Dental

- Vision: EyeMed
- Voluntary Life and Long-Term Disability: Reliance Standard

The renewal also includes transitioning H-GAC's employee benefits plan year to a calendar-year schedule to better align with annual deductibles and improve the employee benefits experience. (Staff Contact: Laura Tomlinson)