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## BOARD POLICY

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Subject: Audit Policy

Established:

Revised:

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**PURPOSE:** This policy shall memorialize the requirements for audits.

**POLICY:** The Association shall have an annual financial audit. The audit shall take place no later than 6 months after the close of the fiscal year. (December 31<sup>st</sup>)

A formal RFP for auditors shall be distributed once every five (5) years. Auditors shall be selected using a high-score method. The criteria for selecting the audit firm shall be:

Experience & Ability to Perform	30%
Familiarity with Governmental Accounting Standards	20%
Financial Proposal	40%
Client References	10%

The current audit firm will be eligible to submit a proposal for the next contract. The RFP shall be scored by the Management staff. The recommended proposer and contract shall be approved by the Board of Directors at a regularly scheduled meeting.

All final audits shall be reviewed by the Finance Committee at its next regularly scheduled meeting, after the audit is complete.

If there are audit findings, the audit firm must be willing to meet with the Finance Committee and/or the Board of Directors to discuss such findings and recommend corrective actions.



## BOARD POLICY

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Subject: Budgeting and Financial Planning

Established:

Revised:

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**PURPOSE:** This policy outlines the guidelines for the preparation, approval, and monitoring of the organization's budget, including annual and multi-year financial plans

**POLICY:** The CEO and finance staff shall prepare a trends based budget, factoring in the past three years, when preparing the annual budget.

Any deviations from a trends based budget, shall be identified during the budget process, and justify reasons for the changes in revenue or expenditures. All increases in expenditures shall be mindful of the Association's financial reserves.

As part of the budget process, all fees charged to clients or patrons, (admissions, building rent, parking fees) shall be evaluated, and adjusted if needed. Those fees shall be listed as an amendment to the budget and shall be approved by the Board. Any deviation from those established rates must be approved by the CEO.

The budget shall be reviewed and approved by the Finance Committee in the fall, approved by the Board of Directors, presented to the County Manager, and approved by the San Mateo County Board of Supervisors before January 1 (beginning of the fiscal year)

The monthly financial statements shall include the approved budget, so revenues and expenditures can be easily compared against the budget



## BOARD POLICY

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Subject: **DISPOSAL OF SURPLUS PROPERTY**  
Not Listed on the Asset List

Established:  
Reviewed:

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### **1. Purpose**

The purpose of this policy is to establish clear and consistent procedures for the proper disposal of surplus property that is not recorded on the San Mateo County Event Center's official Asset List and is determined to have small or no monetary value. This ensures responsible stewardship of organizational resources and maintains transparency in the management of public assets.

### **2. Policy Statement**

It is the policy of the San Mateo County Event Center ("SMCEC") to dispose of surplus property that is no longer useful, functional, or economically repairable, and that is not recorded as a capital or controlled asset, in a manner that is practical, transparent, and fiscally responsible. All surplus items of small or no value shall be disposed of in accordance with the procedures outlined in this policy to ensure accountability and proper documentation.

### **3. Scope**

This policy applies to all SMCEC departments and employees involved in the management, use, or disposition of property, materials, furnishings, or equipment that are not listed on the official Asset List and that have minimal or no market value.

### **4. Procedures**

#### **4.1 Identification**

Each department shall identify surplus property that is no longer needed for operations, obsolete, damaged, or otherwise unusable, and confirm that such property is not recorded on the official Asset List.

#### **4.2 Evaluation**

Departments shall evaluate the item(s) to determine if they have potential reuse, resale, or donation value. Items determined to have no functional or market value shall be classified as "items of small or no value."

#### **4.3 Authorization for Disposal**

Department managers or their designees are authorized to approve the disposal of surplus property under this policy. The approving official shall ensure that only items meeting the criteria of "small or no value" are disposed of through these procedures.

#### **4.4 Methods of Disposal**

Approved disposal methods include:

- **Donation:** Items may be donated to local nonprofit organizations, schools, or public agencies when appropriate.
- **Recycling:** Items may be recycled or repurposed whenever practical.
- **Refuse Disposal:** Items with no remaining utility or recyclability may be disposed of through standard refuse or waste services.

#### **4.5 Documentation**

Departments shall maintain a brief record of items disposed under this policy, including:

- Description of item(s)
- Date of disposal
- Disposal method used
- Name and title of authorizing individual

Documentation shall be retained in departmental records for audit and accountability purposes.

#### **5. Responsibility**

Department heads are responsible for compliance with this policy within their respective areas. The Finance Department shall oversee adherence to asset management practices and confirm that no items classified as capital or controlled assets are disposed of under this policy.

#### **6. Effective Date and Review**

This policy is effective as of the date of approval by the Board of Directors and shall remain in effect until amended or rescinded. It shall be reviewed periodically to ensure continued relevance and compliance with SMCEC asset management standards.



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## BOARD POLICY

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Subject: Financial – Internal Controls

Established:

Revised:

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**PURPOSE:** Policies to safeguard the organization’s assets, ensure the accuracy of financial records, and prevent fraud. This includes approval processes, expense reimbursement, and segregation of duties. Two individuals of the same status may not complete cash counting together.

**POLICY:**

**Fixed Assets:**

All durable equipment with a cost over \$500.00 and a life expectancy of over one year shall be identified and tracked – every other year an inventory shall be taken to verify the accuracy of these records. The CEO shall review and approve the removal of durable assets from the system.

**Cash:**

All change funds shall be balanced each time they are used. A second person shall verify the balances of the change funds no less than once per quarter.

Petty Cash shall be reconciled and reimbursed no less than once every six months.

**Credit Cards:**

Association credit cards will only be issued to individuals who have a need to purchase items for the Association. Cards will not be issued for intermittent travel. Any intermittent travel will be charged to the individual’s personal credit card and reimbursed by the Association within two weeks of the trip.

Association Credit cards should not be used to make recurring purchases – accounts should be set up with vendors, and accounts should be paid by check or ACH from the Association’s accounts.

All charges to the Association's credit cards must have a purchase order completed within 3 working days of the purchase with full documentation of what was purchased. A credit card receipt must include a detailed description of what was purchased – not just the amount.

Any "rewards points" earned for use of Association credit cards will be redeemed for cash and deposited into the Association's operating account, and tracked through the Association's accounting system.

### Segregation of Duties

As far as possible, with the Association's limited staff in finance – dual control will be utilized for all transactions. All cash receipts must be verified by two individuals

### Reconciliation of Bank Accounts:

All Bank Accounts shall be reconciled by someone other than the person doing the majority of the work in that specific account. (ie: Person doing accounts receivable work would not be allowed to reconcile Operating Account, but could reconcile Payroll Account) All account reconciliations shall be signed by the reconciler's supervisor or the CEO.

### Electronic Banking

All transactions that result in cash leaving the association's accounts require a separate authorization, other than the person initializing the transfer – including payroll NACHA Files. Transfers between the association's accounts do not require dual authorization  
Payments of taxes – State or Federal, do not require dual authorization (paid by ACH on the taxing entities web site)

### Purchase Approvals

No individual can sign a check made payable to themselves – two other signatures are required

No individual can be the sole approver of any purchase – all purchases shall have the following approvals before payment

Department Heads – up to \$5,000.00 – budgeted

CEO – anything over \$5,000 and everything unbudgeted

Controller – all orders – quality control – checks for backup and account coding -

All purchases must have adequate documentation to sustain the validity of the expenditure - ie: contract or vendors invoice with detailed description of what was purchased.

#### Expense Reimbursement

Reimbursements to individuals that have incurred expenses on behalf of the Association, shall follow purchasing policies. Reimbursements for mileage shall include a “google maps” showing the distance between destinations, and reimbursement will be based on the shortest mileage between the two points. Mileage shall be reimbursed at the current IRS rates.



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## BOARD POLICY

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Subject: Financial Reporting

Established:

Revised:

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**PURPOSE:** This policy shall memorialize the basic requirements for Financial Reporting – being mindful of the necessity of transparency and accountability in compliance with generally accepted accounting practices.

**POLICY:**

Daily:

- Monitor the operating account for cash entering and leaving the account
- Monitor the preparation of invoices and receipts for all revenue
- Monitor the preparation of purchase orders

Weekly or Bi-Weekly (depending upon volume)

- Prepare Accounts Payable checks based on purchase orders

Bi-Weekly:

- Prepare payroll and distribute checks/direct deposits
- Payroll tax deposits
- Pension Contributions

Monthly :

- All cash accounts shall be balanced by the 10<sup>th</sup> of the month – including pension funds
- California Sales tax must be paid before the 15<sup>th</sup> of the month

Before preparation of financial statements all of the following must occur

- Accounts Receivable balanced to GL
- Accounts Payable balanced to GL
- Fixed assets depreciated, balanced to GL

Monthly financial statements will be prepared and submitted to the Finance Committee and the Board of Directors a maximum of 20 days after the end of the month

Financial statements shall (at a minimum) consist of a balance sheet, and income and expense statement - Both statements shall include profit/loss to ensure statements can be easily verified to be in balance. Income and expense statements shall have budget allocations as part of the statement

#### Quarterly

- State and Federal Quarterly Payroll tax returns
- California State Sales Tax Returns

#### Annual

- Pension Census Report
- W-2 filings
- 1099 filings
- Close financial year, and update budget to current year
- File Statement of Operations with State of California, Division of Fairs
- Ensure the 990 Non-Profit Tax Return has been prepared and submitted to the IRS
- Ensure the 5500 Pension Plan Tax Return has been prepared and submitted to the IRS



## BOARD POLICY

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Subject: Financial Reserve Policy

Established:

Revised:

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**PURPOSE:** To set a minimum percentage of the annual operational budget expenses as an organizational reserve. This policy shall ensure the Association's financial stability.

**POLICY:** The Association shall maintain a minimum cash reserve of 15% (fifteen percent) - The cash reserve can consist of funds in the Operating, Payroll and Premium checking accounts; and investments in the County of San Mateo or Local Agency Investment Fund.

Funds in the Auction accounts; Client Trust account; or Pension funds cannot be used to calculate this cash reserve.

ie: 2025 Budgeted Operating Expenditures \$12,737,579.99 \* 15% = \$1,910,637.00

The Association shall maintain a minimum Operational Reserve of 25% (twenty five percent) - The Operating Reserve shall consist of funds in account 290000-00-A (or equivalent) Net Resources – Any Restricted Resources (Account 293000-00-A) held by the Association shall not be used to calculate the 25% Reserve.

ie: 2025 Budgeted Operating Expenditures \$12,737,579.99 \* 25% = \$3,184,395.00



## BOARD POLICY

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Subject: Pension Plan Administration

Established:

Revised:

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**PURPOSE:** Policies to Safeguard Employees Retirement Funds and ensure compliance with all Internal Revenue Policies regarding Pension Plans.

**BACKGROUND:** The Association has offered a Defined Contribution Pension Plan and employee deferral plan since the early 1970's. Currently the plans are a "Profit Sharing Plan" and a 403 (b) Plan. The "Record Keeper" (custodian of the money) is One America (Voya Financial effective April 2026) The Third Party Plan Administrator is Future Plan. (effective December 2024) Pension Plan Attorneys are Hanson Bridgett. The Financial Consultant is William Hawkins, Woodside Financial.

**POLICY:** The Association shall take all legal and prudent steps to protect the Associations Employees Pension Plan Funds, and remain in compliance with all administrative requirements as specified by any state or federal agencies that may have jurisdiction.

The Association shall maintain a minimum of a \$1,000,000 fiduciary liability policy that shall cover the Plan.

The Association will utilize a third party administrator that shall provide 3 (16) Fiduciary Services – This Administrator shall ensure the Association is administering the plan in compliance with the plan documents. The TPA will file the Association's 5500 Tax Filings, and provide any necessary documents to provide to Plan Participants. The TPA will act as a liaison between the record keeper and the Association.

The Association will use due diligence to ensure the Record Keeper meets or exceeds all standards of conduct, and complies with all requirements of the Internal Revenue Service or other regulatory agencies.

The Association shall utilize the services of a financial consultant to review the investment opportunities the record keeper offers, and track rate of return and any vulnerabilities involving the investment choices offered the participants, and make recommendations as to other funds.

At any time the Association should make any changes to the Plan – qualified Pension Plan Attorneys’ shall review all plan documents to ensure the plan is being administered as the plan is written.

## **BOARD OF DIRECTORS OVERSIGHT AND GOVERNANCE – BEST PRACTICES**

### **Board Fiduciary Responsibility**

The Board of Directors acknowledges its fiduciary responsibility to act solely in the interest of Plan Participants and Beneficiaries, with the exclusive purpose of providing benefits and defraying reasonable administrative expenses of the Plans. Board members shall act prudently, loyally, and in good faith in all matters related to pension oversight, consistent with applicable federal and state law.

### **Delegation and Monitoring of Fiduciary Functions**

While the Board may delegate certain fiduciary responsibilities to staff or qualified service providers (including the Third-Party Administrator, Record Keeper, Financial Consultant, and Pension Plan Attorneys), the Board retains oversight responsibility and shall regularly monitor the performance, qualifications, and compliance of all delegated fiduciaries and vendors.

### **Regular Reporting and Review**

The Board shall receive and review periodic reports, at least annually, addressing the following:

- Plan investment performance relative to appropriate benchmarks
- Fees and expenses paid by the Plans and their reasonableness
- Compliance with plan documents and regulatory requirements
- Operational issues, risks, or identified deficiencies
- Participant demographics, participation rates, and deferral trends

The Board shall document its review and any actions taken in meeting minutes or other official records.

### **Investment Oversight**

The Board shall ensure that:

- Investment options offered to participants are diversified and appropriate for a broad range of risk tolerances
- Underperforming or imprudent investment options are identified and addressed in a timely manner
- Recommendations from the Financial Consultant are reviewed, evaluated, and acted upon as appropriate

### **Fee Transparency and Reasonableness**

The Board shall periodically review all plan-related fees, including administrative, investment, and advisory fees, to ensure they are reasonable, competitive, and fully disclosed. Fee reviews may include benchmarking or competitive analysis when deemed appropriate.

### **Conflict of Interest and Ethics**

Board members and any individuals involved in pension oversight shall disclose any actual or potential conflicts of interest related to Plan service providers or investment options. Any conflicted individual shall recuse themselves from related discussions and decisions in accordance with the Association's ethics and conflict-of-interest policies.

### **Education and Training**

The Board shall encourage ongoing fiduciary education for Directors involved in pension oversight, including periodic training on fiduciary duties, regulatory updates, and best practices for retirement plan governance.

### **Risk Management and Internal Controls**

The Board shall ensure appropriate internal controls are in place to safeguard Plan assets, including:

- Separation of duties where practicable
- Regular reconciliation and audit procedures
- Timely correction of any identified errors or compliance issues

### **Regulatory Compliance and Audits**

The Board shall oversee compliance with all applicable Internal Revenue Service,

Department of Labor, and state requirements. When required or deemed prudent, the Board shall ensure independent audits or reviews of the Plans are conducted and that any findings are addressed promptly.

**Documentation and Record Retention**

The Board shall ensure that Plan-related decisions, reviews, and actions are appropriately documented and retained in accordance with legal and regulatory requirements.