



Welcome !

department of
**neighborhood
empowerment**
LOS ANGELES

**Neighborhood Council
Funding Orientation**

Staff

Program Administrator

Kevin McNeely – (213) 485-1810

Program Coordinator

Steve Baule – (213) 473-5383

Program Coordinator

Milena Albert – (213) 473-5115

Purpose of Funding

- **General Operation of Neighborhood Council**
- **Community Improvements**
- **Outreach Events**

Funding Basics

Funding: \$50,000 annually

Allocated: \$12,500 quarterly

(\$ 6,250 uploaded into commercial prepaid card)

*****NOTE: A Neighborhood Council can request more than \$12,500 per quarter only by documenting the need for more funds in that particular quarter, and by approval of the General Manager of DONE.***

\$ State \$

City General Fund

\$ City Taxes \$

DONE

85 Disbursements – 8.7 million

(Budget: \$50,000 every Fiscal Year + Rollover)

City Account

Demand Warrants

**via funding requests
(max \$6,250)**

Card

< \$1,000 Per Purchase

< \$500 per month

Petty Cash

**Reconciliations to
DONE**

Program Enrollment Required Documents

- 1. NC Approved Budget**
- 2. Documentation of Funding Decision**
- 3. Request for Neighborhood Council Funding**
- 4. Letter of Acknowledgement**
- 5. Confidential Cardholder Account Application**
- 6. Commercial Prepaid Card Agreement of Responsibilities**

Documentation of Funding Decision

2

EXAMPLES:

- Meeting Minutes
- Board Resolution

SAMPLE #1

[NC LOGO/LETTERHEAD]

“SAMPLE NAME” NEIGHBORHOOD COUNCIL

“SAMPLE”
BOARD RESOLUTION

[DATE]

The [NAME] Neighborhood Council has voted, approved, and adopted the prop budget for the period [quarter/annual time period] in accordance with the Neighbor Council bylaws and within the guidelines set forth by the City of Los Angeles and Department of Neighborhood Empowerment.

Signed,

John Doe
Treasurer

Jane Smith
President

SAMPLE #2

“SAMPLE NAME” NEIGHBORHOOD COUNCIL

Stakeholders' Meeting

[DATE]

[TIME]

MINUTES

Call to Order:

Roll Call:

Minutes of Previous Meeting:

Officers' Reports:

Treasurer – (Budget proposal, discussion, and vote)

Committee Reports:

Special Reports:

Old Business:

New Business:

Public Comment:

Announcements:

Adjournment

Minutes prepared by: John Doe
[NC Board Title]

Sample 2 - Meeting Minutes

3

Request for Neighborhood Council Funding

Two Authorized
Signatures



4

Required Document

NEIGHBORHOOD COUNCIL
FUNDING PROGRAM
**REQUEST FOR NEIGHBORHOOD
COUNCIL FUNDING**

334-B E. 2nd Street
Los Angeles, CA 90012
ATTN: FUNDING PROGRAM
(866) LA HELPS

Fax: (213) 485-4608
E-mail: ncfunding@mailbox.lacity.org
Website: www.lacityneighborhoods.com

Supporting documents required for all funding requests, such as original receipts, invoices, copies of accounting records, or description/cost of items and services requested and/or purchased, may be delivered to DONE at the address listed above. All funding requests, including the first request, must be accompanied by written evidence (such as meeting minutes or voting results) that the specific use of the funds has been agreed upon through a decision made as an official action of the Governing Body of the Neighborhood Council.

Date of Request: _____ Total Amount of Request: \$

Name of Neighborhood Council: _____

REQUIREMENTS

Funding Program Enrollment/Initial Request	Subsequent Funding Request
<p>A. Completion of DONE Orientation session regarding participation in the Funding Program by NC Treasurer and 2nd Signatory</p> <p>B. The following six (6) documents must be submitted:</p> <ol style="list-style-type: none"> 1. Letter of Acknowledgement 2. Confidential Cardholder Account Application 3. Commercial Prepaid Card Agreement of Responsibilities 4. Request for Neighborhood Council Funding Form 5. Proposed Work Plan/Budget 6. Documentation of Funding Decision by NC Board 	<p>A. Submission of all documentation of previous quarter spending including <u>original</u> receipts, payment records, bank statements, etc.</p> <p>B. Completion and approval of DONE audit.</p> <p>C. Revised budget (<i>if applicable</i>)</p> <p>D. Documentation of Board approval of revised budget (<i>if applicable</i>)</p>

DECLARATION

The undersigned do hereby declare that, as a result of an official action of the Governing Body of the Neighborhood Council named above: (1) they are authorized to make this request for City funding, (2) this funding request is exclusively intended for the Neighborhood Council named above, and (3) all reasonable precautions shall be exercised by the undersigned to safeguard and account for use of the funds, including use of the Commercial Prepaid Card. **Note: The names and signatures of the Neighborhood Council Treasurer and Second Signatory are required.**

Treasurer: _____ (Print Name) Second Signatory: _____ (Print Name)

Signature: _____ Signature: _____

Phone: _____ Phone: _____

(BELOW THIS LINE FOR DONE USE)

Previous Balance	Previous Balance Card	Previous Balance Check	Approval	Date
Approved Amt	Card Load Amt	Check Encumbrance Amt	Approval	Date
New Balance	New Balance Card	New Balance Check		

4

CITY OF LOS ANGELES

CALIFORNIA



JAMES K. HAHN
MAYOR

Required Document **1**
DEPARTMENT OF
NEIGHBORHOOD EMPOWERMENT

334 B E. Second Street
LOS ANGELES, CA 90012
TELEPHONE: (213) 485-1000
TOLL-FREE: (866) LA-HELPS
FAX: (213) 485-4608
E-MAIL: ncfunding@cityoflosangeles.org

GREG NELSON
GENERAL MANAGER

BOARD OF NEIGHBORHOOD COMMISSIONERS

RONALD STONE
PRESIDENT
JIMMIE WOODS GRAY
VICE-PRESIDENT

BILL CHRISTOPHER
PAT HERRERA DURAN
MARY LOUISE LINDSORIA
TONY LUCENTE
DAVID TRUJILLO

NEIC

LETTER OF ACKNOWLEDGMENT / NEIGHBORHOOD COUNCIL FUNDING PROGRAM PAGE 3

PROGRAM SUMMARY

This letter will serve as evidence of an Department of Neighborhood Empowerment City funding for expenses and activities election of a Governing Body, is eligibl operating expenses, primarily through th herein also referred to as ("the Card"). T use of the funds are provided below.

Neighborhood Councils, after becoming including a Treasurer, to represent the ir asked to attend a training and orientation developed and coordinated by the Depa of the Neighborhood Council, as well a Acknowledgment. In addition, the Trea Administrator, which is required in orde Council's individual funding account. Ap will personally receive a plastic card, s embossed on the card. This card is call routine Neighborhood Council needs. Fi of payment, the City Controller has deve In most cases, a printed check ("demand of the check request by DONE.

Neighborhood Councils will be eligibl quarter with permission of the Genera Neighborhood Council by two methods: with a "pre-loaded" dollar amount attache funds will be divided equally for use thr Program develops, the percentage of fur In addition, a petty cash system, allowing during the training session, will be availa amounts of cash are needed to take can per every 30 calendar days to be withdr Card with a confidential PIN.

Use of the Commercial Prepaid Card is r viewing of expenses incurred, balances r may result in cost savings to the Ne improvement activities. The Departmen Citywide System of Neighborhood Counc

REQUESTING FUNDS

Upon receipt by DONE of a written fur quarterly maximum installment of \$12,50 be loaded for the NC by the City into the of the requested allocation, in an accoun make a purchase. The NC should norma Prepaid Card, Neighborhood Councils Funding" form ("Funding Request Form") 485-4608 or by e-mail to: ncfunding@mail

DECLARATION

The undersigned do hereby declare that, as a result of an official action of the Neighborhood Council named below: (1) they are authorized to request City funding to support NC general operations, (2) all items or services described or included in any related funding requests are exclusively intended to further the goals and objectives of the Neighborhood Council, and (3) that all reasonable precautions shall be exercised by the undersigned to fully safeguard, control and account for all use of the funds. Proper accountability of all City funds is critical to the success of the NC Funding Program.

THEREFORE, by the signature(s) below, and on behalf of the Neighborhood Council named below, WE HEREBY AGREE to the terms and conditions as set forth in this Letter of Acknowledgment and all related documents as provided by the City, agree to expend funds in accordance with any applicable City rules, policies or procedures, and specifically agree to expend monies received by DONE solely for public purposes relating to the goals and purposes of the Neighborhood Council named below, consistent with the scope and authority under the City Charter, the Plan for a Citywide System of Neighborhood Councils and any implementing ordinances. We have attended and participated in the City-provided training related to the Funding Program.

WE FURTHER ACKNOWLEDGE and WE AGREE to comply with any requirements regarding use of the Commercial Prepaid Card, including appropriate use and petty cash withdrawals. WE AGREE to use all reasonable methods to secure any Personal Identification Numbers (PIN) issued in order to use the Card. We will provide NC financial reports and supporting documentation to DONE as requested and agree that DONE and other City representatives may make on-site visits to inspect and review all NC financial records, upon providing reasonable advance notice to the NC Treasurer or designated representative.

A NEW LETTER OF ACKNOWLEDGMENT MUST BE FILED IF THERE IS ANY CHANGE OF PERSONS WHO ARE AUTHORIZED TO APPROVE EXPENSES OR TO REQUEST FUNDING.

NEIGHBORHOOD COUNCIL NAME: _____ DATE: _____

Neighborhood Council Authorized Representative Names and Signatures (minimum of two):

(1) SIGNATURE OF TREASURER _____ (2) SIGNATURE OF SECOND SIGNATORY _____

(1) PRINT NAME OF TREASURER _____ (2) PRINT NAME OF SECOND SIGNATORY _____

Questions? Contact the DONE Funding Program toll-free at (866) LA HELPS.

REV051304

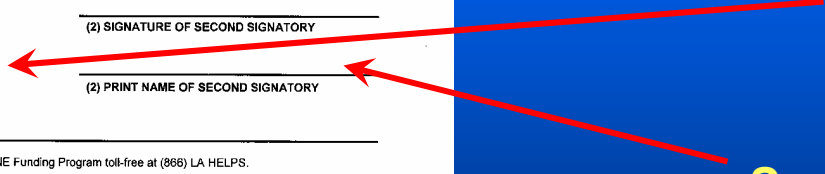
Letter of Acknowledgement

DECLARATION

Page 3

Treasurer Signature

Second Authorized Signatory



5

Confidential Cardholder Account Application



CONFIDENTIAL

Neighborhood Council Commercial Prepaid Card Cardholder Account Application Form

2

Upon completion of Neighborhood Council Funding Program training session, deliver this completed Application and signed Letter of Acknowledgement to:
DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT, C/O NC
FUNDING/STORED VALUE CARD ADMINISTRATOR.

- New
- Change (Complete fields to be changed only)
- Delete/Close

Cardholder Account # _____

CITY OF LOS ANGELES - NEIGHBORHOOD EMPOWERMENT

Primary Cardholder (NC Treasurer) Information (Important: * = Required Information)

Card Line 1: Neighborhood Council Name* _____ **Treasurer Social Security #*** _____
(19 characters maximum)

Treasurer Name* _____ **Date of Birth*:** ___/___/___

Treasurer Address* _____ **Home Phone* () -** _____
Work Phone: () - _____

City* Los Angeles **State* CA** **Zip Code*** _____

E-mail address* _____

(For DONE Program Administrator Use Only)

_____	_____	_____	_____	_____
Fund No	Dept #	APPR Acct	Object	DONE File #

Reporting Hierarchy	Level 1	Level 2	Level 3	Exceptions or Other (specify)

**Treasurer to
Complete
Top Section Only**

Cardholder Controls	
Single Purchase Limit	\$1,000
Transactions Per Cycle	30
Petty Cash Limit Per Month	\$500

Cardholder Approvals	
Signature: _____	Date: _____
Signature: _____	Date: _____

DONE USE ONLY

Account Number _____

Signature Verified: _____ Date: _____ Initials: _____ Mgt: _____

*** Exception requires approval of DONE General Manager

General Manager Exception Approval _____ Date: _____

REV 12/9/02

Commercial Prepaid Card



3

**NEIGHBORHOOD COUNCIL FUNDING PROGRAM
COMMERCIAL PREPAID CARD AGREEMENT OF RESPONSIBILITIES**

This document outlines the responsibilities that I, as Treasurer of the Neighborhood Council named below, have as primary custodial holder of a City of Los Angeles Neighborhood Council (NC) Commercial Prepaid Card (formerly known as the "Stored Value Card") and also referred to herein as ("the Card"). My signature indicates that I have read and understand these responsibilities, and further, that I agree to adhere to the guidelines established by the Department of Neighborhood Empowerment (DONE) and approved by the City Controller for use of City funding related to the NC Funding Program.

I agree to the following regarding use of the **Commercial Prepaid Card** on behalf of the Neighborhood Council named below:

1. I understand that the City of Los Angeles Neighborhood Council Commercial Prepaid Card is intended to facilitate the purchase and payment of materials required for the conduct of official Neighborhood Council business only.
2. I understand that under no circumstances will I use the Card to make personal purchases, either for myself or for others. The Card is issued in the name of the Neighborhood Council and I serve as the Card custodian.
3. Uses of the Card not authorized By DONE can be considered misappropriation of City funds. This could result in (a) immediate and irrevocable forfeiture of the Card, and/or (b) potential de-certification action. I understand that the Card must be surrendered upon termination of my official position with the Neighborhood Council to which the card is issued. I agree to maintain the Card with appropriate security whenever and wherever I or any other authorized person may use the Card. If the Card is stolen or lost, I agree to immediately notify DONE.
4. I understand that since the Card is the property of Bank of America and authorized for issue by the City of Los Angeles, I am required to comply with internal control procedures designed to protect City assets. This may include being asked to produce the Card to validate its existence and account number and produce receipts and statements to audit its use.
5. I understand that I will have access to a statement via the Internet. I understand that I am required to obtain a copy of the cash register receipt or packing slip and keep it until I perform my monthly reconciliation and verify the receipt(s) to the online statement. I will print

and sign the online statement and have it approved by a second authorized individual before forwarding my documentation to DONE.

6. I understand that all transactions on the Card will reduce the prepaid value that has been provided by the City of Los Angeles. I understand that the Bank will not accept any value load from me directly. Therefore, any transactions on the prepaid card that are personal will be deducted from the City of Los Angeles and will be considered misappropriation of funds.
7. I agree to make only those purchases consistent with the type of purchases authorized by DONE.
8. I understand that the Card is not provided to all Neighborhood Council Governing Body or Board members. Assignment of the Commercial Prepaid Card is based on the understanding that I need to purchase materials required for the conduct of Neighborhood Council business. I understand that custodial possession of the Card is not an entitlement nor reflective of title or position.
9. I have signed and received a copy of the Letter of Acknowledgement regarding the Neighborhood Council Funding Program, have attended and completed the training regarding the Program and the Card, and I understand the requirements and limitations regarding the Card's use.
10. I agree that should I willfully violate the terms of this Agreement and use the Card for personal use or gain, that I will reimburse the City of Los Angeles for all incurred charges and any fees related to the collection of those charges.

Neighborhood Council Treasurer Name (Printed)

Second Authorized [Reviewer] Name (Printed)

Neighborhood Council Treasurer Name (Signed)

Second Authorized [Reviewer] Name (Signed)

Date Signed

Date Signed

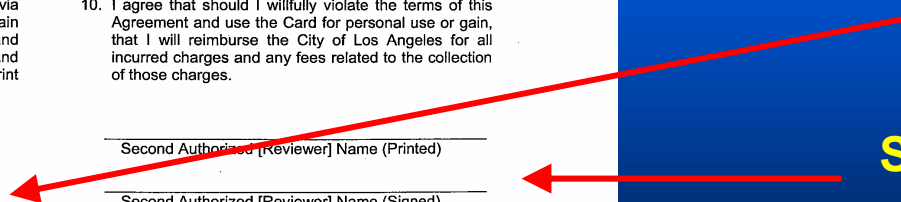
NEIGHBORHOOD COUNCIL NAME: _____

6

Commercial Prepaid Card Agreement of Responsibilities

Treasurer Signature

Second Authorized Signatory



ADDITIONAL FUNDING REQUESTS

- 1. Complete Demand Warrant Form**
- 2. Approved amounts depend on current balance of funds**
- 3. Demand must be for budgeted expenditure**
- 4. Request requires backup documentation**

Accessing Funds

Three methods to access funds:

- 1. Commercial Prepaid Card (CPC)**
- 2. Check Request**
- 3. Petty Cash (Withdrawn from CPC)**


Commercial Prepaid Card

Important Points

1. \$1,000 limit per transaction
2. No split transactions
3. \$500 limit ATM withdrawal for petty cash; 1 transaction every 30 calendar days
4. Accessing account online: www.mysvcard.com
5. Merchant Category Codes (MCC)

Demand Warrant

(City Check and Funds Transfer Request)



DW

DEMAND WARRANT

NEIGHBORHOOD COUNCIL FUNDING PROGRAM -- REQUEST FOR NEIGHBORHOOD COUNCIL PAPER CHECK
 334-B E. 2nd Street, Los Angeles, CA 90012, (866) LA HELPS Website: www.lacityneighborhoods.com
 Mail or submit this request via: Fax: (213) 495-4608 or E-mail: nefunding@mailbox.lacity.org ATTN: FUNDING PROGRAM

Date of Check Request: _____ Amount of Check Request: \$ _____
 If the requested check is for an amount of \$5,000 or higher, the Treasurer and Second Signatory signing below declare that the expenditure received Board approval in a public meeting held on _____ (date).
 Name of Neighborhood Council: _____
 Budget Category/Item: _____

The City Council approved the Neighborhood Council Funding Program with the understanding that the City funds reserved for the Program would be used by Neighborhood Councils for three purposes: (1) operating expenses, (2) outreach and communication, and (3) neighborhood improvement projects. Please check the corresponding box below that applies to this funding request. If the "Neighborhood Improvement Project" box is checked, please provide a description of the proposed project and explain how it will provide a clearly visible benefit to your community.

Operational Expense
 Neighborhood Improvement Project
 Outreach

(Please explain below and/or attach additional supporting information)

Make check payable to: _____
 Vendor Address: _____
 Mailing Address: _____

A: Check One: <input type="checkbox"/> First-time request for this vendor. <small>(CONTINUE to section B) -></small> <input type="checkbox"/> Required documents on file with DONE. <small>(STOP, sign Declaration)</small>	B: For a corporation, individual, sole proprietor, or partnership submit all required applicable documents: <ul style="list-style-type: none"> • Original Invoice(s) • Business Tax Registration Certificate Number (BTRC) <small>(enter below)</small> • Employer Identification Number (EIN) or Social Security Number (SSN) • IRS Form W-9 SSN: _____ BTRC: _____ EIN: _____	<input type="checkbox"/> Check here if this is a request for reimbursement of NC Board member. • Submit Original receipt(s)
---	--	--

DECLARATION

The undersigned do hereby declare that, as a result of an official action of the Governing Body of the Neighborhood Council named above: (1) they are authorized to make this request from donated funds, (2) this funding request is exclusively intended for the Neighborhood Council named above, (3) all reasonable precautions shall be exercised by the undersigned to safeguard and account for use of the funds, and (4) the amount of the check requested will be deducted from the total available balance in my Neighborhood Council Funding Program account. Issuing the check may also result in a reduced balance available in the Commercial Prepaid Card. **Note: The names and signatures of the Neighborhood Council Treasurer and Second Signatory are required.**

Treasurer: _____ Second Signatory: _____
 Signature: _____ Signature: _____
 Phone: _____ Phone: _____

(BELOW THIS LINE FOR DONE USE)

Vendor Code	Acct. #	Approval	Date
BFY	Line	Approval	Date

Two Authorized Signatories

Petty Cash

- 1. Up to \$500 withdrawal every 30 calendar days. Only 1 transaction.**
- 2. Original receipts**
- 3. Treasurer to create sign out procedure**

AUDITS

Important Points

- 1. Submitted and reconciled quarterly**
- 2. One quarter “grace” period for funding requests**
- 3. ORIGINAL receipts**
- 4. Reconciliations (Card account and Petty Cash)**
- 5. Bank statements**
- 6. All other supporting documentation**

Commercial Prepaid Card Handbook



NEIGHBORHOOD COUNCIL

COMMERCIAL PREPAID CARD

HANDBOOK

(FORMERLY THE "STORED VALUE CARD")



AP

Neighborhood Council
Funding Program

COMMERCIAL PREPAID CARD SYSTEM

ACCEPTABLE PURCHASE CATEGORIES

The Commercial Prepaid Card System was developed for Neighborhood Councils as an easy and convenient way to obtain items and/or services required for Neighborhood Council operations. The card has been electronically coded to accept a wide variety of purchases and includes valuable information provided to the Department of Neighborhood Empowerment by Neighborhood Councils.

Below is a list of acceptable purchase categories with Neighborhood Council funds, including the card. This list will change as Neighborhood Councils need changes. Certain items require advance approval from the Department. NOTE: Gasoline may be purchased in *reasonable amounts* for Neighborhood Council business by using your petty cash fund. Make sure a receipt is obtained from the gas station. Forward the original receipt to the Department with your other receipts for audit purposes.

If you have any questions regarding any of the items on the list, please contact the Funding Program at (866) LA HELPS.

ACCEPTABLE COMMERCIAL PREPAID CARD PURCHASE CATEGORIES:

BUSINESS SERVICES

- Automobile Parking Lots and Garages
- Employment Agencies, Temporary Help Services**
- Equipment Rental
- Furniture Rental
- Photographic Developing, Photofinishing Laboratories, Studios
- Postal Services
- Quick Copy, Reproduction and Blueprint Services
- Stenographic and Secretarial Support Services**
- Tool Rental

COMMUNICATIONS SERVICES

- Telecommunication Equipment
- Telecommunication Service

FINANCIAL SERVICES

- Automated Cash

PROFESSIONAL SERVICES

- Associations, Civic, Social and Fraternal
- Colleges, Universities, Professional Schools
- Organizations, Charitable and Social Service
- Schools, Elementary and Secondary

REPAIR SERVICES

- Electronic Repair Shops
- Furniture Repair, Refinishing and Reupholstery Shops
- Small Appliance Repair Shops

RETAIL SERVICES

- Books, Periodicals, Newspapers
- Building Materials, Lumber Stores
- Candy, Nut, Confectionery Stores
- Caterers
- Computers, Computer Peripheral Equipment, Computer Software
- Computer Software Stores
- Department Stores
- Discount Stores
- Drug Stores, Pharmacies
- Eating Places, Restaurants
- Electronics Stores
- Fast Food Quick Payment Service Restaurants
- Florist Supplies, Nursery Stock and Flowers
- Glass, Paint, Wallpaper Stores
- Grocery Stores, Supermarkets
- Hardware Stores
- Home Supply Warehouse
- Lawn and Garden Supply Stores
- Music Stores
- Office and Commercial Furniture
- Office, Photographic and Photocopy
- Paints, Varnishes and Supplies
- Record Shops
- Second Hand Stores, Used Merchandise Stores
- Stationery, Office Supplies, Printing
- Variety Stores
- Wholesale Clubs

TRANSPORTATION SERVICES

- Bus Lines
- Courier Services, both Air and Ground
- Freight Forwarders
- Truck and Utility Trailer Rental

**NOTE: Requires approval in advance from the Department of Neighborhood Empowerment.

Acceptable
Purchases



UAP

Neighborhood Council
Funding Program

UNACCEPTABLE PURCHASES

Below is a list of unacceptable purchases using City funds, including both the Commercial Prepaid Card and paper checks. It is the responsibility of the Neighborhood Council to obtain prior approval on all questionable items that are not listed here or on the Acceptable Purchase Categories list.

If you have any questions, please contact your Project Coordinator or the Neighborhood Council Funding Program, toll-free, at (866) LA HELPS.

The Department of Neighborhood Empowerment has created the Funding Program based on a good faith relationship with the Neighborhood Councils. It is assumed that Neighborhood Council purchases will reflect this assumption of good faith and will adhere to the prohibitions described below. To assist the Neighborhood Councils, the Department retains fiscal controls to minimize mistakes or monetary abuses by the Neighborhood Councils. The Department is able to monitor Neighborhood Council purchases through real-time online access to the Bank of America and the City Financial Management Information System (FMIS) databases and reports. If fiscal mistakes or abuses occur, the Department may use a sanction process to correct the situation.

UNACCEPTABLE PURCHASE CATEGORIES AND ITEMS

- Any purchases made without the authorization of the Neighborhood Council governing body, and any purchases that are not identified by category in the approved budget or spending plan of the Neighborhood Council
- Transactions completed without obtaining an original invoice, receipt, written quote, or written estimate
- All costs or expenses incurred prior to the date of enrollment in the Funding Program
- Renting or leasing of office space without prior approval of the Department (*This is a contracting issue that requires adherence to specific guidelines*)
- Long-term contract in excess of 12 months or one full funding cycle without approval of the General Manager and City Attorney (*contracts require adherence to specific guidelines because of liability concerns*)
- Gifts, grants, and donations of money or goods to individuals or groups without a clearly identified and tangible benefit to the Neighborhood Council, and without a receipt from the recipient individuals or groups. (*State law prohibits public funds from being given as a gift, contact your Project Coordinator or the Funding Program for more information*)
- Gift Cards, Flowers to Neighborhood Council members or any other individual or group (*State law prohibits public funds from being given as a gift*)
- Airfare and any other travel expenses including hotel/motel facility expenses without prior Department approval. (*The City Controller must approve all travel-related expenses for City departments, and the Department of Neighborhood Empowerment must approve travel by Neighborhood Councils, in advance*)
- Alcohol, tobacco, firearms, and adult entertainment products (*this should be obvious*)
- Funding to third party individuals or groups without either an approved contract for goods or services or a receipt from a vendor for goods or services received (*There must always be a closed transaction with either a contract or receipt acknowledging the funds the Neighborhood Council is spending. There cannot be a third party intermediary that receives Neighborhood Council funds without written acknowledgment for the Neighborhood Council and Department records*)
- Hiring staff or securing the services of temporary employees, except through an approved contract between the Department and PDQ Temporary Services, Inc., a City-approved temporary employment agency (*This is a contract that requires adherence to specific guidelines*)
- Retaining janitorial, custodial, security, or any other professional services without an approved contract for services (*This is a contracting issue that requires adherence to specific guidelines*)
- Supporting or opposing ballot measures or candidates, filing lawsuits against the City or City agency, filing appeals against any discretionary decisions made by any City agency, political forums or debates, unless following City Attorney guidelines

Unacceptable Purchases

Accountability & Technical Assistance Policy

NEIGHBORHOOD COUNCIL FUNDING PROGRAM Accountability & Technical Assistance Policy

The following information details the Department of Neighborhood Empowerment's general guidelines for Neighborhood Councils with respect to Funding Program accountability. NOTE: The General Manager reserves the right to immediately implement any of the six steps described below and without necessarily engaging in the order listed below if the General Manager believes the financial or other potential risk to the City warrants such action.

Three-Element Control System

The Department of Neighborhood Empowerment may monitor Neighborhood Council purchases and uses of City fund through several types of review:

1) On-Line Review

Funding Program employees perform online review of Commercial Prepaid Card/City check use. Information reviewed includes the date, vendor, and dollar amounts of each transaction. Staff will review for inappropriate vendors, large purchases, and "warning signs" such as multiple purchases at a single vendor on the same day, etc.

2) On-Site Monitoring

Department of Neighborhood Empowerment staff will conduct on-site reviews of Neighborhood Council records and receipts to verify vendors, transactions, and fiscal controls.

3) Quarterly Audit

Funding Program staff will conduct a formal review of all records and receipts prior to release of additional funds.

Preventing Problems

If Neighborhood Councils are unsure whether a certain expense is unacceptable, they should seek clarification from the Department of Neighborhood Empowerment *before* the transaction is completed. The Department wants to assist Neighborhood Councils in order to avoid making mistakes. Making a mistake by making a purchase without asking the Department about the consequences can create a problem. The Department reviews all transactions for acceptability within the expenditure guidelines. Should an unacceptable purchase occur, the Department reserves the right to raise the issue of unacceptable purchases with, at a minimum, the treasurer of the Neighborhood Council, and to initiate corrective action as the Department determines to be appropriate.

FUNDING PROGRAM SUGGESTION #1: If unsure, ASK FIRST.

Consequences

If a Neighborhood Council makes a purchase with City funds that the Department of Neighborhood Empowerment determines to be an unacceptable purchase, the Department will issue a written warning that: identifies the unacceptable purchase or transaction; provides the reason why the transaction is unacceptable; and, depending on the type of transaction, explains the remedy or corrective action that the Department will take.

include: refusing to reimburse the Neighborhood Council for the cost to the Neighborhood Council without processing; suspending prepaid Card; reducing the amount of funding available to the Council to the amount of the unacceptable purchase; or, initiating any

relationship with Neighborhood Councils is much more flexible than the other departments.

Following these steps to correct inappropriate or unacceptable Neighborhood

If the Neighborhood Council treasurer, the "1" second financial officer on the council board, at the discretion of the General Manager, when the financial roles, responsibilities, and proper accounting controls and procedures on the council need to be strengthened. If the treasurer or other person on the council needs additional training, the Department may suspend all access to funds until the treasurer, or until a new treasurer, etc., is installed for the Neighborhood

If the deficiencies are determined by the Department to continue to be insufficient, a formal board may be required by the Department to formally develop and implement a plan to address concerns identified by the Department within 60 days of the Department. Failure to do so by the Neighborhood Council will result in the Department ending all access to funds until the Neighborhood Council has

If the Department makes a determination that the financial deficiencies are serious, the City, and that the corrective action is warranted. Formal corrective measure, and will be implemented before the total funding is returned to the direct management of their City funding. Failure to comply with the Department, may result in the Department suspending all funding to the Neighborhood Council until Step 4, below, is implemented by the

If the Department determines that the financial mismanagement within the Neighborhood Council, and the consequences are so serious and severe that the Neighborhood Council is unable to assume a liability to the Neighborhood Council and the City, the Department may take further action revoke all funding access and will assume direct management of the Neighborhood Council stakeholders for, until a subsequent

the formation of a new board, and until a new series of funding is established for eligible Neighborhood Council individuals.

If a reasonable Neighborhood Council budget is not approved by the Neighborhood Council board systematically refuses or is unable to pay for intervention by the Department is required, the Department will report to the Board of Neighborhood Commissioners.

If the allegations are alleged to be criminal in nature, the matter will be referred to the appropriate law enforcement agency.

If the Neighborhood Council has never before charged the Department with the same issue, the Department will report to the Neighborhood Council Funding Program. Therefore, the Department actively attempts to control the funds, using the funds, maintaining accurate records of inappropriate purchases.

: IF UNSURE, ASK FIRST.



FAQ

Questions Regarding Neighborhood Councils Funding Program (FAQ)

ANNUAL FUNDING

How much can we receive?

Upon enrollment in the Funding Program, your Neighborhood Council (NC) will be eligible to receive up to \$50,000 per fiscal year, which gets deposited into one city account. After that Treasurers can ask for city checks to be issued to vendors ("demand warrants"), or payments to be issued to other departments ("transfers"), or for uploads to the Bank of America commercial prepaid card.

Your initial funding period will commence the quarter of the fiscal year in which the NC is enrolled.

(Revised: 02/09/06)

Do we have to request \$ 50,000 per year?

No, if through the budgeting process your NC decides that you need less money, you can request that lesser amount. If funding needs change later, your NC will have to submit an approved request for additional funding.

(Revised: 02/09/06)

What if we spend our quarterly commercial prepaid card funds before the end of the quarter and need more funds?

You can submit a request for additional funds. Please note that it would be more efficient for your NC and our Department, if you submit a single request for the funds to cover the shortfall of the present quarter and the needed amount for the following quarter.

(Revised: 02/09/06)

FAQ

(Frequently Asked Questions)



Thank You !

department of
**neighborhood
empowerment**
LOS ANGELES

Funding Program

334-B E. 2ND St.

Los Angeles, CA 90012

Phone: Toll free 3-1-1

Fax: (213) 485-4608

Email: done.funding@lacity.org

www.lacityneighborhoods.com

(All forms located under "Funding")



Funding Program Overview

Summer 2006

TABLE OF CONTENTS:

- 1. Introduction**
- 2. Purpose of Funding**
- 3. Funding Basics**
- 4. Budget**
- 5. Additional Funding**
- 6. Accessing Funds**
- 7. Expending Funds**
- 8. Reimbursements**
- 9. Audits**
- 10. Our Staff**
- 11. Appendix:**
 - Sample Budget**
 - Demand Warrant**
 - Commercial Prepaid Card Reconciliation Form**
 - Petty Cash Reconciliation Form**
 - Acceptable Purchases**
 - Unacceptable Purchases**

Introduction:

Summer of 2002 was a very exciting time for the Department of Neighborhood Empowerment and civic activists throughout the City of Los Angeles. It was the time when the Funding Program proposed by our department was finally approved and all certified Neighborhood Councils became eligible to receive up to \$50,000 per fiscal year.

Basic rules were set as follows:

The initial funding period is set to commence the quarter of the fiscal year in which the Neighborhood Council is enrolled.

The annual grant of \$50,000 is not set as an absolute sum. If through the budgeting process your Neighborhood Council decided that they need less money, they can request that lesser amount. If funding needs change later, Neighborhood Council has to submit an approved request for additional funding. All requests for additional funding have to be approved by Neighborhood Council board and submitted to the Funding Program Department or the assigned Advocate.

Any major changes to the budget should be approved by the Neighborhood Council Board and submitted to our department. The board may choose to request that its Executive Committee or Budget Committee evaluate and submit the changes, however, the board should give the final approval and then submit its resolution to our department.

At present Funding Program funding is the sole source of revenue for the Neighborhood Councils. As for donations, at this time a Neighborhood Council can only receive them if the donation has been formally accepted in a motion on its behalf by the City Council. Please contact your Advocate for more information regarding this process.

Per many public requests our department has been making strides towards opening up accessibility to other forms of revenues. Currently, an ordinance is in the process of being finalized by the office of the City Attorney that would allow Neighborhood Councils to officially accept most donations of funds, supplies, food, etc. without the City Council's approval. The best way to keep track of the progress of the donations ordinance is to check our home page at www.LACityNeighborhoods.com.

Funding Basics

Funding: \$50,000 annually

Allocated: \$12,500 quarterly

(\$ 6,250 uploaded into commercial prepaid card)

*****NOTE: A Neighborhood Council can request more than \$12,500 per quarter only by documenting the need for more funds in that particular quarter, and by approval of the General Manager of
DONE.***

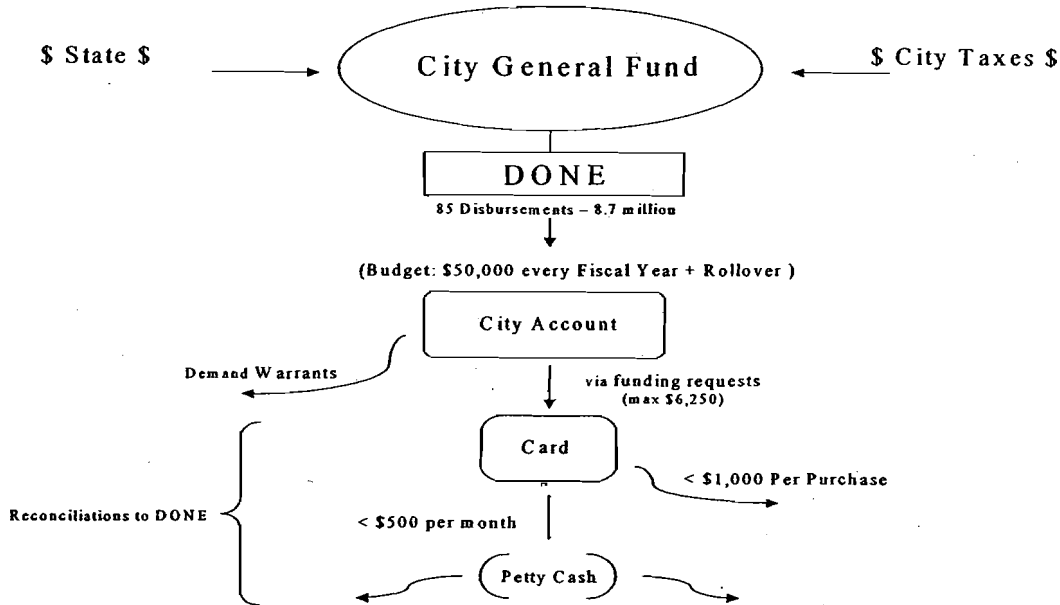
Purpose of Funding:

As our department recognized the need for Neighborhood Councils to have access to funding, the initial purpose for the funding was to provide resources for start up and operational costs. As the needs of the councils grew, additional purposes serving community improvement were identified. The goal of our department is to empower communities to take charge of their neighborhoods, to be aware of their local issues and problems, and to reach out to fellow residents to form strong ties.

Based on the above we have identified three categories for funding expenditures:

1. Operational Costs, which include rent, temporary staff, utilities, phone service, office supplies, office equipment (i.e. computers, copiers, fax machines), office furniture, and other administrative costs.
2. Community Improvement, which includes projects targeting beautification and the betterment of the communities within Neighborhood Councils' geographic boundaries.
3. Outreach, which includes promoting the positive image of Neighborhood Councils; participation in local community events through collaborations with other community-based organizations; building a network of civic leaders and volunteers within local communities, and related activities.

Funding Basics:



The above chart illustrates the dollar flow for the Funding Program.

The Neighborhood Council's fiscal year is aligned with the City's fiscal year (July 1 through June 30) and is divided into four quarters: July 1 - September 30; October 1 - December 31; January 1 - March 31; and April 1 - June 30.

The City operates on the basis of a General Fund based on City tax dollars. At the beginning of the fiscal year, an approved amount of annual grant funding for the Neighborhood Councils is allocated into the Department of Neighborhood Empowerment Account. These funds are then distributed to the account of the individual Neighborhood Councils, and every quarter a set amount of \$ 6,250 becomes available for use through the commercial prepaid card. The rest of the funds remain in the City account and are accessible through Demand Warrants in the form of City Checks. The Neighborhood Council has an additional option of withdrawing petty cash for small reimbursements of their board members

In order to receive the funds, all newly certified Neighborhood Councils have to apply for enrollment in the Funding Program. Once they are enrolled, each council will have an account set up with the City. Due to the fact that the board makes fiscal decisions, a new bank card account is always opened under the

Neighborhood Council's name. However, it is the Treasurer who carries the burden of funding responsibility and must monitor the funds. Thus the bank recognizes the Treasurer as an authorized user and therefore requires their name and social security number to be listed for verification. Once the bank receives all the necessary information and documentation and the treasurer completes training provided by the Funding Program staff, the bank issues a commercial prepaid card with the VISA logo and the Neighborhood Council gains access to the funds available for them.

We do recognize that Treasurer can either step down under various circumstances. In such cases you must notify your Advocate and email the Funding Program of your board's action to identify a new Treasurer. The current commercial prepaid card will be cancelled. Once a new Treasurer is elected, it is departing treasurer's responsibility to pass on *all* pertinent documents, receipts, and petty cash to the new Treasurer. The new Treasurer will need to receive training provided by the Funding Program staff. After the training, the new Treasurer will complete required funding forms and a new card will be issued to that person.

Budget:

Just like any organization or company, your Neighborhood Council needs a solid annual plan to lead a successful existence. As some of you might know, the budget is a strategic tool that can be effectively used to outline your Neighborhood Council's annual plan. After your board initiates the process of preparing the next year's budget, it will open up opportunities for all stakeholders to bring forth what they consider as priorities for your communities. Going through this process will help your Neighborhood Council to plan in advance all the activities it wants to undertake during the year and to ensure that all your spending takes place in accordance with our funding policies.

Because the accounting for Neighborhood Council funding is aligned with the City's fiscal year, your Neighborhood Council budget will correspond to the July 1 – June 30 calendar. Therefore, you should start working on your next annual budget no later than the beginning of June. You do not have to be very detailed in your allocations. Most importantly you need to list any category that would cover your activities and projects. For instance, in you plan to allocate some funds for graffiti removal in your neighborhood and organize "Clean up Our Streets" day, you should estimate the total amount of funds it would take to implement these activities under a Community Improvement category. The same principal should be applied to all other areas of your operations.

Keep in mind that the total amount of your funds in your budget depends on the amount of annual funds available to you and does not always mean \$50,000. If, for instance, you had a remaining balance of \$15,000 not spent during the previous fiscal year, this amount should be added to your next year's funding and addressed in your budget. Some of you might be familiar with the City policy stating that:

- Neighborhood Councils have three (3) full fiscal years to spend each of their fiscal year allocations.

- Neighborhood Council funding that has not been spent after three years will revert to the General Fund to be used for other city needs. This reversion will occur at the end of the fiscal year in which the funds period of time in the Neighborhood Council's account exceeds three years.

How this works:

- Funds received between July 1, 2002 and June 30, 2003 must be spent by the end of the third full year of their receipt — or June 30, 2006.
- Funds received between July 1, 2003 and June 30, 2004 must be spent by June 30, 2007

Therefore, it is in your best interest to budget according to your actual funds available in the beginning of the fiscal year. Think big, this is your chance to use public funds as you see fit for your communities.

Final word of advice:

Your budget should be annualized to minimize quarterly revisions. If you have a well-designed budget, allocating enough funds to cover general administrative costs, activities, community improvement and outreach events, you will be on track with your Neighborhood Council's goals and fulfilling Funding Program purposes.

Additional Funding:

With all the planning and budgeting done, you might still run into situations where additional funds are required to complete a project, or maybe as a year progresses a new project becomes apparent and has to take precedence over previously planned activities. If that happens and you realize that you don't have enough funds in your commercial prepaid card, you do not need to panic or give up on your project.

In such instances, it will be your board's decision to decide the importance of this project to be completed in this fiscal quarter. Then your board will have to create a revised budget and include the new project under one of the existing categories or else create a new category. After the board approves the revised budget, it must be submitted to our Funding Program Department along with minutes or an affidavit verifying that a board vote took place.

Accessing Funds

As you have learned previously there are three different ways to access your Neighborhood Council funds. You can do so via commercial prepaid card, you can request a City Check to be issued, or you can withdraw petty cash from your commercial prepaid card account.

Commercial Prepaid Card:

A bank issues a card under your Neighborhood Council name. The card has the VISA logo and can be used just like a regular credit card with a few exceptions.

- purchases can be made only up to \$1,000 per transaction. If your purchase will exceed \$ 1,000 per transaction, you can either perform multiple transactions or, in case of individual item costing more then \$1,000, you will have to submit your request for that particular purchase to the Funding Program using the Demand Warrant process. This will allow our department staff to work with you in determining how to best meet this request. Our goal is to get you the money that you need when you need it. (Important: just remember that you cannot perform a “split transaction” to pay for a single item costing over \$1000 through multiple charges.)
- petty cash withdrawals can be made only once per 30-day cycle, up to \$500 per transaction
- there are certain merchant categories that fall under unacceptable purchases and would not be authorized for payment if their code is entered

At this time only one card per Neighborhood Council is issued. Our department will continue to work with the bank to find a way to provide another card.

If the card gets lost or stolen, immediately notify your bank, they always have 24 hours a day phone service to report a lost or stolen card. Next, notify our department’s Card Administrator, Kevin McNeely, at (213) 483-1810 and provide him with a completed “City of Los Angeles Lost/Stolen Commercial Prepaid Card

Notification” form (included as part of your Commercial Prepaid Card Handbook issued at the treasurer training and orientation).

Demand Warrant

The purpose of the Demand Warrant is to provide Neighborhood Councils with additional access to their funds via City Checks. It also enables our department and the City Controller’s Office to evaluate purchases and services requested by the councils before they take place.

While we encourage Neighborhood Councils to use the commercial prepaid card for most of their transactions, there are some instances where a particular vendor requires a check payment. In this case your Neighborhood Council must submit a completed check request form (“Request For Neighborhood Council Paper Check – Demand Warrant”) along with original invoice, Business Tax Registration Certificate Number (BTRC), IRS Form W-9 or Employer Identification Number (EIN) or Social Security Number. Once received, we will process the request and the City Controller will arrange for the check to be issued.

City policy is to pay for goods or services that have already been received and verified by invoice.

If a Neighborhood Council requests payment for services provided by another City department (for instance Recreations and Parks), the Neighborhood Council will have to submit a demand warrant requesting funds be transferred from the Neighborhood Council’s account to the specific department.

Processing a demand warrant normally requires 7 to 10 business days from the time the Funding Program staff receives and logs the request until the City Controller issues and mails the check, assuming all the necessary information and supporting documents have been submitted. Within 48 hours of receipt of Demand Warrants, Funding Program staff will e-mail the Neighborhood Council treasurer, your Advocate, and the Senior Advocate, printed notifications of all

submitted requests for checks and subsequent funding. Within an additional 48 hours, requests for additional information are also e-mailed. Once the process is completed, the staff will e-mail a notification that a check has been issued, or that additional funding uploaded to your account. However a delay can take place if some of the necessary steps have not been followed.

There are four common situations that can result in processing delays:

1. No original invoice submitted for services or goods received and now requiring payment. An invoice must accompany the demand warrant.
2. Missing information such as the Employer Identification Number (EIN), or Social Security Number, W-9 form, and/or Business Tax Registration Certificate (BTRC) which are all required per City policies to prove that the vendor is legitimate.
3. Turning in an expired price quote for an advance payment item, which must be reviewed by City Controller staff. This can be avoided by submitting an invoice for goods or services already received to avoid requesting an advance payment, unless no other alternative exists.
4. No Neighborhood Council board-approved budget on file with the department to indicate that a spending plan was approved in a public meeting.

Petty Cash

The purpose of petty cash is to cover incidental miscellaneous purchases including refreshments, postage, and council board member reimbursement for approved small expenditures. Under no circumstances can a non-board member be reimbursed.

Per current agreement with the bank, petty cash may be taken out only once every 30 calendar day cycle in any amount up to \$500. Treasurer is responsible for keeping available petty cash and related documentation, i.e. receipts and records of reimbursements. Please keep the amount to a minimum to avoid potential problems during your Neighborhood Council auditing process.

Expending Funds

There are many ways for Neighborhood Councils to expend their funding. While some restrictions apply, for the most part as long as you stay within approved budget, under approved budgetary categories there should not be any problems. For the purpose of illustrating some of the common ways of spending funds we would like to look at three main categories: operational cost, community improvement, and outreach. In addition, we would like to discuss the process of reimbursements of your board members for council related expenses.

Operational Cost

Operational cost includes facility rental, administrative expenses, and temporary employees compensation.

There are a variety of office space options available to match the specific needs and unique preferences of eligible Neighborhood Councils. Through the new Neighborhood Council Office and Meeting Space, Leasing and Procurement Program Neighborhood Councils may lease office space in privately owned facilities, occupy donated office space in privately owned facilities, or share space in City owned or leased facilities. This comprehensive program facilitates the coordination of all processes associated with acquiring office and meeting space from obtaining premises insurance and locating donated office furniture to establishing telephone service. To participate in the program, eligible Neighborhood Councils must be certified, have an elected board, and be officially enrolled in the Neighborhood Council Funding Program. Contact Jackie Mendez to learn more about the process at (213) 485-4278, or electronically at: Jacqueline.Mendez@lacity.org.

Please visit the Department of Neighborhood Empowerment's online reference library for more office and meeting space information at:

www.lacityneighborhoods.com or for more information regarding the program go to http://www.lacity.org/done/facibulletins/donefacibulletins105023364_09212004.pdf.

Once an office space is secured, purchasing or renting office equipment is the next logical step. You can purchase most of your equipment including computers hardware and software, printers and scanner from any store of your choice. For your copier rental needs we do recommend to use Canon Business Services.

You may contact the Department of General Services to take advantage of the City's contract with Canon for lower-priced copiers. The explanation and related contact information is available on the General Services website at <http://www.lacity.org/GSD/pubcopier.htm>. The advantage of the City Wider Copier Program is that it is cost efficient and saves the Neighborhood Council maintenance and repair costs.

The City also has a working relationship with Office Depot which offers Neighborhood Councils a variety of discounts, and we encourage you to take advantage of this program.

The best way to find about the discounted pricing is to be set up online. You can contact Ken Meyer, Account Manager (Office Depot Business Services Division), at 818-557-1724 or email him at Kmeyer@OfficeDepot.com and he will set you up to access their website <http://bsd.officedepot.com>. Once your Neighborhood Council has registered with Office Depot, you will be able to order your supplies and everything will be delivered with next day delivery for free. Make sure that Neighborhood Council's physical address has been entered into the Office Depot computer system.

If you chose to shop in your local Office Depot the retail clerks might not be aware of this program. Please remember that the pricing and discounting is done through the commercial prepaid card link, and that is why all purchases must be completed as a credit card sale and not as a debit card sale.

As mentioned before the commercial prepaid card cannot be charged more than \$ 1,000.00 per transaction. What happens if you want to purchase items, e.g., furniture or computer equipment, priced over that limit?

Office Depot can invoice you on an open account basis through the Department of Neighborhood Empowerment. However, you need prior authorization from the Funding Program before we can do this.

To simplify record keeping and to maintain order many Neighborhood Councils expressed their wish to have a professional staff performing these functions. As a City entity, Neighborhood Councils have expressed concerns about liability, harassment charges, retirement, benefits, workers compensation, and a whole host of employment issues. Federal, State, and City rules and requirements regarding employer/employee relationships are extensive. The City is addressing these issues now and, as a short-term solution, our department has developed a special program for you with the temporary personnel organization Apple One, which has a contract with the City.

Through Apple One you can hire part-time clerical and accounting workers and pay for them with your card. Simply contact Ms. Xochitl (pronounce So Chi) Morales, Asst. Manager at Apple One at (213) 892-0234 or email her at xmorales@appleone.com to get started.

We realize that with strong ties in your communities you might have access to an excellent candidate who would fulfill your staffing need. If there is someone special in your community and they can qualify for one of the Apple One positions, simply have them contact Apple One. They will screen them for the necessary skills, and if qualified, will enroll and assign them to your Neighborhood Council. Apple One will handle all the paperwork and ensure compliance with City, State, and Federal requirements.

Any other services necessary for Neighborhood Council projects or functions must be purchased on a fee-for-service basis. Your board must vote to purchase services and include this item in its publicly approved budget. Once the services have been provided, the vendor/service provider will present the Neighborhood Council with an invoice for payment. Submit that invoice along with a check request (Demand Warrant form) to the Funding Program and a

check will be processed to the vendor/service provider.

In addition to your office lease your Neighborhood Council can use the money to set up phone and utilities services and to make month-to-month payments. Internet service, telephone bills, and monthly meeting facilities. We encourage you to use your prepaid card for all your monthly bills. It will eliminate all the steps in obtaining a city check and prevent unnecessary delay in paying your service providers.

Community Improvement

If as part of your community improvement effort, your Neighborhood Council wants to purchase needed equipment, supplies, or services for projects or activities operated by another entity in your community, such as a school or community center or another City department, you need to first have it voted on by your board. Once the vote has been taken and the project has been approved, the next step would be to prepare a Demand Warrant for the amount to be contributed by the Neighborhood Council and deliver it to our department. The Demand Warrant should clearly identify the dollar amount and, if appropriate, identify the organization, agency, or City department that is partnering with your Neighborhood Council. Remember, the request must identify a specific item or service, because payment will be based on an invoice for that item or service.

In addition to the Demand Warrant request to financially assist another entity, such as a LAUSD facility, a nonprofit community center, a senior center, or a Parks and Recreation center managed by another City agency, the Neighborhood Council treasurer should submit two brief, written, very important statements:

(1) A statement from your Neighborhood Council explaining how your Neighborhood Council selected the entity, and how the expenditure of City funds will benefit the Neighborhood Council; and, (2) a statement from the entity itself,

on agency letterhead, acknowledging and appreciating the Neighborhood Council's involvement and financial assistance for the project.

This is to protect the Neighborhood Council as well as the recipient. Remember, these are public funds and there has to be a clear public benefit to the community. Also, make sure the entity or agency that you would like to help is fully aware of and supports the project or activity, thereby avoiding any confusion. This is important to remember: In addition to the invoice to be paid, these statements constitute a valuable "paper trail" should an auditor or member of the public or media inquire why the expenditure had occurred.

However this type of contribution differs from what would be called a straight donation. Donations, i.e., charitable gifts or grants to groups or entities, are not permitted at this time. However funds may be used to pay for specific items or services provided to your Neighborhood Council by such groups. For example, you could fund advertising or column space in a community newspaper, a table/display space at a conference or community event, or services performed by a nonprofit. Your Advocate can help you achieve your goals by repackaging your request.

While under the City Charter, a Neighborhood Council is an advisory body and cannot join private organizations such as chambers of commerce, a Neighborhood Council can interact with private organizations in activities, such as implementing neighborhood improvement projects. Neighborhood Councils are encouraged to interact with other organizations as much as possible.

This prohibition protects the Neighborhood Council board by preventing conflict of interest issues when private organizations take positions on issues placed before the Neighborhood Council.

An individual stakeholder or board member of a Neighborhood Council is free to join any private organization.

Neighborhood Councils may purchase outreach items such as t-shirts, pens, pencils, etc. The Neighborhood Council should have its name and/or logo affixed to these items so that the item will become outreach in nature rather than a gift of public funds or donation. Outreach items can be an effective tool for advertising your Neighborhood Council. If the Neighborhood Council decides to pay for toys for an event (i.e. holiday gift drive), have the vendor affix a tag or sticker to the toy identifying your Neighborhood Council. Your advocate can help you navigate through this.

Food is another common expense that falls under outreach category when it clearly supports the goal of the Neighborhood Council to encourage public participation in Neighborhood Council activities, e.g., board or committee meetings, training, community forums, neighborhood block parties designed to promote public participation, etc. Please look for the best bargain. Spend the money as if it were your own.

If your council elects to have a meeting or a Neighborhood Council related function in a restaurant you can use your commercial prepaid card so long as a list of those attending and an itemized receipt are submitted with the quarterly reconciliation. A general receipt that fails to list what restaurant items were specifically paid for will not meet the City Controller's standards. In addition, if any of the council board members chose to purchase alcohol, such purchases cannot be placed on the same receipt and cannot be paid for with your commercial prepaid card.

Reimbursements

You can use your funds to reimburse yourselves for expenses related to our Neighborhood Council, but only in special situations. The treasurer or authorized council board member of the Neighborhood Council may be reimbursed for expenses they incurred after their Neighborhood Council has been approved for initial funding and issued commercial prepaid card. A reimbursement can only be made for expenses included in the board approved budget. A monthly (30 calendar day cycle) Petty Cash allowance up to \$500 should provide the

flexibility for Neighborhood Council members reimbursements. When the treasurer receives the receipt(s), it must be marked "PAID" and dated with the date it was received. These receipts must be included in the quarterly reconciliation documentation for petty cash and submitted to the Funding Program. City policy is that only original receipts will be accepted as a basis for reimbursement. In those cases when the original receipt is not available or lost, a Missing Receipt Affidavit must be completed and submitted for General Manager's approval. Photocopies alone cannot be accepted. This rule applies to both, petty cash and City check, reimbursements.

Due to the complexity and time-length of the process, reimbursements to Neighborhood Council board members by means of city check should be done only when no petty cash funds are available. In such cases requests for reimbursements can be made through a check request and accompanied by the original receipt(s) in order to be processed. Please see Funding Information Bulletin No. 2005-01 Clarification for the Use of Board Member Reimbursements by clicking on the Funding tab on the Home Page.

REMEMBER: Only elected board members can be reimbursed. While we recognize individuals not on the board of the Neighborhood Council may sincerely want to help the Neighborhood Council with facilitating their purchases, the City can only issue a check to a Neighborhood Council

Audits

Before your Neighborhood Council can receive an additional commercial prepaid card upload funding for its next quarter (normally \$6,250) as well as processing further city checks, we are required to examine the receipts from the last quarter to ensure that the money has been spent properly and to reconcile all accounts. The Neighborhood Council must submit the Commercial Prepaid Card Reconciliation form and Petty Cash Reconciliation form (both forms are available on our website in PDF and Excel format) along with original receipts, invoices and other documents supporting listed projects and activities, i.e., flyers, lists of attendees, newspaper articles. After the reconciliation has been completed and both the Neighborhood Council and the department agree on the results, all documents are filed in a secured location.

Our department realizes that all Neighborhood Council board members are volunteers many of whom have not been trained in maintaining fiscal records and that it might take time for them to find the most efficient way to submit their record, therefore we have a set "grace period" for submission of receipts for reconciliation. We want to provide the Neighborhood Councils with maximum flexibility in accessing their funds, so a grace period of one quarter (90-calendar days) will be honored. It is expected that the Neighborhood Councils will engage in a good-faith effort to submit original receipts no more than one quarter back.

Our Staff:

Should you have any questions regarding the Funding Program, you can contact:

Kevin McNeely, Program Administrator at (213) 485-1810 or Kevin.McNeely@lacity.org

Steve Baule, Program Coordinator at (213) 473-5383 or Steve.Baule@lacity.org

Milena Albert, Program Coordinator at (213) 473-5115 or Milena.Albert@lacity.org

NEIGHBORHOOD COUNCIL FUNDING PROGRAM Accountability & Technical Assistance Policy

The following information details the Department of Neighborhood Empowerment's general guidelines for Neighborhood Councils with respect to Funding Program accountability. NOTE: The General Manager reserves the right to immediately implement any of the six steps described below and without necessarily engaging in the order listed below if the General Manager believes the financial or other potential risk to the City warrants such action.

Three-Element Control System

The Department of Neighborhood Empowerment may monitor Neighborhood Council purchases and uses of City fund through several types of review:

1) On-Line Review

Funding Program employees perform online review of Commercial Prepaid Card/City check use. Information reviewed includes the date, vendor, and dollar amounts of each transaction. Staff will review for inappropriate vendors, large purchases, and "warning signs" such as multiple purchases at a single vendor on the same day, etc.

2) On-Site Monitoring

Department of Neighborhood Empowerment staff will conduct on-site reviews of Neighborhood Council records and receipts to verify vendors, transactions, and fiscal controls.

3) Quarterly Audit

Funding Program staff will conduct a formal review of all records and receipts prior to release of additional funds.

Preventing Problems

If Neighborhood Councils are unsure whether a certain expense is unacceptable, they should seek clarification from the Department of Neighborhood Empowerment *before* the transaction is completed. The Department wants to assist Neighborhood Councils in order to avoid making mistakes. Making a mistake by making a purchase without asking the Department about the consequences can create a problem. The Department reviews all transactions for acceptability within the expenditure guidelines. Should an unacceptable purchase occur, the Department reserves the right to raise the issue of unacceptable purchases with, at a minimum, the treasurer of the Neighborhood Council, and to initiate corrective action as the Department determines to be appropriate.

FUNDING PROGRAM SUGGESTION #1: If unsure, ASK FIRST.

Consequences

If a Neighborhood Council makes a purchase with City funds that the Department of Neighborhood Empowerment determines to be an unacceptable purchase, the Department will issue a written warning that: identifies the unacceptable purchase or transaction; provides the reason why the transaction is unacceptable; and, depending on the type of transaction, explains the remedy or corrective action that the Department will take.

The Department's remedial actions may include: refusing to reimburse the Neighborhood Council for the expense and returning the funding request to the Neighborhood Council without processing; suspending access to use of the Commercial Prepaid Card; reducing the amount of funding available to the Neighborhood Council by an amount equal to the amount of the unacceptable purchase; or, initiating any part of the sanction process.

The process below for correcting problems with Neighborhood Councils is much more flexible than the procedures governing purchases by City departments.

Six-Step Remedy Process

The Department may take the following steps to correct inappropriate or unacceptable Neighborhood Council financial actions:

1) Mandatory Supplemental Training

Additional training may be required of the Neighborhood Council treasurer, the "+1" second financial signatory, or the entire Neighborhood Council board, at the discretion of the General Manager, when the Department determines that the financial roles, responsibilities, and proper accounting controls and procedures within the Neighborhood Council need to be strengthened. If the treasurer or other person refuses to participate in the supplemental training, the Department may suspend all access to funds until the supplemental training is completed, or until a new treasurer, etc., is installed for the Neighborhood Council.

2) Demand For Corrective Action Plan

When fiscal controls or their application are determined by the Department to continue to be insufficient or deficient, the Neighborhood Council board may be required by the Department to formally develop and commit to a written corrective action plan to address concerns identified by the Department within 60 days of the date of written notification by the Department. Failure to do so by the Neighborhood Council may result in the Department suspending all access to funds until the Neighborhood Council has implemented the corrective action plan.

3) Formal Probation

Formal probation will occur when the Department makes a determination that the financial deficiencies are serious, with commensurate risk to the City, and that the corrective action is warranted. Formal probation will be considered the final corrective measure, and will be implemented before the total revocation of the Neighborhood Council's direct management of their City funding. Failure to comply with the terms of probation, as defined by the Department, may result in the Department suspending all access to and use of funds by the Neighborhood Council until Step 4, below, is implemented by the Department.

4) Revocation of Access to Funding

If the Department determines that fiscal mismanagement within the Neighborhood Council, and the Neighborhood Council board's failure to address it, are so serious and severe that the Neighborhood Council's control of funds has become a liability to the Neighborhood Council and the City, the Department will immediately, and without further action revoke all funding access and will assume direct management of funds on behalf of the Neighborhood Council stakeholders for, until a subsequent

Neighborhood Council election results in the installation of a new board, and until a new series of funding orientation seminars has been completed by all responsible Neighborhood Council individuals.

5) Decertification

In instances where fiscal mismanagement is extreme, or a reasonable Neighborhood Council budget is unable to be followed, or the then-current Neighborhood Council board systematically refuses or is unable to correct and control abuses, and additional intervention by the Department is required, the Department will submit a decertification recommendation to the Board of Neighborhood Commissioners.

6) Criminal Filing

When the acts of Board members or their fiscal agent(s) are alleged to be criminal in nature, the matter will be submitted to the appropriate law enforcement agency.

SUMMARY

The Department of Neighborhood Empowerment hopes the six-step process described above never needs to be used. However, the Mayor and City Council have charged the Department with the responsibility for monitoring use of City funds allocated to the Neighborhood Council Funding Program. We know that "monitoring" the funds is not enough. Therefore, the Department actively attempts to assist all Neighborhood Councils with issues related to controlling the funds, using the funds, maintaining proper accounting procedures, and steering clear of any inappropriate purchases.

ONCE AGAIN, THE BOTTOM LINE IS: IF UNSURE, ASK FIRST.

Neighborhood Council Demand Warrant Guidelines



Invoice Requirements

All submitted Demand Warrant invoices must contain the following:

- Vendor's Name
- Vendor's address and phone number
- Bill to NC's name
- Invoice number (i.e. 001)
- Description of the item or service
- Amount due

No Quotes, and/or Estimates will be accepted as Invoices. Vendors should only be paid after goods or services are received.

REMINDER: An approved Budget and latest Reconciliations must be on file before any Demand Warrants can be processed.

Requirements for Demand Warrants

Payment for an existing NC Vendor:

1. Completed Demand Warrant form
2. Original invoice (or fax of original invoice)

Payment for New Vendor of the NC System:

1. Completed Demand Warrant form
2. Original invoice (or fax of original invoice)
3. BTRC number (if vendor is located in City of LA)
4. EIN number or W-9 if the vendor is a sole proprietor

Reimbursements to Board Member:

1. Completed Demand Warrant form with mailing address of board member
2. Original invoice only (No faxes and/or copies acceptable)
3. Proof of payment (must be indicated on receipt if payment was cash, credit card and/or check. If form of payment was a check, then a copy of the front and back cancelled check is required).

Advance Payment:

1. Completed Demand Warrant form
2. Original invoice for Advance Payment (or fax of original invoice)
3. Expected date of delivery and explanation of what the payment is securing listed on the invoice.
4. A statement from the treasurer explaining why an advance payment is needed.

Food and Refreshment Expenditures:

1. Completed Demand Warrant form
2. Original Invoice (or fax of original invoice)
3. Copies of sign-in sheet and/or agenda of event/meeting

Neighborhood Council Outreach Event:

1. Completed Demand Warrant form
2. Original invoice (or fax of original invoice)
3. Board approval of expenditure (please provide a copy of board minutes or affidavit)
4. Copies of sign-in sheet for the event and/or flyer for event
5. Insurance agreement (please consult with funding program if needed)

Purchase Order: (usually for computer purchases and in lieu of an advance payment – this is to ensure payment to vendor after goods/services are delivered):

1. Completed Demand Warrant form indicating that you need a Purchase Order
2. Estimate/Quote of product
3. A Vendor contact name with phone number/fax to send Purchase Order

Community Improvement Project:

1. Completed Demand Warrant form
2. Original invoice (or fax of original invoice)
3. Board approval of expenditure (please provide copy of board minutes or affidavit)
4. An official neighborhood council statement explaining how the project will benefit the community
5. Letter of acknowledgement of receiving agency (i.e. Department of Recs. and Parks, LAUSD, Department of Street Services) acknowledging and approving the desired project
6. Proof that required licenses and permits are in place (if needed)



AP

Neighborhood Council
Funding Program
COMMERCIAL PREPAID CARD SYSTEM

ACCEPTABLE PURCHASE CATEGORIES

The Commercial Prepaid Card System was developed for Neighborhood Councils as an easy and convenient way to obtain items and/or services required for Neighborhood Council operations. The card has been electronically coded to accept a wide variety of purchases and includes valuable information provided to the Department of Neighborhood Empowerment by Neighborhood Councils.

Below is a list of acceptable purchase categories with Neighborhood Council funds, including the card. This list will change as Neighborhood Councils need changes. All equipment, supplies and services purchased are for the sole purpose of advancing the Neighborhood Council and its represented community. Certain items require advance approval from the Department.

NOTE: Gasoline may be purchased *in reasonable amounts* for Neighborhood Council business by using your petty cash fund. Make sure a receipt is obtained from the gas station. Forward the original receipt to the Department with your other receipts for audit purposes.

If you have any questions regarding any of the items on the list, please contact the Funding Program at 3-1-1.

ACCEPTABLE COMMERCIAL PREPAID CARD PURCHASE CATEGORIES:

BUSINESS SERVICES

- Automobile Parking Lots and Garages
- Employment Agencies, Temporary Help Services**
- Equipment Rental
- Furniture Rental
- Photographic Developing, Photofinishing Laboratories, Studios
- Postal Services
- Quick Copy, Reproduction and Blueprint Services
- Stenographic and Secretarial Support Services**
- Tool Rental

COMMUNICATIONS SERVICES

- Telecommunication Equipment
- Telecommunication Service

FINANCIAL SERVICES

- Automated Cash

PROFESSIONAL SERVICES

- Associations, Civic, Social and Fraternal
- Colleges, Universities, Professional Schools
- Organizations, Charitable and Social Service
- Schools, Elementary and Secondary

REPAIR SERVICES

- Electronic Repair Shops
- Furniture Repair, Refinishing and Reupholstery Shops
- Small Appliance Repair Shops

RETAIL SERVICES

- Books, Periodicals, Newspapers
- Building Materials, Lumber Stores
- Candy, Nut, Confectionery Stores
- Caterers
- Computers, Computer Peripheral Equipment, Computer Software
- Computer Software Stores
- Department Stores
- Discount Stores
- Drug Stores, Pharmacies
- Eating Places, Restaurants
- Electronics Stores
- Fast Food Quick Payment Service Restaurants
- Florist Supplies, Nursery Stock and Flowers
- Glass, Paint, Wallpaper Stores
- Grocery Stores, Supermarkets
- Hardware Stores
- Home Supply Warehouse
- Lawn and Garden Supply Stores
- Music Stores
- Office and Commercial Furniture
- Office, Photographic and Photocopy
- Paints, Varnishes and Supplies
- Record Shops
- Second Hand Stores, Used Merchandise Stores
- Stationery, Office Supplies, Printing
- Variety Stores
- Wholesale Clubs

TRANSPORTATION SERVICES

- Bus Lines
- Courier Services, both Air and Ground
- Freight Forwarders
- Truck and Utility Trailer Rental

****NOTE: Requires approval in advance from the Department of Neighborhood Empowerment.**



UAP

Neighborhood Council
Funding Program

UNACCEPTABLE PURCHASES

Below is a list of unacceptable purchases using City funds, including both the Commercial Prepaid Card and paper checks. *It is the responsibility of the Neighborhood Council to obtain prior approval on all questionable items that are not listed here or on the Acceptable Purchase Categories list.*

If you have any questions, please contact your Project Coordinator or the Neighborhood Council Funding Program, toll-free, at (866) LA HELPS.

The Department of Neighborhood Empowerment has created the Funding Program based on a good faith relationship with the Neighborhood Councils. It is assumed that Neighborhood Council purchases will reflect this assumption of good faith and will adhere to the prohibitions described below. To assist the Neighborhood Councils, the Department retains fiscal controls to minimize mistakes or monetary abuses by the Neighborhood Councils. The Department is able to monitor Neighborhood Council purchases through real-time online access to the Bank of America and the City Financial Management Information System (FMIS) databases and reports. If fiscal mistakes or abuses occur, the Department may use a sanction process to correct the situation.

UNACCEPTABLE PURCHASE CATEGORIES AND ITEMS

- **Any purchases made without the authorization of the Neighborhood Council governing body, and any purchases that are not identified by category in the approved budget or spending plan of the Neighborhood Council**
- **Transactions completed without obtaining an original invoice, receipt, written quote, or written estimate**
- **All costs or expenses incurred prior to the date of enrollment in the Funding Program**
- **Renting or leasing of office space without prior approval of the Department (*This is a contracting issue that requires adherence to specific guidelines*)**
- **Long-term contract in excess of 12 months or one full funding cycle without approval of the General Manager and City Attorney (*contracts require adherence to specific guidelines because of liability concerns*)**
- **Gifts, grants, and donations of money or goods to individuals or groups without a clearly identified and tangible benefit to the Neighborhood Council, and without a receipt from the recipient individuals or groups. (*State law prohibits public funds from being given as a gift; contact your Project Coordinator or the Funding Program for more information*)**
- **Gift Cards, Flowers to Neighborhood Council members or any other individual or group (*State law prohibits public funds from being given as a gift*)**
- **Airfare and any other travel expenses including hotel/motel facility expenses without prior Department approval. (*The City Controller must approve all travel-related expenses for City departments, and the Department of Neighborhood Empowerment must approve travel by Neighborhood Councils, in advance*)**
- **Alcohol, tobacco, firearms, and adult entertainment products (*this should be obvious*)**
- **Funding to third party individuals or groups without either an approved contract for goods or services or a receipt from a vendor for goods or services received (*There must always be a closed transaction with either a contract or receipt acknowledging the funds the Neighborhood Council is spending. There cannot be a third party intermediary that receives Neighborhood Council funds without written acknowledgment for the Neighborhood Council and Department records*)**
- **Hiring staff or securing the services of temporary employees, except through an approved contract between the Department and Apple One, a City-approved temporary employment agency (*This is a contract that requires adherence to specific guidelines*)**
- **Retaining janitorial, custodial, security, or any other professional services without an approved contract for services (*This is a contracting issue that requires adherence to specific guidelines*)**
- **Supporting or opposing ballot measures or candidates, filing lawsuits against the City or City agency, filing appeals against any discretionary decisions made by any City agency, political forums or debates, unless following City Attorney guidelines**

Neighborhood Council Sample Budgets

Yearly Allocation	50,000
Rollover	31,400
Total	81,400

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual Totals
100 Outreach					
Elections		3,000			3,000
Newsletter	1,000	1,000	1,000	1,000	4,000
Web design	300	300	300	300	1,200
Refreshments	225	225	225	225	900
Neighborhood Outreach Event				5,100	5,100
General Outreach	2,000	2,000	2,000	2,000	8,000
Sub Totals	3,525	6,525	3,525	8,625	22,200
200 Operations					
Facilities	2,100	2,100	2,100	2,100	8,400
Utilities	350	350	350	350	1,400
Staffing/Apple One	3,200	3,200	3,200	3,200	12,800
Meeting Expenses	400	400	400	400	1,600
Office Supplies	600	600	600	600	2,400
Office Equipment	1,500				1,500
Accountant Review		1,050		1,050	2,100
Sub Totals	8,150	7,700	6,650	7,700	30,200
300 Community Improvement					
Tree Planting		5,000			5,000
Emergency Preparedness			10,000		10,000
Park Improvement				7,000	7,000
Graffiti Clean up	3,000				3,000
General Community Project	1,000	1,000	1,000	1,000	4,000
Sub Totals	3,000	5,000	10,000	7,000	29,000
Grand Total	14,675	19,225	20,175	23,325	81,400

Neighborhood Council Sample Budgets

Yearly Budget (will require more board approval for specific purchases/allocations)

Funds

Yearly Allocation	50,000
Rollover	31,400
Total	81,400

Budget

Category	Annual Total
Elections	3,000
Newsletter	4,000
Webdesign	1,200
Refreshments	900
Outreach Events	13,100
Facilities	8,400
Utilities	1,400
Staffing/Apple One	14,900
Meeting Expenses	1,600
Office Supplies/Equipment	3,900
Community Improvement Projects	29,000
Grand Total	81,400

[Name] Neighborhood Council

Board Resolution

[Date]

The [Name] Neighborhood Council has voted, approved and adopted the proposed budget for the [quarter/annual time period] in accordance with the Neighborhood Council bylaws and within the guidelines set forth by the City of Los Angeles and the Department of Neighborhood Empowerment.

Signed,

[Name],
Treasurer

[Name],
Present Board Member