Houston-Galveston Area Council

Accounting and Financial Policy

Finance Division (FD)

Policy Number 1

Version 1.1

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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.	H-GAC's Board of Directors

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.