



# Request for Town Council Action

**TO:** Mayor and Committee Members

**FROM:** Rusty Lameo, Code Enforcement / Public Works

**SUBJECT:** Janitorial Services for New Municipal Building (Bids)

**DATE:** July 11, 2017

## **BACKGROUND:**

In August, the Town will be moving into our new facility, located at 4475 Betsy Kerrison Parkway. At the present time, our building is being serviced for janitorial services by CMR Services, Inc. This contract applies only to the 21 Beachwalker building and ends the end of July. Because of this, the Town released a Request for Proposals in May to obtain bids for janitorial services in our new location.

## **ANALYSIS:**

The Town has received bids from two companies; CMR Services, Inc and Summit Building Services, Inc. Summit Building Services was low bidder at \$7251.00 and returned a completed package. CMR failed to return their insurance information and was the highest bidder at \$21,000.00.

## **ACTION REQUESTED:**

The staff recommends we issue a yearly contract to Summit Building Services, Inc. The contract should run from August 1<sup>st</sup>, 2017 to July 31<sup>st</sup>, 2018

## **BUDGET & FINANCIAL DATA:**

Included in package is a copy the bidding package for services and submittals from Summit Building Services.

**SUBMITTAL FORM**  
(Offeror to complete all blanks)

Page One

DATE: 6/13, 2017

**ORGANIZATIONAL INFORMATION**

NAME OF OFFEROR: Summit Building Services, Inc.

BUSINESS ADDRESS: 1005 Washitonia Way Unit C  
Charleston, SC 29492

**BY SUBMITTING HIS PROPOSAL, THE UNDERSIGNED OFFEROR REPRESENTS:**

1. that he has carefully examined specifications for the Services;
2. that he is familiar with all the conditions surrounding the performance of the Services;
3. that, if awarded the Contract, he will provide all labor, material, supplies and equipment necessary to execute the Services in accordance with the Contract Documents;
4. that he understands that the Town reserves the right to reject any or all responses which does not meet the proposal requirements, or all proposals in the event that the Project is canceled, postponed, or if it is in the best interest of Town of Kiawah Island;
5. that, if awarded the Contract, he will enter and execute a contract as required in the Invitation to Bid;
6. that the Offeror is legally able to enter into and perform a contract, if awarded;
7. that the Offeror is current on all taxes and fees owed to the Town.
8. that the Offeror has provided proof of insurance as required by the Town.

I. PERSONNEL:

Provide a list of personnel that will be committed to this engagement and their job function.

Eric Mullins - Vice President, Branch Manager

II. EXPERIENCE:

At least three (3) references for similar work performed are required; however, you may provide as many as five (5) references.

1. COMPANY NAME: USDA Forest Service  
Contract Title: \_\_\_\_\_  
Contract Period: From 2017 To 2022  
Geographic Area Served Huger, SC  
Scope of Work: Office Cleaning  
Contracting Office: USDA Forest Service  
Contact Name: Kelly Miller  
Title: Office Manager  
Address: 2967 Steed Creek Rd  
City: Huger, SC State: SC  
Telephone: 843.336.2202  
Email: kellymiller@fs.fed.us

II. EXPERIENCE (Continued):

2. COMPANY NAME: Trolley-BOI, LLC.  
Contract Title: \_\_\_\_\_  
Contract Period: From month To month  
Geographic Area Served Summerville, SC  
Scope of Work: Office cleaning 5 days a week  
Contracting Office: Trolley-BOI, LLC.  
Contact Name: Misty Huberson  
Title: Office Manager  
Address: 1801 Trolley Rd  
City: Summerville State: SC  
Telephone: 843 821 1600  
Email: mistyh@infotecsc.com

3. COMPANY NAME: SCDOT Berkeley Maintenance  
Contract Title: Assistant Engineer  
Contract Period: From 2016 To 2021  
Geographic Area Served Moncks Corner  
Scope of Work: twice a week office cleaning  
Contracting Office: Berkeley Maintenance Shop  
Contact Name: Tara Best  
Title: Assistant Engineer  
Address: 438 N Hwy 52  
City: Moncks Corner State: SC  
Telephone: ~~843.761.8481~~ 843.761.8481  
Email: Besttm@scdot.org

4. COMPANY NAME: Dorchester Children's Center  
Contract Title: \_\_\_\_\_  
Contract Period: From month To month  
Geographic Area Served Summerville, SC  
Scope of Work: once a week office cleaning  
Contracting Office: \_\_\_\_\_  
Contact Name: Joan Quinn  
Title: HR / Office Manager  
Address: 303 E. Richardson Ave  
City: Summerville State: SC  
Telephone: 843 875 1551  
Email: jquinn@dcccic.org
5. COMPANY NAME: AHT Cooling Systems USA, Inc.  
Contract Title: \_\_\_\_\_  
Contract Period: From month To month  
Geographic Area Served Ladson, SC  
Scope of Work: 5 day a week cleaning  
Contracting Office: \_\_\_\_\_  
Contact Name: Jamie Polhamus  
Title: Office Manager  
Address: 7058 Weber Blvd  
City: Ladson State: SC  
Telephone: 843.767.6855  
Email: jamie.polhamus@us.aht.at

III. COST:

In Compliance with Request for Proposals, the undersigned hereby proposes to provide all materials, equipment, and labor, except as otherwise provided noted, for the Janitorial Services agreement for the following cost (all prices shall include applicable sales taxes):

<b>All-inclusive Project Cost</b>
Janitorial Services: \$ 7,251.00

<b>All-inclusive Project Cost</b>
Other Services as Requested: \$1,400.00

NAME OF COMPANY: Summit Building Services, Inc

By: Eric Mullins Eric Mullins  
Signature Print Name

Title: Vice President (i.e., Owner, Partner, Corporate Officer, etc.)

Address: 19 B South Lake Way

City: Reisterstown State: Md Zip: 21136

Telephone Number: 410 526 8327 Business Fax Number: 410 526 8376

Is your firm a ☒ Corporation, ☐ Sole Proprietorship, or ☐ Partnership?

If incorporated, please list state of incorporation: Maryland

FEIN or SSN: \_\_\_\_\_

**BUSINESS LICENSE:**

The Offeror is not required to have valid business licenses to submit a Proposal. However, Offeror's must possess a valid Business License for business undertaken within the corporate limits of the Town of Kiawah Island.

Does your business have a valid Town of Kiawah Island Business License?

☐ Yes ☒ No If yes, list the number \_\_\_\_\_

Contact (843) 768-9166 with any questions. If no, a business license must be obtained upon award of the contract.

**INSURANCE:**

Contractor shall carry and maintain Worker's Compensation Insurance in statutory amounts for its employees, unless exempt by State statute. Contractor shall provide Town with certification of this coverage, or if exempt, written confirmation of this.

Contractor shall be insured with Worker's Compensation, carry a Comprehensive Liability Policy of at least One Hundred Thousand (\$100,000) Dollars per occurrence (combined single limit of liability) to cover operations equipment and contractual liability, and have a (\$50,000 minimum) janitorial bond. Contractor shall provide Town with a copy of the policy which shall name the Town as an additional insured.

Contractor shall defend, indemnify, and hold harmless the Town, its elected officials and employees from and against any and all actions, costs, claims, losses, expenses and/or damages arising out of performance of the working contractor.

**MINORITY/WOMEN-OWNED ENTERPRISE:**

Are you a Minority or Woman-Owned business? ☐ Yes ☒ No

If so, are you certified? ☐ Yes ☐ No

If you are certified, you must furnish a copy of your certificate with your submittal.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
6/13/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> HMS Insurance Associates, Inc. 20 Wight Ave Suite 300 Hunt Valley MD 21030		<b>CONTACT NAME:</b> Justin Walsh <b>PHONE (A/C, No., Ext.):</b> 443-632-3302 <b>E-MAIL ADDRESS:</b> jwalsh@hmsia.com <b>FAX (A/C, No.):</b> 410-584-0814	
		<b>INSURER(S) AFFORDING COVERAGE</b>	
		<b>INSURER A:</b> Selective Insurance Company of South Carolina	
		<b>INSURER B:</b> Selective Insurance Co of the Southeast	
		<b>INSURER C:</b>	
		<b>INSURER D:</b>	
		<b>INSURER E:</b>	
		<b>INSURER F:</b>	

**INSURED**  
Summit Building Services, Inc.  
19-B South Lake Way  
Reisterstown MD 21136

SUMMBUI-01

## COVERAGES

CERTIFICATE NUMBER: 1946158975

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER. <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:			S 2225340	5/3/2017	5/3/2018	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$500,000 MED EXP (Any one person) \$15,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COM/OP AGG \$2,000,000 \$
A	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			S 2225340	5/3/2017	5/3/2018	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$0			S 2225340	5/3/2017	5/3/2018	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	WC 9035549	5/3/2017	5/3/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$500,000 E.L. DISEASE - EA EMPLOYEE \$500,000 E.L. DISEASE - POLICY LIMIT \$500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Town of Kiawah Island Municipal Center Building, is included as additional insured for general liability, if required by written contract.

## CERTIFICATE HOLDER

## CANCELLATION

Town of Kiawah Island  
Municipal Center Building  
4475 Betsy Kerrison Parkway  
Johns Island SC 29455

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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## NON-COLLUSION OATH

COUNTY OF: Charleston

STATE OF: South Carolina

Before me, the Undersigned, a Notary Public, for and in the County and State aforesaid, personally appeared Eric Mullins and made oath that the Offeror herein, his agents, servants, and/or employees, to the best of his knowledge and belief, have not in any way colluded with anyone for and on behalf of the Offeror, or themselves, to obtain information that would give the Offeror an unfair advantage over others, nor have they colluded with anyone for and on behalf of the Offeror, or themselves, to gain any favoritism in the award of the contract herein.

SWORN TO BEFORE ME THIS 14<sup>th</sup> DAY OF June, 2017

Eric Mullins  
Authorized Signature for Offeror

Please print Offeror's name and address:

Eric Mullins  
Summit Building Services, Inc.

Chelsey B Dorman

NOTARY PUBLIC FOR THE STATE OF South Carolina

My Commission Expires: \_\_\_\_\_

Print Name: Chelsey B Dorman

<b>CHELSEY B DORMAN</b> Notary Public - State of South Carolina My Commission Expires June 1, 2026
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# Information Technology RFQ Results

During the initial request for qualifications, eight companies complied with the submittal requirements:

**DocuSystems, Inc.**

**Unifying Technologies, LLC**

**All Covered (Div. of Konica Minolta Business Solutions USA, Inc.)**

**Eagle Eye IT, LLC**

**At-Net Services, LLC**

**VC3, Inc.**

**Kotori Technologies, LLC**

**Integral Solutions Group**

A team of IT specialist was formed to serve as consultants to offer an impartial and objective point of view.

*Patrick Shedler, Dir. of Information Systems, Kiawah Partners*

*David Baideme, Dir. of Information Technology, Kiawah Island Golf Resort*

*Daniel Kokkos, Information Systems Supervisor, Kiawah Island Community Association*

After an initial meeting, it was determined that the IT needs of the Town of Kiawah Island were not adequately met, the gaps were identified and a new RFQ was issued.

All eight companies were informed of the changes, the second RFQ was sent and all eight companies resubmitted their proposals.

The companies were evaluated based on the following:

- |   |                                 |
|---|---------------------------------|
| • Years in Business                                     | • Contract terms                |
| • Number of employees and location                      | • Initial set-up cost (upfront) |
| • Number of existing clients                            | • Monthly fee                   |
| • Rates for technical support (Not covered in contract) | • Yearly Cost                   |
| • References  | • Five year projection cost     |

Following two rounds of meetings it was determined that only three companies represented the best option, service and value per dollar. We followed up with more listed references and conducted a visit to their facilities. The following is a comparison of the remaining three:

	At-NET Services	Integral Solutions	Kotori Tech
<b>COSTS</b>			
Initial Setup	\$ 6,355.00	\$ 7,730.00	\$ 8,189.50
Monthly	\$ 2,949.00	\$ 3,178.75	\$ 3,613.50
Equipment Cost	\$ 2,978.94	\$ 11,612.00	\$ 13,529.00
Other		\$ -	
<b>Yearly</b>	\$ 35,388.00	\$ 38,145.00	\$ 43,362.00
<b>Upfront</b>	\$ 9,333.94	\$ 19,342.00	\$ 21,718.50
<b>5 year projection</b>	\$ 196,096.53	\$ 210,067.00	\$ 238,528.50
<b>BUSINESS INFO</b>			
Years in Business	18	30	20
Local Engineers	2	13	5
Locally Owned	No	No	Yes
# clients	600	250	122
Support Type	REMOTE	REMOTE	REMOTE
On Site Hours	16 Hrs/Mo INCLUDED	UNLIMITED	UNLIMITED
Rates	\$145/Hr. *	\$125/Hr. *	\$200/Hr *
Standard Support Hours	24/7	8AM - 6PM	8AM - 5 PM
Contract Length	4 YR + 1 YR EXT.	3 YR	5 YR
Notes	*After the 16Hrs end	* Special projects rate	* After hours rate

### At-Net Services

*Positive:* The option of leased equipment (embedded in the monthly price) offers a lower upfront cost and the warranty of replacement at no charge to the Town for equipment and configuration.

*Negative:* Despite a fully staffed call center in Charlotte, NC and Greenville, SC they only have 2 engineers in the Charleston area. It has a 2% increase in their contract price per year (Included in 5 year projection).

### Integral Solutions

*Positive:* The Company has a substantial number of available techs.

*Negative:* The cost of the equipment.

### Kotori Technologies

*Positive:* Includes an additional email back up (A service that would have to be implemented at the time of switching companies).

*Negative:* It is the most expensive of the three. Their afterhours rates for Tech Support start after 5:00PM.

***Staff recommendation is to accept the proposal from Integral Solutions Group and negotiate the terms of the contract to explore leasing options to lower equipment cost.***

Town of Kiawah IT RFQ

COSTS	ISG Proposal		ISG New Contract		Savings
Initial Setup	\$	7,730.00	\$	6,480.00	\$ 1,250.00
Monthly	\$	3,178.75	\$	3,178.75	\$ -
Equipment Cost	\$	11,612.00	\$	10,895.88	\$ 716.12
Other	\$	-			\$ -
Yearly	\$	38,145.00	\$	38,145.00	\$ -
Upfront	\$	19,342.00	\$	17,375.88	\$ 1,966.12
5 year projection	\$	210,067.00	\$	208,100.88	\$ 1,966.12



# Technology Solution Quotation

for

## Town of Kiawah Island

Prepared by: Whit Smith

AV & Cabling Solutions | Cloud Services | Managed Services | Tier IV Data Center | Network Integration | Voice & Data Infrastructure

To learn more, call one of our team specialists at 1-800-975-6060 or visit us online [www.integralsg.com](http://www.integralsg.com)

# Custom Solutions for Complex Challenges



## Network Hardware

Quote #002402 v1

### Prepared For

**Town of Kiawah Island**  
Petra Reynolds  
21 Beachwalker Dr  
Kiawah Island SC 29455

P: (843) 768-9166

E: preynolds@kiawahisland.org

### Prepared By

**Integral Solutions Group**  
Whit Smith  
450 Wofford Street  
Spartanburg, SC 29301

P: 843-513-1531

E: wsmith@integralsg.com

### Date Issued

**06.30.2017**

### Expires

**05.26.2017**

Hardware		Price	Qty	Ext. Price
	SonicWall TZ400 Network Security/Firewall Appliance - 7 Port - 10/100/1000Base-T Gigabit Ethernet - DES, 3DES, MD5, SHA-1, AES (128-bit), AES (192-bit), AES (256-bit) - USB - 7 x RJ-45 - Manageable - 1 Year - Desktop	\$1,067.79	1	\$1,067.79
	Cisco SG300-52P 52 Ports Yes Layer 3 - PoE Switch - Manageable - Twisted Pair - 3 Layer Supported - Lifetime Limited Warranty	\$1,302.67	2	\$2,605.34
	Cisco SG300-28PP 28-Port Gigabit PoE+ Managed Switch - Manageable - 3 Layer Supported - Desktop - Lifetime Limited Warranty	\$765.78	2	\$1,531.56
	Cisco SF110D-16HP 16-Port 10/100 PoE Desktop Switch - 16 Network - Twisted Pair - 2 Layer Supported - Desktop, Wall Mountable, Rack-mountable	\$210.97	1	\$210.97
	(5 - Pack) Ubiquiti UniFi UAP-AC-PRO IEEE 802.11ac 1300Mbit/s Wireless Access Point - Power Supply (Not Included) - 2.40 GHz, 5 GHz - 3 x Antenna(s) - 3 x Internal Antenna(s) - MIMO Technology - 2 x Network (RJ-45) - Wall Mountable, Ceiling Mountable - 5	\$718.43	1	\$718.43
	Ubiquiti UniFi UAP-AC-PRO IEEE 802.11ac 1.27 Gbit/s Wireless Access Point - 2.40 GHz, 5 GHz - 3 x Antenna(s) - 3 x Internal Antenna(s) - MIMO Technology - 2 x Network (RJ-45) - Wall Mountable, Ceiling Mountable - 1 Pack	\$150.59	2	\$301.18
	Ubiquiti U Fiber SFP (mini-GBIC) Module - For Optical Network, Data Networking 1 LC Duplex 1000Base-X Network - Optical Fiber Multi-mode - Gigabit Ethernet - 1000Base-X	\$17.39	12	\$208.68
	Ubiquiti UniFi Controller Hybrid Cloud - Ubiquiti UniFi Cloud Key - Remote Control Device ( )	\$87.05	1	\$87.05
	StarTech.com 3m Fiber Optic Cable - Multimode Duplex 50/125 - LSZH - LC/LC - OM2 - LC to LC Fiber Patch Cable - LC Male - LC Male - 9.84ft - Orange	\$12.24	12	\$146.88
	StarTech.com 3 ft Blue Snagless Cat6 UTP Patch Cable - ETL Verified - Category 6 - 3 ft - 1 x RJ-45 Male - 1 x RJ-45 Male - Blue	\$2.07	1	\$2.07
	StarTech.com 5 ft Gray Molded Cat6 UTP Patch Cable - ETL Verified - Category 6 - 5 ft - 1 x RJ-45 Male - 1 x RJ-45 Male - Gray	\$2.62	1	\$2.62



CLOUD SERVICES | MANAGED SERVICES | TIER IV DATA CENTER | NETWORK INTEGRATION | VOICE & DATA INFRASTRUCTURE

integralsg.com

# Custom Solutions for Complex Challenges



Hardware		Price	Qty	Ext. Price
	StarTech.com 14 ft Gray Shielded Snagless 10 Gigabit RJ45 STP Cat6a Patch Cable - Category 6a - 14 ft - 1 x RJ-45 Male Network - 1 x RJ-45 Male Network - Gray	\$13.31	1	\$13.31
		Subtotal		<b>\$6,895.88</b>

Services		Price	Qty	Ext. Price
INTEGRATION SERVICES - Note: The below Integration services is an estimate. Time will be billed as used.				
	Firewall Configuration and Implementation	\$125.00	5	\$625.00
	Switch Configuration, Mounting, and Connectivity	\$125.00	12	\$1,500.00
	Wireless Configuration, Implementation, and Mounting	\$125.00	12	\$1,500.00
	Project Management	\$125.00	3	\$375.00
		Subtotal		<b>\$4,000.00</b>

Quote Summary		Amount
Hardware		\$6,895.88
Services		\$4,000.00
Total		<b>\$10,895.88</b>

Taxes, shipping, handling and other fees may apply. Integral Solutions Group Installation, integration, and migration quantities in this quotation are estimates only. Conditions and other factors at your location may affect actual labor hours invoiced. We reserve the right to cancel orders arising from pricing or other errors.

#### Return Policy:

- Returns must be made within 30 days of receiving item
- All returns will be subject to a 25% restocking fee
- All items returned must be in their original packaging
- Return acceptance or credits may be based on conditions set by vendor or manufacturer

#### Acceptance

Petra Reynolds

Print Name / Title

Signature

06/30/2017

Date



CLOUD SERVICES | MANAGED SERVICES | TIER IV DATA CENTER | NETWORK INTEGRATION | VOICE & DATA INFRASTRUCTURE

integralsg.com

Managed Support Services  
Schedule A  
Master Agreement for Information Technology Services Between  
Integral Solutions Group and Town of Kiawah Island

This Schedule is entered into as of 8/1/2017 ('Effective Date') between Integral Solutions Group ('ISG') and Town of Kiawah Island ('Customer').

**1 Compensation and Terms -**

Customer hereby retains ISG and ISG hereby agrees to perform Managed Support Services (MSS) beginning with the effective date for a period of 36 months. ISG will provide the services as here outlined:  
**MSS Services Included-**

•Elite Managed Support Services

<i>The following one-time fees shall apply:</i>				Qty.	Price	Price Extended
<b>Elite Setup Fees:</b>						
	<i>(User Option)</i>					
	Users-	22	\$90.00			\$1,980.00
			<b>One-Time Fees</b>			<b>\$1,980.00</b>
<i>The following monthly fees shall apply:</i>				Qty.	Price	Price Extended
<b>Elite Fees:</b>						
	<i>(User Option)</i>					
	Users-	22	\$90.00			\$1,980.00
	Total User Count-	<b>22</b>				
	User Core Fee-					\$650.00
			<b>Monthly Recurring Fees</b>			<b>\$2,630.00</b>
			<b>Total One-Time Fees</b>			<b>\$1,980.00</b>
			<b>Total Monthly Recurring Fees</b>			<b>\$2,630.00</b>

## 2 Scope of Work -

The following geographic sites will be covered under Managed Support Services (MSS):

*Elite MSS Sites (Users)-*  
Main

## 2 Scope of Work - (Continued)

Based on items above, ISG agrees to provide Customer, (Town of Kiawah Island) Managed Support Services with the following:

Note: If a covered customer site is within 1 hour of the closest ISG location, travel is at no charge. If a covered customer site is over 1 hour from the closest ISG location, travel (one-way) is billable at customer's billable rate.

Note: Phone, Video Surveillance, Audio/Visual, Access Control and Security Systems will not be supported under any of these agreement levels without written consent by ISG Senior Management

### •Elite Managed Support Services Overview Summary:

<i>Inclusions</i>	<i>Exclusions</i>	<i>Deliverables</i>	<i>Remote Support</i>	<i>Support</i>
Monitoring	No Workstation Firmware Updates	Baseline Documentation	Unlimited	Unlimited
Managed Anti-Virus Services	No Projects	Monitoring Reporting		
Managed Windows Updates		Service Statistic Report		
Edge Device Firmware Updates		Anti-Virus & Anti-SPAM Reporting		
Server Firmware Updates		Best Practice Evaluation		
SPAM Filtering Services		Technology Road Map		
Primary Integrator		Role-Based Plan		
Secondary Integrator		Penetration Test & Results Report		
Baseline & Documentation of Network		Security Network Audit & Results Report		
Monthly or Quarterly Monitoring Review				
vCIO Services				
Annual Network Assessment/Security Audit/External Penetration Testing				
Technology Best Practice Evaluation				
Project Planning Sessions				
Role-based Planning				
Quarterly Strategic Planning & Review				
Regulatory Compliance Assistance				

### 3 Bill To and Ship To Information-

Customer Name		
Street Address		
City	State	Zip Code

  

Customer Name		
Street Address		
City	State	Zip Code

This Schedule shall commence on the date stated above, and shall remain in effect until all obligations under this Agreement have been properly completed

IN WITNESS WHEREOF, the parties have agree to the terms and conditions of this Schedule as indicated below:

Integral Solutions Group

## Town of Kiawah Island

**Date**

Date \_\_\_\_\_

**Note:** It is the Customer's responsibility to inform Integral Solutions Group in writing no later than the 21st of any month at [helpdesk@integralsg.com](mailto:helpdesk@integralsg.com) when billing changes are requested. These types of changes would include hosted email user counts, Office 365 user counts, SharePoint user counts, device removals, backup removals, Colocation changes, etc. Otherwise, the billing change will be applied the month after the count changes have been reported.

## Office 365 Services

### Schedule B

#### Agreement for Microsoft Office 365 Services Between Integral Solutions Group and Town of Kiawah Island

This Schedule is entered into as of 8/1/2017 ('Effective Date') between Integral Solutions Group ('ISG') and Town of Kiawah Island

#### 1 Compensation and Term

Customer hereby retains ISG and ISG hereby agrees to provide Microsoft Office 365 Services beginning with the effective date for a period of 36 ISG will provide the services as outlined:

##### The following one-time fees shall apply:

	Quantity	Price	Extended
• Office 365 Mailbox Migration Software Licenses (1 - 50)	25	\$50.00	\$1,250.00
• Office 365 Mailbox Migration Software Licenses (50 and Up)	0	\$30.00	\$0.00
• Office 365 Per User Provisioning Integration	25	\$60.00	\$1,500.00
• Office 365 Per User Provisioning Project Management	10	\$175.00	\$1,750.00
• Office 365 Cloud to Cloud Backups Setup	0	\$895.00	\$0.00
<b>*One-Time Fees Apply to Migrating Email Only</b>	<b>One-Time Fees*</b>		<b>\$4,500.00</b>

**\*One-Time Fees Apply to Migrating Email Only NOT Deploying Office Applications**

##### The following monthly recurring fees shall apply:

	Quantity	Price	Extended
• Office 365 Business Essentials * **, *** ****	0	\$7.95	\$0.00
• Office 365 Business Premium *, **	0	\$14.95	\$0.00
• Office 365 Enterprise E1 **, *** ****	0	\$9.95	\$0.00
• Office 365 ProPlus *****	0	\$12.95	\$0.00
• Office 365 Enterprise E3	25	\$21.95	\$548.75
• Office 365 Microsoft Project Professional	0	\$30.95	\$0.00
• Office 365 Microsoft Visio Pro	0	\$13.95	\$0.00
• Office 365 Exchange Online (Plan 1)	0	\$6.20	\$0.00
• Office 365 Email Message Encryption *****	0	\$2.00	\$0.00
• Office 365 Cloud to Cloud Backups	0	\$4.00	\$0.00
<b>Monthly Recurring Fees</b>			<b>\$548.75</b>
<b>Total One-Time Fees</b>			<b>\$4,500.00</b>
<b>Total Monthly Recurring Fees</b>			<b>\$548.75</b>

#### Subscription:

Email Migration and Provisioning does not include Active Directory Integration and Single Sign-On or Same Sign On configurations

- \* Limited To 300 Users Or Less
- \*\* Cannot Be Used With Remote Desktop Services
- \*\*\* Online Applications Only
- \*\*\*\* Application Software Not Included
- \*\*\*\*\* No Email Services
- \*\*\*\*\* Price May Vary Slightly Since Billed Directly From Microsoft

#### Support:

24x7 Tier 1, 2 and 3 Telephone and Email Support on all Office365 'Cloud Side' Services subscribed to

**3 Bill To and Ship To Information -**

**Bill To:**

\_\_\_\_\_  
Customer Name

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Customer Name

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State Zip Code

This Schedule shall commence on the date stated above, and shall remain in effect until all obligations under this Agreement have been properly completed.

IN WITNESS WHEREOF, the parties have agree to the terms and conditions of this Schedule as indicated below:

**Integral Solutions Group**

**Town of Kiawah Island**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Note:** It is the Customer's responsibility to inform Integral Solutions Group in writing no later than the 21st of any month at [helpdesk@integralsg.com](mailto:helpdesk@integralsg.com) when billing changes are requested. These types of changes would include hosted email user counts, Office 365 user counts, SharePoint user counts, device removals, backup removals, Colocation changes, etc. Otherwise, the billing change will be applied the month after the count changes have been reported.

**MASTER AGREEMENT**  
**FOR**  
**INFORMATION TECHNOLOGY SERVICES**  
**BETWEEN**

**INTEGRAL SOLUTIONS GROUP**  
**A Division of J M Smith Corporation**  
**("ISG")**

**AND**

\_\_\_\_\_**Town of Kiawah Island**\_\_\_\_\_  
**("Customer")**

**DATED**

**June 30, 2017**

---

By the signatures of their duly authorized representatives below, ISG and Customer, intending to be legally bound, agree to the provisions of this Master Agreement ("Agreement").

**INTEGRAL SOLUTIONS GROUP**  
**A division of J M Smith Corporation**

**Town of Kiawah Island:**

\_\_\_\_\_  
*(Signature)*

\_\_\_\_\_  
*(Signature)*

\_\_\_\_\_  
*(Print Name)*

\_\_\_\_\_  
*(Print Name)*

\_\_\_\_\_  
*(Title)*

\_\_\_\_\_  
*(Title)*

---

The agreement between ISG and Customer is comprised of the general terms and conditions set forth below and the terms and conditions set forth in the schedule(s) attached hereto and any other schedule which may be entered between ISG and Customer (each a "**Schedule**") relating to the Services (as defined herein). The services selected by Customer and described in the Schedule(s) are collectively referred to as the "**Services**". Each Schedule entered into represents a separate contract between ISG and Customer that incorporates and is governed by all of the terms of this Master Agreement. If there is a conflict between the general terms and conditions set forth below and a Schedule, the terms of the Schedule shall control.

## GENERAL TERMS AND CONDITIONS

1. **CONTRACT TERM.** This Master Agreement shall continue in effect as long as there is a Schedule in effect. The term of a Schedule, and Customer's rights to the Services described on that Schedule, shall begin on the Commencement Date stated in that Schedule and continue in effect for the term stated in that Schedule. Thereafter, that Schedule shall automatically renew for successive twelve (12) month renewal terms, unless either party gives written notice of termination to the other at least sixty (60) days before the end of the current term. Upon renewal, the Monthly and/or Annual Fees for the Services set forth in the applicable Schedule shall be adjusted to reflect ISG's then current Fees for such Services. Each Schedule is a non-cancelable contract that may be terminated only in accordance with its express terms.

2. **FEES AND EXPENSES.** All Monthly or Annual Fees set forth in a Schedule shall be invoiced by ISG in advance at the billing address appearing in the Schedule. All other fees, and any out-of-pocket expenses reasonably incurred by ISG on behalf of Customer shall be invoiced by ISG as and when incurred. Customer's payments shall be due within thirty (30) days of the date of the invoice. For any amount not paid when due, Customer shall pay interest at the lesser of eighteen percent (18%) per annum or the maximum amount permitted by law. Customer shall pay all sales, use, value added or other taxes, federal, state or otherwise, which are levied or imposed by reason of the transaction described in any Schedule. Beginning one year after the Commencement Date of a Schedule, ISG may increase the fees chargeable under that Schedule by up to five percent (5%) per contract year, by giving Customer at least sixty (60) days prior written notice.

### 3. CONFIDENTIALITY.

(a) Excluding only the express exceptions provided below, all information disclosed by one party to the other shall be treated as confidential ("*Confidential Information*"). With respect to Confidential Information disclosed by one party ("*disclosing party*") to the other party ("*receiving party*"), (i) the receiving party shall hold such Confidential Information in strict confidence; (ii) the receiving party shall not use or disclose such Confidential Information for any purpose except as necessary to fulfill its obligations under a Schedule or this Master Agreement, or except as required by law; (iii) the receiving party shall limit access to such Confidential Information to such of its employees, agents and contractors who need such access to fulfill the receiving party's obligations under a Schedule; and (iv) the receiving party shall require its employees, agents and contractors who have access to such Confidential Information to abide by the confidentiality provisions of this Master Agreement.

(b) Without limiting the generality of the foregoing, such Confidential Information includes where applicable (i) with respect to Customer, Customer's data and software and the details of Customer's computer operations, which may include trade secrets of the Customer; (ii) with respect to ISG, ISG's physical systems, proprietary software, access control systems, specialized equipment and techniques, configurations, pricing information, and any publication, including but not limited to user manuals, customer guides, instructions or memoranda which include trade secrets of ISG; and (iii) with respect to both parties, the terms of this Master Agreement and all Schedules and any detailed information regarding the performance of this Master Agreement or any Schedule.

(c) Confidential Information shall not include information that (i) is or becomes publicly available through no wrongful act of the receiving party; (ii) was known by the receiving party without any obligation of confidentiality at the time of disclosure by the disclosing party; (iii) was obtained by the receiving party from a third party without restriction on disclosure; or (iv) was developed independently by the receiving party.

### 4. TERMINATION

(a) If either party breaches any of its obligations under a Schedule in any material respect and the breach is not substantially cured within thirty (30) days of receipt of written notice describing the breach, then the other party may terminate that Schedule, without penalty, by giving written notice to the breaching party at any time before the breach is substantially cured. Provided, however, that if a longer period is reasonably required to cure the breach and the cure is promptly begun, such cure period shall be extended for as long as the cure is being diligently prosecuted to completion.

(b) ISG shall have the right to terminate this Agreement and any Schedule(s) in the event Customer (i) terminates or suspends its business operations; (ii) becomes subject to any bankruptcy or insolvency proceedings; (iii) becomes insolvent or becomes subject to the direct control by a trustee, receiver or similar authority; or (iv) has wound up or liquidated voluntarily or otherwise.

(c) If a Customer properly exercises a right to terminate expressly contained in a Schedule before the end of the Schedule's prescribed Term for any reason other than ISG's uncured material breach, then Customer shall nevertheless be obligated to remit to ISG, upon the effective date of the termination the unamortized balance attributable to any equipment and software purchased by ISG on behalf of Customer (as designated in the applicable Schedule and as reflected in the records of ISG) plus any cancellation charges for third party services purchased by ISG on behalf of Customer. If a Schedule is terminated due to an uncured material breach by Customer or if Customer voluntarily terminates a Schedule prior to the expiration of its prescribed Term, then Customer shall be obligated to remit to ISG, upon the effective date of the termination, (i) the unamortized balance attributable to any equipment and software purchased by ISG on behalf of Customer (as designated in the applicable Schedule and as reflected in the records of ISG) plus any cancellation charges for third party services purchased by ISG on behalf of Customer; and (ii) the balance of any sums due ISG under the Schedule for the remainder of its Term.

## 5. LIABILITY AND INDEMNIFICATION.

(a) Subject to the express limitation contained in paragraph 6 below, each party ("*liable party*") shall be liable to the other party for any direct damages caused by any breach of contract, negligence or willful misconduct of the liable party (or any of its employees or agents).

(b) The liable party shall indemnify and hold harmless the other party (and its parents and/or affiliates and their respective employees and agents) against any claims, actions, damages, losses or liabilities to the extent arising from any breach of contract, negligence or willful misconduct of the liable party (or any of its employees or agents).

(c) ISG shall, at its own expense, defend any action brought against Customer to the extent that it is based on a claim of infringement of any U.S. patent, copyright or other proprietary right resulting from Customer's use of intellectual property developed or owned by ISG and used to provide the Services.

(d) Customer shall indemnify and hold harmless ISG against any claims, actions, damages, losses or liabilities to the extent arising from (i) infringement of any U.S. patent, copyright or other proprietary right attributable to Customer's data, content, software or other materials; (ii) Customer's use of any Services in violation of any law, rule, or regulation; or (iii) Customer's violation of any of ISG's Policies (as may be defined in the applicable Schedule or otherwise).

(e) An indemnifying party shall have no obligation for indemnification unless the other party promptly gives written notice to the indemnifying party after any applicable matter arises and allows the indemnifying party to have sole control of the defense or settlement of any underlying claim; provided that the indemnifying party may not settle a claim without the other party's prior written consent. Notice shall be considered prompt as long as there is no material prejudice to the indemnifying party.

## 6. LIMITATION OF LIABILITY

(a) To the extent permitted by applicable law, in no event shall ISG have liability with respect to its obligations under this Master Agreement or any Schedule(s) for lost revenues, lost profits, loss of business, business interruption, loss of business information or consequential, indirect, exemplary, special or punitive damages of any nature, whether such liability is asserted on the basis of contract, tort (including negligence or strict liability) or otherwise, and whether or not the possibility of such damages is foreseeable.

(b) ISG's total liability under a Schedule, whether in contract, tort (including negligence or strict liability), or otherwise, shall not exceed the actual fees paid by Customer to ISG under that Schedule for the most recent twelve (12)

month period.

(c) Except for any direct damages caused by ISG's gross negligence or willful misconduct, ISG shall have no liability for any damages to, or loss or theft of, any of Customer's tangible property located at an ISG facility.

(d) ISG shall have no liability for any of Customer's data, content, software or other materials located, used or restored at an ISG facility or transmitted using ISG's Network Services. If Customer's data is damaged, lost or stolen as a result of ISG's breach of contract or negligence then ISG shall be liable to Customer only for Customer's documented out-of-pocket expenses incurred to recreate such data. Under no circumstances shall ISG be considered or designated as the official custodian of record of Customer's data for regulatory or other purposes unless ISG makes an express undertaking to provide such Services on behalf of Customer as specifically set forth in a Schedule.

(e) With respect to each Schedule, except as specifically stated in this master agreement or such schedule, ISG makes no representations or warranties, oral or written, express or implied, arising from course of dealing, course of performance or otherwise, including without limitation any implied warranty of merchantability, fitness for a particular purpose, conformity to any representation or description, non-interference or non-infringement.

7. **FORCE MAJEURE.** Neither party shall be liable for, nor shall either party be considered in breach of this Master Agreement or any Schedule due to, any failure to perform its obligations as a result of a cause beyond its control, including any natural disaster, act of God or public enemy, act of any military, civil or regulatory authority, act of terrorism, change in any law or regulation, disruption or outage of communications, power or other utility, failure to perform by any supplier or other third party, or other cause which could not have been prevented with reasonable care.

8. **NOTICE.** All notices, consents and other communications under this Master Agreement or any Schedule shall be in writing and shall be deemed to have been received the earlier of (a) the date of actual receipt at the designated street address if delivered by hand; (b) the first business day after being sent to the designated street address by a reputable overnight delivery service; (c) the third business day after being mailed to the designated street address by first class mail; or (d) for notices sent by electronic mail, upon acknowledgement of receipt by the recipient, electronically or in writing.

9. **PUBLICITY.** Neither party will, without the other party's prior written consent, (a) use the name, trademark, logo or other identifying marks of the other party in any sales, marketing or publicity activities or materials, or (b) issue any press release, interviews or other public statement regarding this Master Agreement or any Schedule; provided that either party may publicly refer to the other by name as a vendor or customer and may disclose the existence and general nature of this Master Agreement (but not any of the specific terms of this Master Agreement or any Schedule or any detailed information regarding the performance of this Master Agreement or any Schedule).

10. **ENTIRE UNDERSTANDING.** This Master Agreement states the entire understanding between the parties with respect to its subject matter and supersedes all prior proposals, negotiations and other written or oral communications between the parties with respect to its subject matter. Each Schedule states the entire understanding between the parties with respect to its subject matter, and supersedes all prior proposals, negotiations and other written or oral communications between the parties with respect to its subject matter. No modification of this Master Agreement or any Schedule, and no waiver of any breach of this Master Agreement or any Schedule, shall be effective unless in writing and signed by an authorized representative of the party against whom enforcement is sought. No waiver of any breach of this Master Agreement or any Schedule, and no course of dealing between the parties, shall be construed as a waiver of any subsequent breach thereof. Any purchase order submitted by Customer to ISG shall be used only for invoice processing purposes and shall have no legal effect otherwise.

11. **PARTIES IN INTEREST.** Neither party may assign this Master Agreement or any Schedule, or any rights or obligations thereunder, without the prior written consent of the other party, which will not be unreasonably withheld. This Master Agreement and each Schedule shall be enforceable by and against both parties and their respective successors and assigns. No assignment shall relieve assignor from liability for payment of fees and charges due ISG under any Schedule. No third party shall be considered a beneficiary of, or entitled to any rights under, this Master

Agreement or any Schedule.

12. **NONSOLICITATION.** Both ISG and Customer agree not to solicit one another's employees for direct or indirect employment during the term of the Master Agreement or any Schedule. This obligation shall continue for a period of twelve (12) months following the expiration of the term of the final Schedule entered between the parties.

13. **SERVICE LEVEL AGREEMENT** The following represents the Service Level Agreement ("SLA") between ISG and Customer for the provisioning of Services under this Master Agreement and any Schedule. ISG reserves the right to modify the terms of this SLA.

(a) **Service Commitment** - ISG will use commercially reasonable efforts to make the Services available with an Annual Uptime Percentage (defined below) of at least 99.999% during the Service Year. In the event ISG does not meet the Annual Uptime Percentage commitment, Customer will be eligible to receive a Service Credit as described below.

(b) **Service Response** - ISG will use commercially reasonable efforts to (i) respond to every service request within 1 hour; (ii) resolve critical issues within 4 hours; and (iii) resolve all non-critical issues by the end of the next business day (each known hereinafter as a "Service Response"). It is the responsibility of the Customer to classify an issue as critical or non-critical when making a service request. In the event that no classification is made on the service request, it will be assumed that the issue is non-critical. ISG however, attempts to answer all telephone service requests with live Network Operations Center staff and respond to all email service requests within 20 minutes. ISG will not be responsible for delays or missed Service Responses that result from unavailable components, hardware or software. ISG will also not be responsible for delays or missed Service Responses that result from any action or inaction by the Customer.

(c) **Definitions**

- "Service Year" is the preceding 365 days from the date of an SLA claim.
- "Annual Uptime Percentage" is calculated by subtracting from 100% the percentage of 5 minute periods during the Service Year in which ISG was in the state of "Unavailable." If Customer has been using the ISG Data Center ("DC") for less than 365 days, Customer's Service Year is still the preceding 365 days but any days prior to your use of the service will be deemed to have had 100% Region Availability. Any downtime occurring prior to a successful Service Credit claim cannot be used for future claims. Annual Uptime Percentage measurements exclude downtime resulting directly or indirectly from any ISG SLA Exclusion (defined below).
- "Unavailable" and "Unavailability" means that all of Customer's running instances have no external connectivity during a five minute period and Customer is unable to launch replacement instances.
- The "Eligible Credit Period" is a single month, and refers to the monthly billing cycle in which the most recent "Unavailable" event included in the SLA claim occurred.
- A "Service Credit" is a dollar credit, calculated as set forth below, that ISG may credit back to the eligible Customer.

(d) **Service Commitments and Service Credits** - If the Annual Uptime Percentage for Customer drops below 99.999% for the Service Year, Customer is eligible to receive a Service Credit equal to 10% of their bill (excluding one-time payments) for the Eligible Credit Period. Customer does not have to wait 365 days from the day they started using the Service or 365 days from their last successful claim. A Customer may file a claim any time their Annual Uptime Percentage over the trailing 365 days drops below 99.999%.

ISG will apply any Service Credits against future payments otherwise due from Customer. Service Credits shall not entitle Customer to any refund or other payment from ISG. A Service Credit will be applicable and issued only if the credit amount for the applicable monthly billing cycle is greater than one dollar (\$1 USD). Service Credits may not be transferred or applied to any other account. Subject to the limitations contained in this Master Agreement, Customer's sole and exclusive remedy for any unavailability or non-performance of ISG or other failure to provide ISG DC services is the receipt of a Service Credit (if eligible) in accordance with the terms of this SLA.

(e) Credit Request and Payment Procedures - To receive a Service Credit, Customer must submit a request by sending an e-mail message to support@integralsg.com. To be eligible, the credit request must (i) include Customer Name in the subject line and the words "Service Credit Request"; (ii) include, in the body of the e-mail, the dates and times of each incident of Unavailability; (iii) include Customer's server request logs that document the errors and corroborate your claimed outage (any confidential or sensitive information in these logs should be removed or replaced with asterisks); and (iv) be received by us within thirty (30) business days of the last reported incident in the SLA claim. If the Annual Uptime Percentage of such request is confirmed by ISG and is less than 99.999% for the Service Year, then ISG will issue the Service Credit to Customer within one billing cycle following the month in which the request was received. Customer's failure to provide the request and other information as required above will disqualify the request from consideration.

(f) ISG SLA Exclusions - The Service Commitment does not apply to any unavailability, suspension or termination of ISG DC services, or any other ISG performance issues: (i) that result from Service suspensions resulting from Customer's nonpayment; (ii) caused by factors outside of ISG's reasonable control, including any force majeure or Internet access or related problems beyond the demarcation point of the ISG DC; (iii) that result from any actions or inactions of Customer or any third party; (iv) that result from Customer's equipment, software or other technology and/or third party equipment, software or other technology (other than third party equipment within ISG's direct control); (v) that result from failures of individual instances not attributable to Unavailability; (vi) arising from ISG's suspension and termination of Customer's right to use ISG DC services in accordance with this Master Agreement or any Schedule; (vii) arising from Unavailability during scheduled customer maintenance windows ((i)-(vii) being collectively known as the "ISG SLA Exclusions").

14. ENFORCEMENT. Each party acknowledges that the provisions of this Master Agreement regarding non-solicitation, confidentiality and access to and use of the other party's resources are reasonable and necessary to protect the other party's legitimate business interests. Each party acknowledges that any breach of such provisions shall result in irreparable injury to the other for which money damages could not adequately compensate. If there is a breach of such provisions, then the injured party shall be entitled, in addition to all other rights and remedies which it may have at law or in equity, to have a decree of specific performance or an injunction issued by any competent court, requiring the breach to be cured or enjoining all persons involved from continuing the breach. The existence of any claim or cause of action that a party (or any other person involved in the breach) may have against the other party shall not constitute a defense or bar to the enforcement of such provisions.

15. GENERAL PROVISIONS. This Master Agreement and each Schedule shall be governed by South Carolina law. Any action to enforce or claim arising out of the terms of this Master Agreement and or any Schedule shall be brought in Spartanburg County, South Carolina. The parties hereto waive any objection to venue or controlling law. In any action relating to this Master Agreement or any Schedule, (a) each of the parties irrevocably waives the right to trial by jury; (b) each of the parties irrevocably consents to service of process by first class certified mail, return receipt requested, postage prepaid, to the designated street address at which the party is to receive notice in accordance with Section 8 of this Master Agreement; and (c) the prevailing party shall be entitled to recover its reasonable attorney's fees, court costs and other legal expenses from the other party. No action, regardless of form, arising out of the Master Agreement or any Schedule may be brought by Customer more than one (1) year after to cause of action has arisen. A determination that any term of this Master Agreement or any Schedule is invalid or unenforceable shall not affect the other terms thereof. Section headings are for convenience of reference only and shall not affect the interpretation of this Master Agreement or any Schedule. The relationship between the parties created by this Master Agreement or any Schedule is that of independent contractors, and not partners, joint venturers or agents, Sections 3, 5, 6, 14 and 15 shall survive any termination of this Master Agreement or any Schedule.

[END OF DOCUMENT]

# TOWN OF KIAWAH ISLAND



# ACCOUNTING POLICIES and PROCEDURES

July 11, 2017

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## INTRODUCTION AND PURPOSE

This Accounting Manual provides means for formalized, systematic documentation and communication of accounting policies and procedures established by the Town of Kiawah Island Finance Office. This manual provides guidance on how to record, maintain, monitor, and report on Town's assets and liabilities, as well as revenue collection, and disbursements. This manual also demonstrates the Town's commitment to strong financial operations and to maintain controls providing for efficient and secure financial management of the Town in accordance with State Law, the Town of Kiawah Island Code of Ordinances, Generally Accepted Accounting Principles (GAAP), and the standards set by the Governmental Accounting Standards Board (GASB).

This manual has been divided into multiple sections representing the key financial processes/classes of transaction, with specific policies and procedures developed for each.

The purpose of this manual is to provide comprehensive but simple instructions to all Town employees in their day-to-day duties. It should be used to ensure employee understanding and compliance with Town's finance policies and procedures. The Town's employees shall:

1. Perform their duties in accordance with the appropriate recognized ethical and legal standards and comply with Town's Code of Ethics;
2. Practice honesty and integrity in all aspects of their work;
3. Exhibit professionalism in the workplace, and conduct themselves in a way that will continue to promote the public's confidence in the integrity of the Town;
4. Fulfill their assigned responsibilities, and be proactive in developing the skills necessary to provide high job performance;
5. Exercise fiduciary responsibility with respect to safeguarding the Town's assets;
6. Exercise custodial responsibility with respect to the use of Town's property and resources;
7. Comply with Federal and State laws and regulations and Town's policies and procedures.

## GENERAL GOVERNMENT ORGANIZATIONAL STRUCTURE

**Town Administrator**, appointed by Town Council, is responsible for the overall administration of the Town. The Administrator is responsible to Town Council for maintenance of all affairs of the Town of Kiawah Island. All Department Heads report to the Town Administrator.

**Town Clerk**, appointed by Town Council, performs a variety of routine and complex clerical, secretarial, and administrative work in keeping official records, providing administrative support to staff, elected officials and committees, assisting in the administration of the standard operating policies and procedures of the Town.

**Town Treasurer**, appointed by the Town Council, directs all aspects, activities, and functions on matters related to the management of the Town funds.

**Finance Clerk 1** performs complex and routine clerical, bookkeeping, and administrative work in accounts receivable, payroll, and general administration.

**Finance Clerk 2/Clerk of Court** performs complex and routine clerical, bookkeeping, administrative, and data processing work in the billing of Municipal Court, accounts payable and utility operations.

**Building Official** performs a variety of routine and complex administrative, supervisory, and technical work in administering and enforcing building and related codes.

**Building Inspector** performs a variety of routine and complex work in the interpretation and enforcement of adapted codes and related rules and regulations.

**Plans Examiner** performs variety of routine and complex technical work in the review and approval of building plans.

**Permit Clerk** performs a variety of complex clerical, administrative, and technical work in the processing and issuance of permits.

**Communication Specialist** performs a variety of complex administrative, technical, and professional work in Town's communications and performing special assigned projects for the Town.

**Communication Assistant** performs a variety of complex administrative, technical and professional work in crating copy, brochures, newsletters and other communication materials.

**Wildlife Biologist** manages, promotes, and maintains the Town's natural resources through research, monitoring, management, and public education.

**Assistant Wildlife Biologist** is responsible for studying the life process of animals and their environment.

**Code Enforcement Supervisor** performs variety of duties related to code enforcement, solid waste, public safety, and emergency preparedness.

**Code Enforcement Officer 1** performs variety of semi-skilled maintenance work, and operates variety of equipment in maintenance of equipment and performing duties for the daily operations for the Town.

**Code Enforcement Officer 2/Fleet Manager** performs variety of semi-skilled maintenance work, operates variety of equipment in maintenance of equipment and performing duties for the daily operations for the Town, and is responsible for ongoing preventive maintenance of the Town's vehicles.

**Town Receptionist** performs routine clerical and administrative work in answering phone calls, receiving the public and providing customer assistance and information as necessary.

## **FINANCIAL MANAGEMENT SYSTEM**

### **General Principles**

In order to assure consistent and uniform accountability and to maintain compliance with the laws and regulations which govern the Town's finances, the Town adheres to federal, state, and local principles and standards as they apply to its operations.

A governmental accounting system must make it possible to: present fairly and with full disclosure the financial position and results of financial operations of the funds and account groups of the governmental unit in conformity with generally accepted accounting principles, determine and demonstrate compliance with finance-related legal and contractual provisions, and maintain adequate internal controls to ensure proper accountability of public funds.

The Town's financial management system adheres to generally accepted accounting principles (GAAP) and the prescribed standards by recording transactions and preparing basic financial statements in conformity with GAAP, and using supporting schedules to demonstrate compliance with other legal and contractual provisions. Uniform application of these standards is achieved by recording and reporting similar transactions in a consistent manner from period to period. Finally, per adopted and codified Town Ordinances and Finance Department implemented policies and procedures, the Town maintains accurate accountability and assures proper authorization in the use of public funds.

### **Basis of Accounting**

All Town Governmental fund revenues and expenditures should be recognized on the modified accrual basis. Revenues should be recognized in the accounting period in which the Town becomes entitled and are measurable. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of accrued interest on general long-term debt, which should be recognized when due.

### **Fund Accounting**

Governmental accounting systems should be organized and operated on a fund basis. A *fund* is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and change therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The primary purpose of governmental fund accounting is to reflect revenues and expenditures relative to their sources and categorize their uses of financial resources and those designated assets, related liabilities, and net financial resources which are available for subsequent appropriation and expenditure.

The Town's resources are allocated to and accounted for in separate funds and account groups based upon the purposes for which they are to be spent and the means by which their activities are controlled. The types of funds and account groups discussed in this section are limited to those usually utilized by the Town.

## FUNDS AND ACCOUNT GROUPS

All of the Town's accounts are identified in accordance with the Town's chart of accounts. The first three digits represent the fund, the next five digits represent the department and the next five represent the object or account name. The combination of all twelve digits provides a specific account name for a particular department in the particular fund. The following fund types and account groups are those primarily in use by the Town:

•**100 General Fund** is used to account for all financial resources and related expenditures applicable to Town's general operations. Funding basis is mostly business licenses, building permits, franchise fees and other receipts that are not allocated by law to other funds, or have not been restricted, committed or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement cost that are not paid through other funds are paid from General Fund. Accounting for this type of fund centers on control of resource flows rather than on matching revenues with expenditures. Actual inflows and outflows are compared with budgeted amounts in order to determine compliance with regulations and restrictions governing the use of the fund resources.

•**200 State Accommodation Tax Fund** is used to account for financial resources received and distributed related to the Town's portion of the 2% accommodation taxes levied by State of South Carolina and remitted to the Town that are legally restricted to tourism related expenditures, such as advertising and promotion.

•**230 County Accommodation Fund** is used to account for financial resources received and distributed related to the allocation of 2% of the Charleston County Accommodation Fees received that are legally restricted to tourism related expenditures, such as advertising and promotion.

•**240 Local Accommodation Fund** is used to account for financial resources received and distributed related to 1% fee imposed on the rental of any accommodation within the Town that are legally restricted to tourism related expenditures, such as advertising and promotion.

•**250 Beverage Tax Fund** is used to account for financial resources received and distributed related to fee imposed by the State of South Carolina on Sunday liquor sales that are legally restricted to tourism related expenditures, such as advertising and promotion.

•**300 Hospitality Tax Fund** is used to account for financial resources received and distributed related to 2% tax imposed on food and beverage sales within the Town that are legally restricted to tourism related expenditures, such as advertising and promotion.

•**310 Arts & Cultural Fund** is used to account for ticket sales and expenditures related to cultural performances throughout the year.

•**400 Victims' Assistance Fund** is used to account for financial resources received and distributed

from the fees from court fines that are restricted for victims' assistance programs.

•**600 Capital Projects Fund** is used to account and report for the financial resources that are restricted for expenditures for certain capital outlays, infrastructure improvements and acquisition of capital assets in reporting year.

•**800 Fixed Assets Fund** is used to establish control and accountability for the Town's fixed assets. Fixed assets are defined as land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and various tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The terms capital assets and fixed assets are used interchangeably. The administration of the Town follows GAAP guidelines for recording and depreciating fixed assets in its funds. Capital assets will be accounted for at historical cost or, if the cost is not practicably determinable, at estimated cost. The historical cost will include the cost of any subsequent additions or improvements but exclude the cost of normal maintenance and repairs unless such is determined to either extend the useful life of the asset or enhance the asset's functionality, effectiveness, or efficiency. Donated fixed assets should be recorded at their estimated acquisition value (as estimated by the Town) at the time received.

Fixed assets are not included in the General Fund, as they do not represent financial resources available for expenditure. Since they are not assets of any fund but rather of the entity as a whole, their inclusion in the financial statements of the General Fund would overstate the fund balance, which is the residual equity of net current assets and liabilities. However, fixed assets are shown within governmental activities on the government-wide statements within the Town's financial statements. Therefore, their accountability should be maintained.

All Town capital assets are recorded and tracked on a spreadsheet sub-ledger maintained by the Treasurer containing descriptions for all fixed assets acquired and are depreciated thereon per the schedule shown below:

10-40 years for Buildings and Building Improvements

20-50 years for Infrastructure

3-5 years for Vehicles

10-15 years for Signs

3-5 years for Equipment

3 years for Computers and Software

New capital assets will only be assessed if it can be demonstrated that they are distinctly new items and not the repair of existing items to similar capacity and function. Depreciation on capital assets is calculated annually on a straight-line basis. The Town wide asset capitalization minimum

threshold is \$1,000 per item. Periodically the Finance Department conducts an inventory of all fixed assets. Discrepancies are investigated and adjusted. The inventory serves two purposes: to ensure the accuracy of fixed asset information reported for the annual financial report and for insurance purposes.

### **Chart of Accounts**

All of the Town's accounts are comprised of segments that designate the source of the charge. The first three digits represent the fund, the next five digits represent the department and the next five represent the object or account name. The combination of all twelve digits provides a specific account name for a particular department in the particular fund. The detail listing of Accounts for the Town of Kiawah is included in **Appendix A**.

## **BUDGETING AND BUDGETARY CONTROLS**

### **Requirements**

The South Carolina Constitution requires all municipal governments establish budgetary system and approve annual operating budgets. The Mayor and Council annually adopt an operating budget and appropriate funds for the general, special revenues, and capital funds. In accordance with the Town's Code of Ordinances, Section 4-105 (b), the budget is adopted by ordinance requiring two readings. Also incorporated in the process is compliance with the State Code of Laws requiring the advertisement of the budget and a Public Hearing on the budget prior to the budget's adoption by the Council.

The adopted budget may be amended at any time during the fiscal year, with the Ways and Means Committee recommendations, after two readings of the revised budget at separate regularly scheduled Town Council meetings.

### **Budget Process**

The first step in the budgeting process is the establishment of a budget calendar in January of each year. A proposed budget calendar is developed by the Town Administrator in consultation with the Town Treasurer. The proposed calendar is reviewed by the Ways and Means and then presented to Committee and Town Council for concurrence. The Budget Calendar serves as a guide to ensure necessary processes are completed in order to adopt a budget prior to the beginning of the fiscal year. The Town of Kiawah Island operates on a July 1 to June 30 of the fiscal year. As such, the establishment and adoption of a budget should be complete before July 1 of every year.

The sample calendar summarizing the general budgetary timeline for the Town of Kiawah Island is presented in Appendix B.

As a part of Town's budget process, once the budget calendar is established, the Department Heads are then aware of the timeline for departmental requests to come forward to the Town Administrator and Town Treasurer for inclusion in the document.

Making projections for the revenue budget is one of the more difficult tasks of the budgeting process. The process may determine whether or not the Town will be able to provide the services desired by the community. The process may involve the reduction in expenses, the reassignment of expenses, and deferral of some expenses in order to balance revenues and expenses. State Law regulates many of the sources of revenue received by the Town and the allocation of revenues. Resources and tools used to make revenue projections include factors like construction growth, business openings, and closings. Projections related to franchise fees are typically made based upon prior years' revenues and considerations regarding any implications which might affect those revenues either up or down. Tourism revenue projections are developed based upon prior years' performance and economic influences which might affect vacation travel choices. These funds include State Accommodations Tax, County and Local Accommodations Tax, and

Hospitality Tax. Each of these funds has specific legislative regulation governing the types of expenditures allowable with the funds. Consideration is given to the expenses anticipated in the budget process, specifically those expenses anticipated in the budget that may be allowable under those funds.

The State Accommodations Tax fund budget requires a review and input from the Town's State Accommodations Tax Committee. Recommendations from this Committee are only advisory in nature but are communicated to the Ways and Means Committee of Town Council. Town Council may accept the recommendation, not accept it, or modify it.

To budget operating expenditures the Town uses prior year audits, prior year financial statements, the budget-to-actual performance in prior and current years, changes in the economy affecting such line items as fuel expense, changes in personnel, and legislative regulation changes that may mandate actions for which there is a corresponding expense in order to comply. During the budgeting for operating expenses, the Town also evaluates potential cost savings opportunities that may be achieved by consolidations of purchasing or elimination of duties and actions that may be outdated, unnecessary and replaced by more efficient processes.

The Town also maintains a Five Year Capital Improvements Plan that projects future capital needs. The plan provides life span to all major capital assets to determine when the items need to be replaced. The estimated cost to replace is then entered into the plan at the appropriate year. Additionally, if the Town has special projects identified and prioritized by the Mayor and Council to be accomplished, i.e., infrastructure or facility renovations, beach repairs; these items are reflected in the plan. Further, the annual review and update of the Five Year Capital Plan allows items to be removed or added as needed.

Throughout the year, a file is maintained in the Town Treasurer's office, when something occurs that may affect the budget in a subsequent year, a note is placed in that file as a reminder to consider the expense or the savings in the following year's budget process. Such items might be capital items that were not considered in the capital planning process, or new endeavors approved by Town Council that are to be implemented in a subsequent year.

Throughout the fiscal year, the budget document serves as the work plan for the Town for the year in which it is adopted. The Town Treasurer is responsible for preparing monthly budget variance reports in a timely manner and its distribution to key staff. The Department Heads are responsible to monitor expenditures in an effort to stay within budgetary guidelines and monitor progress on the goals set by Town Council in the adoption of the budget. If over the course of the fiscal year, the Town Council identifies a new goal not covered under the adopted budget but for which funding can be identified, then this action requires a vote of Ways and Means and Town Council authorizing the source and the use of those funds. If an activity is not completed or undertaken within a budget year, it may be deemed unnecessary or it may be re-budgeted in a subsequent year.

## **FINANCIAL REPORTING**

Prior to issuing financial reports, the account balances in General Ledger must be brought up to date, reconciled with supporting documents, and critically reviewed for completeness to ensure all transactions have been accounted for and were properly recorded, and that all costs and revenues have been correctly determined and allocated to the appropriate cost objectives.

The monthly closing process starts the first week of the month and includes following procedures:

1. Finance Clerk 1 ensures all the daily deposits are posted and reconciles copies of the deposits and Wells Fargo and credit card processing company (Persolvent) statements with General Ledger and Bank Statement.
2. Finance Clerk 1 makes sure all the monthly ACH payments are recorded and gives the journal entry with the supporting documentation to the Treasurer for review and approval prior to posting.
3. Treasurer records individual entries, such as investment interest allocation between different funds, operating expenses allocation as budgeted, correction of miscoded items, and transfers between funds.
4. Treasurer then performs bank reconciliation utilizing Tyler software and provides the Town Administrator with the complete reconciled Bank Statement Report for a review. Signed copies of these statements along with bank statements are kept in the binder in the Treasurer's office.

### **Monthly Reporting**

The Treasurer shall prepare monthly Budget to Actual Reports and distribute to each Department Head to inform them of their current budget execution status and review for any irregularities and needed adjustments.

### **Quarterly Reporting**

Per Town Ordinance, Sec. 4-105 (f), the Town Treasurer shall prepare a quarterly report showing up to date line item information for revenues and expenditures for all funds. The Treasurer's report shall then be reviewed by the Audit Committee, Ways and Means Chairperson, and presented before the Town Council. Following its acceptance, it shall become a public record. Appropriate interim financial statements and reports should show detail of the Town's current financial position as compared to budgetary estimates and limitations, operating results, and other pertinent information to facilitate the administration's current evaluation of the Town's financial status and results of operation, plan future operations and enable legislative oversight.

### **Annual Audit**

Per Town Ordinance Sec. 4-103 (a) Audit, the Town Council shall provide for an independent annual audit of all Town financial records and transactions. The audit, completed in accordance with GASB shall be made by a certified public accountant or firm of accountants who have no

personal interest direct or indirect, in the fiscal affairs of the municipal government or any of its officers. The report of the audit shall be filed in the office of the Treasurer as a public record and shall be made available for public inspection. This audit is performed in accordance with federal audit guidelines and with generally accepted auditing standards covering financial and compliance audits. Copies of the auditor's report are submitted to all requiring governing bodies, Council Members, Mayor, and agencies that have a direct interest in the financial results of the Town's operations.

### **Annual Reporting**

A comprehensive annual financial report should be prepared and published, covering all funds and account groups of the primary government and providing an overview of all discretely presented component units of the reporting entity. The comprehensive annual financial report should include Management Discussion and Analysis, supplementary information as required by Governmental accounting Standard Board GASB. General-purpose financial statements of the reporting entity may be issued separately from the comprehensive annual financial report. Such statements should include the basic financial statements and notes to the financial statements that are essential to fair presentation of financial position and results of operations and cash flows of those fund types and discretely presented component units that use proprietary fund accounting. These statements may also be required to be accompanied by necessary supplementary information, essential to the completeness of their financial reporting.

### **Outside Financial Reporting**

As a multi-funded agency, the Town must provide specific financial information to a variety of grantor agencies, and also comply with federal and state laws. The timing and content of these fiscal reports is varied and the Town's financial management system must be able to accommodate all reporting requirements as they arise. Therefore, the Town's financial management system is a consolidated system of accounts and related records which provide current and year-to-date financial data from which specific information relating to a particular type of fund or account group, or a specific program area, can be extracted at any given time. A list of these includes, but is not limited to:

1. South Carolina Local Government Debt Annual Survey
2. South Carolina Annual Municipal Financial Report
3. South Carolina Department of Health and Environmental Control Solid Waste Management Services Annual Report
4. South Carolina Court Administration Annual Judicial Survey
5. Annual Summary of Accommodations Tax Funding Report to Accommodations Tax Expenditure Review Committee
6. Annual Statement of Economic Interest Report
7. Annual Wage and Tax Statement (Form W-2) and Transmittal of Wage and Tax Statements (Form W-3)
8. Annual Summary and Transmittal of US Information Returns (Forms 1096 and 1099-

Misc,)

9. Quarterly South Carolina State Sales & Use Tax Filing (Forms ST-3, ST-14)
10. Quarterly Employer Contribution and Wage Report ( Forms UCE-120, UCE-101)
11. Quarterly Employer's Federal Tax Return (Form 941)
12. Quarterly South Carolina Withholding Tax Return (Form WH-1605)) and Annual Withholding Reconciliation (Form WH-1606)
13. Monthly Deposit of Retirement Contributions (Form 1244) and Quarterly Contribution Report Summary ( Form 1246)

## **FUND BALANCES**

The Town of Kiawah Island believes that sound financial management principles require that sufficient funds be retained by the Town to provide a stable financial base at all times. To retain this stable financial base, the Town needs to maintain a General Fund Balance sufficient to fund all cash flows of the Town, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature, and to provide funds for all existing encumbrances.

The Town established the following policies on its Unrestricted Fund Balance:

**1. Unrestricted, Designated for Fiscal Stability** – The Town will maintain a fund balance designation for fiscal cash liquidity purposes (i.e. fiscal reserve) that will provide for sufficient cash flow to minimize the potential of short term tax anticipation borrowing. This amount shall be equal to not less than 30% of the combined budgeted expenditures of the Town General Fund.

**2. Unrestricted, Undesignated Fund Balance** -Funds not otherwise reserved or designated as required above represent balances available for appropriation at the discretion of the Town Council. However, the Town Council will make every effort to use these undesignated funds for the following purposes:

- Increase Unrestricted, Designated Fund Balances as deemed necessary.
- Transfer to the Capital Improvement Fund.
- Use as beginning cash balance in support of annual budget

The Town Council recognizes that any such funds should be appropriated for non-recurring expenditures as they represent prior year surpluses that may or may not materialize in subsequent fiscal years.

### **Monitoring and Reporting**

The Town of Kiawah Island Administrator and Treasurer shall annually prepare a report documenting the status of the fund balance compared with this policy and present to the Town Council in conjunction with the development of the annual budget. Should the report disclose there are unrestricted, undesignated funds available; a recommendation for use of said funds shall be presented to the Town Council in the report.

### **Replenishment of the Unreserved, Designated for Fiscal Stability Fund Balance**

Should the Unrestricted, Designated for Fiscal Stability Fund Balance amount fall below the 30% targeted level, the Town Council must approve and adopt a plan to restore this balance to the target level within 24 months. If restoration of the reserve cannot be accomplished

within such period without severe hardship to the Town of Kiawah Island, then the Town Council will establish a different time period.

## **INTERNAL CONTROLS**

The Town establishes these standards and procedures for the design and operation of the system of internal controls in order to safeguard the Town's assets. Internal controls consist of all steps taken by the organization to:

1. Protect its resources against waste, fraud, and inefficiency;
2. Ensure accuracy and reliability in accounting data and financial reporting;
3. Secure compliance with the policies of the organization as well as compliance with external local, state, and federal laws and regulations.

Administration should identify, analyze, and manage risks related to the Town's objectives. All processes should be evaluated for inherent risks and potential fraud, whether unintentional or an intentional error. The process of identifying and analyzing risk is a continual process and controls modified as changes occur in the operating environment. Town Administration directives are communicated through written policies and procedures. Town Administration, with input from Mayor and Town Council, should assess the effectiveness of its policies and procedures on a regular basis.

### **Review and Evaluation**

Town Administration has the responsibility to review and measure the effectiveness of the controls established for the Town. Policies and procedures will be reviewed on a periodic basis to evaluate effectiveness. Town Administration has the responsibility to make recommendations for improvements in internal control and for responding to and implementing required changes to the internal control system as a result of findings issued by the audit firm in conjunction with the annual financial audit of the Town.

### **Deficiencies**

This condition exists when the internal control design does not allow management to detect or prevent a misstatement on a timely basis. Such control deficiencies may be further classified as either "significant" or "material." A significant deficiency is a control deficiency that adversely affects the municipality's ability to initiate, authorize, record, process, or report financial data in accordance with GAAP. A material weakness is a significant deficiency that results in the likelihood that a material misstatement of the financial statements will not be prevented or detected. The difference between the control deficiency classes, significant deficiency, and a material weakness is the likelihood and magnitude of the misstatement that could potentially occur. Department Heads are responsible for the design, development, implementation, and maintenance of an effective system of internal controls within their respective areas of responsibility. Critical processes should be identified and objectives established. Written policies and procedures should include documentation of how transactions and events are to be processed. All policies and procedures will be reviewed and approved by the Town Administrator.

## **Duties and Responsibilities**

Town Council sets the standards for the control environment and has ultimate accountability for internal controls and risk management.

The Town Administrator supports the Town's control and risk management activities, is responsible for the effectiveness of internal controls, approves policies and procedures, conducts periodic reviews, and reports to Town Council breaches detected in the internal control system.

The Treasurer:

1. Establishes, executes and monitors the adequacy and effectiveness of internal controls and makes recommendations;
2. Performs financial operations and reporting;
3. Ensures that departments understand the internal control framework as it relates to their department;
4. Reports to Town Administrator breaches detected in the system.

Department Heads are:

1. Accountable for the operations and their respective departments;
2. Responsible for communicating expectations and ensuring employees understand the internal control framework as it relates to their position;
3. Responsible for the application of internal controls by employees under their direct supervision;
4. Periodically assess the risk and recommend, develop and implement action plans for improvements to the internal control system in their department.

Employees are responsible for performing duties in accordance to the policy and procedure set for their position. In addition, employees are also responsible to communicate any observed breaches in policy and procedures.

## **CASH MANAGEMENT**

### **Banking**

The Town will maintain bank accounts and investment accounts as deemed necessary by the Town Council. The Town Treasurer will oversee the management of all accounts in order to maintain a balance in the operating account adequate to meet cash needs, to meet the minimum requirements of banking agreement, to satisfy requirements of the Town's investment policy, and to minimize bank service fees. Additionally, the Treasurer is designated to monitor compliance with the State Laws requiring public funds to be fully collateralized by either the Federal Deposit Insurance Corporation or eligible government securities.

The Treasurer's responsibilities:

1. Ensure that all bank accounts are included on the collateral agreements the Town has with the banking institutions;
2. Monitor all collateral agreements on an ongoing basis to ensure compliance and the securities given as collateral by the banking institution are sufficient to cover deposits within the individual institutions;
3. As of June 30<sup>th</sup> of each year, provide to the external auditors a listing showing the status of the collateral at each banking institution compared to actual cash balance.

Currently, the Town maintains its operating account with Wells Fargo bank. When a new bank account is needed, the Treasurer will seek Ways and Means Committee approval. Authorized signatories on operating bank accounts are the following individuals:

1. Mayor
2. Mayor Pro Temp
3. Treasurer

Operating account-checking transaction requires two signatures, one of who must be the Mayor.

The Town's investments are maintained at the Bank of New York (BNY Mellon). All investments must meet the South Carolina State Statutes regarding the investment of public funds and the Town's internal investment policy (Resolution 2009-1). All investments must be made in the name of the Town. Investment transactions and transfers are made by either the Town Administrator or the Treasurer under the authority granted by the Mayor. The Treasurer is responsible for balancing the monthly investment statement to the Town's General Ledger. The Treasurer will allocate interest among the Town's funds proportionally to the invested amounts. The Town Administrator will review monthly reconciliations and sign them.

### **Cash Handling and Deposits**

Cash receipts are received by the Town through various methods as follows:

1. Business licenses, and building permits, are received through the mail, through walk-up traffic at the Town Hall, and online payments;

2. Insurance and telecommunications license fees collected by the Municipal Association of South Carolina are received by electronic deposit.
3. Accommodations, local option sales, hospitality and beverage taxes, franchise fees and other miscellaneous receipts are received through the mail.
4. Court Fees are received during court sessions, or through walk-up traffic at the Town Hall, where the Clerk of Court's office is located.
5. Environmental service fees are received through the mail, walk up-traffic at the Town Hall, lockbox, and online payments.

The Town's personnel comply with the following procedures while administrating cash receipts:

1. Checks received in the mail are opened by the Town Receptionist and logged into Mail Log. The checks are stamped with the "For Deposit Only" stamp and safely kept in the locked moneybag.
2. Checks received by the Permit Clerk and Code Enforcement Officers from walk-ins for business licenses and building permits are stamped For Deposit Only, kept in the cash bag throughout the day and forwarded to the Finance Clerk 1 at the end of the day.
3. Finance Clerk 1 receives checks from the Receptionist and accepts them by initialing in the Mail Log. Before accepting the checks employee should verify the date, if the signature is present, if amount is correct and the amount indicated matches the written verbiage.
4. The Finance Clerk 1 scans checks trough bank virtual deposit machine same day as received. Desktop Deposit report from Wells Fargo must be attached to the copy of deposited check. In the absence of Finance Clerk 1, Finance Clerk 2 or Treasurer shall deposit checks daily using the deposit book. Copies of the checks deposited should be made and kept for recording.
5. Finance Clerk 1 enters deposits and posts batches to General Ledger. All transactions must be complete and provide for tracing transaction from the source document.
6. Monthly, the Treasurer reviews deposits to bank and General Ledger account for correctness.
7. The Town also uses a Wells Fargo lockbox system. Payments from environmental services customers are mailed directly to the lockbox and are batched to the file by the date and retrieved via the banks portal daily by Clerk 1. The batches are then downloaded into Tyler AR module and applied to customer accounts.
8. In the event of returned check, the Finance Clerk 1 will again try to redeposit the check. If again returned, the Clerk will notify the department staff that collected the payment. The staff person is responsible for getting repayment.

### **Change Funds**

Two employees within the Town, Finance Clerk 2/Court Clerk and Business License Technician, use change funds. These funds allow the employees receiving cash payments to be able to make

change when required.

The following rules are to be followed in regards to change fund:

1. The custodian should ensure the fund has sufficient small bills and change to function properly;
2. The fund is to remain at the original balance, currently-\$181. The change is verified, reconciled, and documented by the Finance Clerk 1 weekly.

### **Cash Disbursements**

Purchases will be executed in accordance with the Town's Municipal Code, Chapter 4 Purchasing. All disbursements must be made by check, Town's credit card, or ACH. Each department head is responsible for ensuring that the Town's vendors and contractors are paid in the timely manner. To facilitate this process the following procedures are taken:

### **Invoice Review**

Invoices are normally received through the mail or via email. The Receptionist opens the mail identifies the vendor invoices, stamps them with the date received, logs them in the received Mail log, and forwards them to Finance Clerk 2. Finance distributes the invoices to the appropriate departments for receipting and payment approval. Following validation, via signature of the Department Head, affirming the correctness of the invoice, the documents are provided to the Finance Clerk 2. Each invoice is coded to the appropriate General Ledger account number from which it was previously budgeted and entered into Tyler software. Then, the Finance Clerk 2 prints out Payables Register that is given to the Town Administrator along with the supporting documentation for approval. After that, the Town Treasurer reviews the Payable Register for correctness of coding.

### **Reconciliation of Major CreditAccounts**

For efficiency, the Town maintains few major credit accounts with frequently used vendors which allow for one monthly check to be processed. When authorized purchases are made and charged to these accounts, Department Heads, or their designee must secure a receipt at the time of that purchase. Such receipts are submitted to the Finance Clerk 2 who reconciles the receipts to billing statements when they are received. The Finance Clerk 2 maintains a folder with all the receipts until accounts are reconciled and receipts are attached to the statement. Current active accounts include: Harris Teeter, Ace Hardware, True Value, WexFlex, Fast Signs and Odles.

### **Processing of Checks**

Payment of invoices via Town's checks is done weekly to avoid accumulation of unpaid bills

and to avoid having to process large volumes of checks at one time. The Town utilizes digital printing by the outside vendor, currently SunGard. After review process is complete the Finance Clerk 2 sends the digital file to Sungard for processing. Once the file is received, Sungard generates a confirmation email to the Finance Clerk 2 and the Treasurer with the total number of checks requested, and total amount on the check run. The confirmation is reviewed and signed by the Treasurer. The completed checks are mailed by Sungard. Copies of the checks with the invoices stamped Paid are filed in alphabetical order in Finance Clerk 2 office. Access to Accounts Payable Module is limited to the Finance Department. Check processing is regularly handled by the Finance Clerk 2; however, in the absence of the person in that position, the Finance Clerk 1 may process checks.

Checks that have been voided for any reason must be marked "Void", retained and filed until completion of the current year's audit. An invoice with proper documentation and authorization is required for disbursement.

The setup of new vendors is restricted within the Accounts Payable module to Finance Clerk 2 and the Treasurer. The Treasurer verifies each vendor setup by review of the submitted vendor W9 form and by querying Vendor Audit Report within the Accounts Payable module to ensure accuracy and completes of new vendor input.

All contractors are required to provide the Town with the copy of the business's completed IRS form W9, current business license, and the proof of the current's worker compensation insurance before work is commenced or goods are accepted.

### **Manual Checks**

The Town keeps use of manual checks to a minimum. The check stock is secured in the Treasurer's office.

### **Credit Card Use**

The Town has \$100,000 credit line with Wells Fargo Bank divided among the following credit card holders:

1. Mayor-\$50,000
2. Mayor Pro-Temp-\$39,500
3. Town Administrator- \$5,000
4. Town Biologist- \$3,000
5. Code Enforcement Supervisor- \$1,500
6. Finance Clerk 1- \$1,000

All Town's credit card procedures are subject to all Town's procurement regulations. Each cardholder is responsible for ensuring that funding exists within appropriate line item of the

budget before the expenditure occurs and the physical control of their individual card. The use of the cards should be limited to travel arrangements, online purchasing and emergency purchases. The following steps are used in the credit card reconciliation process:

1. All the receipts/invoices for credit card purchases must be given to Finance Clerk 1.
2. Any charge not accounted for is investigated by Finance Clerk 1 to ensure a receipt is submitted for every charge and it is appropriately resolved or reimbursed to the Town.
3. The Town Administrator's monthly transactions with the supporting documentation are reviewed and approved by the Mayor and others by the Town Administrator.
4. The Finance Clerk 1 gives the monthly statement package to the Treasurer for review and payment approval.
5. The Treasurer reviews the statements for all the supporting documents to ensure appropriate approvals are made, General Ledger codes are correct, and approves the payment.
6. Finance Clerk 1 makes payment by telephone via ACH payment from Wells Fargo operating account to Wells Fargo credit card account for the current statement balance. Payment is made in full on or before the due date to ensure no finance charges are incurred.
7. When the draft has been debited from the bank Finance Clerk 1 records the payment to the Wells Fargo credit card vendor.

## **PURCHASING AND PROCUREMENT**

### **Informal Purchase Procedures**

Where the estimated cost for goods or services will not exceed \$20,000, the procurement may be made on the informal basis, provided those procurement requirements shall not be artificially divided so as to constitute a small purchase. The following procedures shall pertain to small purchases:

1. **Under \$1,000.** Town Administrator and Treasurer may purchase items under \$1,000 as they are needed. A purchase requisition must be submitted to the Administrator or Treasurer for all items. Purchase requisitions are not required for routine items, such as utilities and monthly Town Hall maintenance.
2. **\$1,000 to under \$10,000.** When the value of purchases of supplies, service, goods, or construction is estimated to be in excess of \$1,000 and less than \$10,000, and the amount of the purchase has been approved in the current fiscal year's budget, not less than three oral or written quotes from qualified vendors shall be obtained by the Department Heads. The quotes should be attached or the names of the vendors should be listed on the face of the purchase order. If the vendor selected by the Department Head is not the lowest cost, a statement of justification should be provided as to how the selected vendor can provide the most advantageous agreement with the Town. The Department Head shall sign the purchase order and submit along with the supporting documentation for a signature to the Town Administrator.

For the purchases that are not specifically budgeted in excess of \$1 and less than \$5,000 approval is required from the Mayor. If the purchases are between \$5,000 and \$10,000 and are not specifically budgeted, the approval of the Mayor and one Councilmember is required.

3. **\$10,000 to under \$20,000.** When the value of the purchase supplies, services, or construction is estimated to be in excess of \$10,000 and less than \$20,000, purchase shall be made by obtaining at least three written quotes from vendors unless the goods and services are available under the state contract. If the three bids are unable to be obtained a statement must be included with the purchase order as to the reason why. The names of the vendors and the solicited quotations shall be listed on the purchase order and submitted to the Town Administrator for review. The quotes and recommended award then should be presented to Ways and Means Committee who will review the results and make recommendations to the Town Council.

### **Formal Purchasing Procedures**

All purchases, contracts and goods or services in excess of \$20,000 shall be made in accordance with following competitive formal bidding procedures, unless the goods or services are available under state contract as awarded by the State Budget and Control Board, Division of Material

Management. These may be accomplished through the following methods:

1. Competitive sealed bidding is the preferred method of formal solicitation and is accomplished through **Invitation for Bids (IFB)**. The Town Administrator and the user department work together to develop bid requirements and specifications to assure adequate completion can be obtained. Award is made to the lowest responsive and responsible bidder.
2. Competitive sealed proposals are used when procurement is highly technical, complex in nature, and does not lend itself to formal competitive sealed bidding. This type of procurement is called a **Request for Proposals (RFP)**. To use a RFP, the Administrator must determine that the use of competitive sealed bidding is not practical or advantageous to the Town. Offerors submit proposals based on the information requested in RFP. The Town Administrator and Department Head evaluate and rank the proposals based on the selection criteria listed in RFP. The Department Head makes a recommendation to the Ways and Means Committee who then makes recommendations to Town Council. An award is made to the most responsive and responsible offeror whose proposal is determined to be most advantageous to the Town.
3. In the procurement of architect, engineer, consulting, or other professional firm, firms are requested to submit qualifications and performance data through a solicitation called a **Request for Qualifications (RFQ)**. A selection committee is established to review and rank the firms based on criteria established in the RFQ of which cost is not a factor.

With justifications, the Town Administrator, Mayor, or their designee may authorize purchases on Sole Source/Non-Competitive or Emergency Procurement basis. The following methods of procuring goods/services are available in lieu of the normal competitive process if adequate justifications are furnished to the Town Administrator and the appropriate approvals are given prior to the purchase:

1. **Sole Source Procurement** is procurement when a justification can be written stating that any good, service, supply or construction item can only be purchased from one source and normally approved by the Mayor.
2. **Non-Competitive Procurement** is procurement where the Town Administrator, Mayor, or their designee, has deemed the purchase of equipment, accessories, services, software, or replacement parts is to be of paramount importance.
3. **Emergency Procurement** is a procurement where the Town Administrator, Mayor, or their designee, may make or authorize others to make purchases when there exists a threat to public health, welfare or safety under emergency conditions, or where normal daily operations are substantially affected.

## **Contracts Administration**

Contracts may be established for, but not limited to: maintenance contracts on equipment, contracts for janitorial services, security services, landscaping, etc. The Town Clerk serves as the central repository for record keeping on the major Town's leases and contracts, both reoccurring and single events. Department Heads have the responsibility for the oversight of contracts and leases pertaining to their departments.

The Mayor is only authority who is authorized to sign contracts, committing Town's funds for any purpose.

For all the services contracted by the Town, the Department Head will require current certificate of insurance from the contractor, copy of the business's completed IRS form W9, copy of the current business license and proof of current worker's compensation insurance.

Bills or progress payment requests resulting from contracts will be verified by the Department Head before forwarding to the Town Administrator for approval. If retainage is applicable to the contract, the final payment will not be released until the Department Head approved the transaction and all permitting requirements have been satisfied. It is the Department Head's responsibility to inform the Town Administrator if any amount should be withheld for contractor's nonperformance and to advise the Treasurer to release final payment once the nonperformance has been resolved.

Every contract modification, change order, or contract price adjustment under Town Council awarded contract shall be subject to prior approval by the Town Council, after receiving a report from the Town Administrator as to the effect of the contract modification or change order on the total contract budget.

## HUMAN RESOURCES AND PAYROLL

The purpose of this section is to address personnel matters with financial implications that are not described in the Town's Employee Handbook. Those matters include new hire procedures, payroll procedures and accounting for employee benefits.

### Personnel

Employee selection is conducted by the individual departments. Advertising may be internal or external and is most often electronically based. Small advertisement may appear in the print media to direct interested applicants to locations such the Town's website [www.kiawahisland.org](http://www.kiawahisland.org) where more comprehensive information may be available. Once a selection is made and an offer accepted, the process must occur to enroll the employee in the payroll system, the South Carolina Retirement System, and the Town's Health Plan. These tasks are completed by the Finance Clerk 1 and approved by the Treasurer. The first step is the completion of the "Town of Kiawah Island Notification of Wages to Employees." This two-page document stipulates the employee's position, hire date, salary, whether the employee is exempt from overtime or not, their frequency of compensation, and the reason for the issuance of the form. Such forms are signed by the Town Administrator and the new hire. Upon being hired, the new employee also completes following paperwork:

1. W-4 form for employee withholdings;
2. State Retirement System forms;
3. Group health and life insurance forms;
4. Deferred Compensation Program form
5. I-9 form for Employment Eligibility Verification
6. Direct deposit form.

Information from all these forms is then entered into ADP system by Finance Clerk 1 and is reviewed by the Treasurer. The forms are given to the Town Administrator who keeps them in alphabetically filed in locked cabinet personnel files.

All salary changes must be properly authorized by the Town Administrator and the Mayor via a signed payroll change form. One copy of the form is kept by the Administrator in the personnel files, one is given to the Finance Clerk 1 for updating in ADP system, and one is distributed to the employee for their records. Quarterly, the Treasurer runs Change Report that includes any change made in the system for each employee, which is available for review by the Administrator, the Mayor, and the Council.

## **Processing of Payroll and Distribution of the Payroll**

The payroll system should maintain safeguards that ensure all payroll expenditures are properly recorded and paid timely. Additional safeguards will ensure that all the transactions are accurate and complete. Currently, the Town's payroll is processed through a third party payroll service-ADP. Access to the payroll system is limited to the Treasurer, Finance Clerk 1 for processing, Mayor, Mayor Pro-Temp and Administrator for reporting.

Exempt employees are paid on monthly basis (12 payrolls per year) on the first day of the month, covering payroll period from first to the last day of the preceding month. Non-exempt employees are paid on bi-weekly basis (26 payrolls per year) on Fridays through the previous Friday. All payroll compensation is paid via direct deposit. The Town has currently 17 full time employees and approximately 60 part-time Deputies. To ensure accuracy, payroll process involves multiple following steps:

1. Timesheets are kept on "EZ Labor," an ADP program. There are two time clocks; one in the Town Hall and one in the sheriff's office in Freshfields. Each time clock interfaces with the server which operates on 24/7. The server is set to pull time at 3 am.
2. For any absence, an employee must fill out a form with the hours they are taking off and personal time off, PTO, they wish to use. This can be done electronically on ADP portal or using paper copy attached in the Appendix C. The Department Heads are given responsibility to approve time sheets. They should review the PTO requests against the available time and approve with their signature.
3. Every payroll processing, the Finance Clerk 1 prints out Time Card Report that shows any missing punches and overtime which is forwarded to the Department Heads for review and approval.
4. After all employees' hours are verified and approved, the Finance Clerk 1 reprints Time Card Report and forwards both reports to the Treasurer for final review who returns back to the Clerk for processing.
5. Once the payroll is processed, the Treasurer reviews Payroll Register Preview for accuracy and approves payroll for that pay period. Then, Finance Clerk 1 submits through ADP to finalize.
6. ADP sends the vouchers via FedEx and a CD with a packet of reports that contains a summary of wages and deductions by employee. All the reports generated during payroll process are maintained in files in the Treasurer's office. All employees are required to have direct deposit with the exception of new hires pending direct deposit.
7. The Treasurer uploads payroll entries from ADP portal to Tyler software.

## **DEBT MANAGEMENT**

The Town may enter into debt obligations to finance the construction, upgrade of infrastructure or other capital needs. Additionally, the Town may refinance current debt obligations to obtain better interest rates. The issuance of debt to fund current operating deficits is not permitted. The proceeds of debt obligations will be used as set forth in its enacting legislation. Debt obligations must be approved by the Town Council and adhere to state and federal laws which authorize and govern the issuance of debt, and securities law, which governs disclosure, sale and trading of the debt. Each issuance of the debt will be bid in order to procure the lowest possible cost to the Town. All debt incurred by the Town will be subject to legal limits set by the State of South Carolina.

The function of the debt service repayment is the responsibility of the Town Treasurer who should monitor cash flows to ensure funds are available for payment of outstanding debt. It is a goal of the Town to repay debt in a timely manner so as to avoid penalties and charges. All currently held debt should be reviewed annually to ensure adequate debt service reserves and to monitor adherence to debt limits.

## **PROPERTY MANAGEMENT AND INSURANCE**

The Town Treasurer shall maintain a Capital Assets Register of all property in Town's position. The Register should be kept up to date by recording changes as they occur. The Town's property records include the following information:

1. Property decal number
2. Description and location
3. Manufacturer's serial number if identification number
4. Source of funds
5. Acquisition cost of capitalized items
6. Accumulated depreciation
7. Ultimate disposition
8. Condition

The accuracy of the inventory records shall be verified annually by an inspection of all Town owned property. After the close of the fiscal year, the Treasurer will verify with each department that the inventory listed on the Capital Asset Register is accurate and that each item is still in the Town's possession.

### **General Insurance**

Currently, the Town has following insurance coverages:

1. General Tort Liability
2. Inland Marine
3. Auto
4. Building and Personal Property
5. Data Processing
6. Crime
7. Workers Compensation
8. Directors' and Officers' Liability

Policy renewals dates coincide with one another. About two months before renewal, the Treasurer will compile schedules required to obtain renewal rate quotes. The renewal quotes should be reviewed to ensure the coverages are sufficient at the most competitive premiums.

## **FRAUD POLICY AND FRAUD RISK MANAGEMENT**

The Town of Kiawah recognizes the importance of protecting the Town, its citizens, its employees and its assets against financial risks, operational breaches, and unethical activities. Therefore, the management must clearly communicate the fraud prevention policy to both internal and external customers, vendors and employees.

The impact of misconduct and dishonesty may include:

1. The actual financial loss incurred
2. Damage to the reputation of our Town and our employees
3. Negative publicity
4. The cost of investigation
5. Loss of employees
6. Loss of public confidence
7. Damaged relationships with our contractors and suppliers
8. Litigation

Our goal is to establish and maintain an environment of fairness, ethics, and honesty for our employees, our citizens, our vendors and anyone else with whom we have a relationship. To maintain such an environment requires the active assistance of every employee and Administration in every day operations.

Our Town is committed to the deterrence, detection, and correction of misconduct and dishonesty. Upon discovery, violations of policy are subject to reporting and documentation of such acts to provide a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal, where appropriate, the referral to law enforcement agencies when warranted by the facts and the recovery of assets.

### **Zero Tolerance Policy**

The Town of Kiawah will adopt a zero tolerance policy regarding fraud. No employee of the Town shall remove any Town's assets from the property, misuse any Town's assets for one's personal gain, or willfully misappropriate any Town's asset. Any evidence supporting fraud, theft, or embezzlement of the Town's assets and equipment may be subject to the following actions including but not limited to: suspension, termination, restitution and criminal charges. Any Town employee who is aware of fraud being committed against the Town by anyone shall report such activity to the Administration, Town Attorney, or non-Council member of the Audit Committee.

## **Prohibited Acts**

Fraud is defined as an intentional deception, misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity. Some examples of fraud include:

1. Falsification of expenses and invoices;
2. Authorizing or receiving compensation for goods not received or services not performed;
3. Theft of cash or fixed assets;
4. Alteration or falsification of records;
5. Failure to account for monies collected;
6. Disclosing confidential or proprietary information to outside parties for financial or other advantage;
7. Making a profit from inside knowledge;
8. Authorizing or receiving compensation for hours not worked;
9. Embezzlement, bribery or conspiracy;
10. Abuse of the Town's facilities and assets;

## **Reporting Of Fraud**

1. Employees shall read and understand this policy. Additionally, suspected or known fraudulent acts by employees shall be reported to their respective Department Head. If the employee has reason to believe that their Department Head may be involved, the employee shall notify the Town Attorney or non- Council member of the Audit Committee directly;
2. Department Heads shall a) communicate the provisions of this policy to all staff; b) take no action without consulting Town Administrator; c) recommend appropriate disciplinary action when there is evidence of wrong doing;
3. Department Heads shall communicate any suspected or known fraudulent act to the Town Administrator;
4. All participants in the fraud investigation shall keep the details and results of the investigation confidential;
5. Any employee reporting an act of fraud; or assisting, testifying or participating in a fraud investigation, acting in accordance with the requirement of this policy, shall not be subject to any adverse employment action unless it is determined the employee is culpable for such action and/or made an allegation knowing it was false. Examples of adverse employment action include, but are not limited to; discipline, suspension, threatening to discipline or suspend, coercion, acts of intimidation and firing.

## **False Allegations**

False allegations of suspected fraud with the intent to disrupt or cause harm to another may be subject to disciplinary action up to and including termination of employment.

## **Corrective Action**

Final determination regarding action against an employee, vendor, recipient, or other person found to have committed fraud or corruption will be made by the Town Council.

Offenders at all levels of the Town will be treated equally regardless of their position or years of service with the Town. Determinations will be made based on a finding of facts in each case, actual or potential damage to the Town, cooperation by the offender and legal requirements.

Depending on the seriousness of the offense and the facts of each individual case, action against an employee can range from written reprimand and a probationary period to legal action-either civil or criminal. In all cases involving monetary losses to the Town, the Town will pursue recovery of losses.

The following are the responsibilities of Town officials, management, and its employees regarding fraud risk management.

### **Town Council:**

1. Sets the standards for the control environment;
2. Ultimate accountability for internal controls and risk management.

### **Town Administrator:**

1. Supports the Town's control and risk management activities;
2. Responsible for the effectiveness of internal controls;
3. Approves policies and procedures and conducts periodic reviews;
4. Ensures that department heads and supervisors understand the internal control framework as it relates to their departments;
5. Reports to Town Council breaches detected in the internal control system.

### **Town Treasurer:**

1. Establishes, executes, and monitors the adequacy and effectiveness of internal controls and makes recommendations;
2. Responsible for financial operations and reporting;
3. Ensures that department heads and supervisors understand the internal control framework as it relates to their departments;
4. Reports to Town Administrator breaches detected in the system.

### **Department Heads:**

1. Accountable for the operations of their respective departments;
2. Responsible for communicating expectations and ensuring those employees understand the internal control framework and fraud reporting policies as it relates to their positions;

3. Responsible for the application of internal controls under their direct supervision;
4. Periodically assess the risks and recommend, develop and implement action plans for improvements to the internal control system in their departments.

**Employees:**

1. Responsible for performing duties in accordance with the policy and procedure set for their positions;
2. Communication of any observed breaches in policy and procedure.

**Ethical Conduct and Conflict of Interest**

Acting in a manner that promotes and maintains the public's trust is a requirement of every employee. Employees must act at all times in accordance with the highest ethical standards and comply with all State ethics laws. Actions by employees, on and off the job, that represent a conflict of interest with the Town or give the appearance of such, are prohibited and will result in corrective action, possibly including immediate discharge from employment.

Town employees are covered by state ethics laws that prohibit public employees from using their public position for their own personal gain or to benefit a family member or business associate. State law also prohibits employees from making governmental decisions on matters in which they, their family, or business associates have an economic interest. Employees must notify their supervisors in writing of any matter in which they, their family or business associates have an economic interest and in which they must act on behalf of the Town. The supervisor must send the notification to the Administrator for review. If the Town determines a potential conflict or appearance of conflict of interest exists, the matter will be reassigned to another employee.

Duty of Disclosure – Employees have an affirmative duty to promptly disclose to their supervisor any action or situation on their part, current or pending, that may constitute a conflict of interest, or reasonably give the appearance of a conflict of interest, or any activity that might reflect negatively on the Town or community. Employees have a similar duty to make their supervisor aware of any action by another employee, elected official, or person or entity doing business with the Town that may constitute a conflict of interest, prohibited activity, or violation of this policy.

## APPENDIX A

### ACCOUNTS LISTING

The following numbers are assets, liabilities, and departments represented by the first set of five digits in the account number (xxx-xxxxx-xxxxx):

00005	Cash Operating
12300	Wachovia Investments
13100	Interest Receivable
13200	Accounts Receivable
13201	Due from State Agencies
13220	Solid Waste Receivable
13221	Unapplied Cash
13222	Allowances for Solid Waste Receivable
13310	Prepaid Insurance
13320	Prepaid Expenses
15100	Computers & Software
15200	Equipment
15300	Furniture & Fixtures
15400	Land
15500	Municipal Center
15600	Signs & Fences
15700	Vehicles
15800	Infrastructure
16100	Accumulated Depreciation-Commuters & Software
16200	Accumulated Depreciation-Equipment
16300	Accumulated Depreciation-Furniture & Fixtures
16500	Accumulated Depreciation-Municipal Center
16600	Accumulated Depreciation-Signs & Fences
16700	Accumulated Depreciation-Vehicles
16800	Accumulated Depreciation-Infrastructure
22200	Benefits Payable
22300	Federal WH Payable
22400	FICA Payable
22420	Medicare Payable
22800	Deferred Compensation Payable
22900	SC Retirement Payable
23600	Court Fines Payable to State
23700	Victims Assistance Payable
23900	Credit Card Payable

24000	Unavailable revenue
25000	Unearned Revenue/Solid Waste
30000	Fund Balance
40100	Conservation Department
40200	Administration Department
40300	Finance Department
40400	Roads and Bridges
40500	Communication Department
40600	Court Department
40700	Building Permits Department
40800	Code Enforcement
40900	Public Safety
41000	Operations
41400	CERT Team
42000	SATAX Expenditures
42300	CATAX Expenditures
42400	LATAX Expenditures
43000	Hospitality Tax Expenditures
43100	Arts & Cultural Expenditures
44000	Victims' Assistance Expenditures

The next five numbers of the account number ( xxx-xxxxx-xxxxxx) represent the object or line item. Listed below are the most commonly used numbers:

40000	Business License Revenue
40001	State Accommodation Tax
40005	Aid to Subdivision
40010	Permit Fees
40015	Building Permits
40018	Lease Revenue
40021	Local Option Tax
40031	Franchise Fees-Electric
40032	Franchise Fees-Beach Services
40033	Franchise Fees-Other
40041	Court Fees
40070	Solid Waste Revenue
49000	Interest Revenue
49050	Market to Market Adjustment
49500	Miscellaneous revenue
51100	Salaries
51205	Overtime
52102	Insurance Medical

52201	FICA Match
52202	Medicare Match
52300	Retirement Match
52600	Workers Compensation
52901	Deferred Compensation Match
53100	Deputy Vehicle Fees
53103	Stenographer Cost
53105	Catering Cost
53302	Auditing Cost
53303	Legal Cost
53304	Professional Cost
53404	Graphic Design
53409	Photography Cost
54110	Water & Sewage
54210	Solid Waste Disposal
54230	Custodial Cost
54242	Landscaping Minor
54301	Repairs & Maintenance-Building
54302	Repairs & Maintenance-Vehicle
54303	Repairs & Maintenance-Equipment
54307	Repairs & Maintenance-Software
54309	Pest Control
54411	Rental-Facilities
54421	Rental-Equipment
55211	Insurance-Auto
55212	Insurance-Bridge
55213	Insurance-Data Pro
55215	Insurance-Liability
55216	Insurance-Premises
55217	Insurance-Inland Marine
55218	Insurance-D&O
55300	County Radio Cost
55302	Travel & Training
55304	Cell Phone
55306	Telephone
55308	Dues
55309	Subscriptions
55311	Security
55402	Advertising
55403	Community Activities
55404	Community Outreach

54241	Beach Upkeep
55511	Printing
55555	Turtle Beach Expenditures
55556	CERT Team
55557	Community Outreach
55559	Beach Supplies
56101	Office Supplies
56105	Supplies-Other
56106	Uniforms
56220	Electricity
57310	Signs & Fences
57400	Depreciation
58100	Miscellaneous
70411	Equipment-Minor
70412	Software-Minor
71430	Furniture & Fixtures-Minor
88203	Contingency

## APPENDIX B

### **Budget Calendar FY XXXX**

<b>Date</b>	<b>Task</b>
January-First Week	Budget Kick-off Discussion
February–First Week	Departmental Budget Packages Distributed
February-Last Week	Department Budget due to Town Administrator for Initial Review
March-First Week	Budgets Due to Finance Department for Budget Integration
March–Last Tuesday	Preliminary Budget Discussion at Ways & Means Committee Meeting
April	State ATAX Committee Meets and Makes Recommendation
April-Second Week	Town Treasurer will finalize Budget Proposal and Staff Requests
April-Last Week	Review and Discuss Budget Proposal at Ways & Means Committee Meeting
May–First Tuesday	Public Hearing FYXX Budget Town Council
May-First Tuesday	First Reading of Budget
June-First Tuesday	Second and Final Reading of Budget



## Request for Town Council Action

**TO:** Mayor and Town Council

**FROM:** Stephanie Monroe Tillerson, AICP, Town Administrator

**SUBJECT:** Proposed Employee Handbook

**DATE:** July 6, 2017

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### **BACKGROUND:**

Please find attached the 2017 Employee Handbook. This handbook contains policy and program information that defines the responsibilities of staff members and the Town's commitments to staff.

Last year, the Human Resource (HR) Work Group was formed by Town Council to assist the Town Administrator in reviewing TOKI Employee Handbook dated January 2012. The committee met several times between August – October of 2016 with the goal and purpose of reviewing the following: Policies and Procedures; Benefits and Privileges; and Compensation and Performance Evaluation Process all prescribed in the TOKI Employee Handbook dated January 2012.

The Work Group: Maggie Hawkins, KICA, Former Director of Human Resources; Theresa Widuch, Former HR Director; Russ Crane, Former HR Director; and Craig Weaver, Councilmember, Town Council Liaison.

### **ANALYSIS:**

The Work Group three main considerations as they reviewed and discussed the current Employee Handbook were:

- What policies and procedures if any are missing, need clarification, or lack substance?
- Is there ambiguity with Paid Time Off and Paid Sick Time Off?
- The Town's compensation philosophy, policies, and/or programs. How is the Town determining its pay schedule? Are we looking at peer groups to assess the market competitiveness?
- Overall, is the Employee Handbook structured in a common-sense way? As they read through the Handbook, I asked if they questioned any of the content or the purpose of a section?

The Group reviewed several other Employee Handbooks from comparable municipalities, KICA, and a Model Employee Handbook from the Municipal Association of South Carolina. After an extensive review and discussion with the Work Group, it was determined that a complete rewrite of the TOKI Employee Handbook is needed.

### **ACTION REQUESTED:**

At this time, no action is required. Please take this opportunity to review the final draft of the Employee Handbook for TOKI. Ideally, I would like to bring this back to Town Council at the regular scheduled August meeting for approval consideration.

**BUDGET & FINANCIAL DATA:** N/A

**IMPORTANT NOTICE**

**DISCLAIMER & ACKNOWLEDGEMENT**

**THIS DISCLAIMER IS INTENDED TO COMPLY WITH**

**S.C. CODE ANN. § 41-1-110.**

**THIS HANDBOOK SHALL NOT CREATE**

**AN EXPRESS OR IMPLIED CONTRACT OF EMPLOYMENT.**

I CERTIFY THAT I HAVE RECEIVED THE TOWN OF KIAWAH ISLAND (THE "TOWN") EMPLOYEE HANDBOOK DATED (04/17). I CERTIFY THAT I HAVE READ THE ABOVE DISCLAIMER AND EXPRESSLY UNDERSTAND THAT THE EMPLOYEE HANDBOOK DOES NOT CREATE AN EXPRESS OR IMPLIED CONTRACT OF EMPLOYMENT. I UNDERSTAND THAT THE EMPLOYMENT RELATIONSHIP IS "AT-WILL" AND CAN BE TERMINATED BY EITHER THE TOWN OR ME AT ANY TIME, FOR ANY REASON, OR FOR NO REASON.

IT IS MY RESPONSIBILITY TO READ AND COMPLY WITH THE ENTIRE HANDBOOK AND ANY REVISIONS MADE TO IT. I UNDERSTAND THAT I HAVE THE OPPORTUNITY NOW OR IN THE FUTURE TO ASK MANAGEMENT CONCERNING ANY QUESTIONS REGARDING THE MEANING OR APPLICATION OF ANY PART OF THIS HANDBOOK. I AGREE TO OBSERVE AND SUPPORT THE POLICIES, PROCEDURES, GUIDELINES, AND ALL OTHER PROVISIONS IN THE HANDBOOK AND UNDERSTAND THAT VIOLATING THESE POLICIES, PROCEDURES, GUIDELINES, AND OTHER PROVISIONS MAY RESULT IN DISCIPLINARY ACTION UP TO AND INCLUDING TERMINATION OF EMPLOYMENT. I UNDERSTAND THAT THE TOWN EMPLOYEE HANDBOOK WILL BE REVIEWED PERIODICALLY, AND THAT THE TOWN RESERVES THE RIGHT TO ALTER, AMEND, MODIFY, OR TERMINATE ANY BENEFITS OR PROVISIONS CONTAINED IN THE HANDBOOK AT ANY TIME IT CHOOSES.

---

Employee (Print Name)

---

Employee (Signature)

---

Date

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---

Employee (Print Name)

---

Employee (Signature)

---

Date

DRAFT

**TOWN OF KIAWAH ISLAND**

**POLICY MANUAL**

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## Welcome

Welcome!

On behalf of the Town Council and your fellow employees, we welcome you to the Town and wish you every success here. We believe that each employee contributes directly to the Town's growth and success, and we hope you will take pride in being a member of our team. We have chosen you to work at the Town because we believe you are an exceptional person. The talents and skills that you possess, and your desire to do your job to the best of your ability, is why we want you on our team.

The strength and vitality that the Town of Kiawah enjoys today is due in no small part to the many contributions of our employees. The Town of Kiawah benefits greatly from the dedication and professionalism that each of you brings to your work. Your unique skills and talents are vital to our ongoing success and your contributions will help us continue to provide services of the highest quality to our customers.

This handbook was developed to describe some of the expectations of our employees and to outline the policies, programs, and benefits available to eligible employees. Employees should familiarize themselves with the contents of the employee handbook as soon as possible, for it will answer many questions about employment with the Town.

Our vision for the organization is to be a proud workforce that empowers each employee by encouraging creativity, inspiring integrity and promoting excellence. Our core values are pride, integrity and commitment. You should have an idea of what these words mean to you, but you need to take the extra step to make sure you understand what these words mean for the work that you do for our citizens. Not only will everyone be evaluated by these standards, we all need to be on the same page so we can work together to make our vision a reality.

The Town of Kiawah also places a high value on customer service. Customer service is showing your customers by your actions that you value them and you want them to be satisfied with both the outcome of the situation as well as how the situation was handled. Customer service is more than something you offer. Customer service is an attitude and one that all employees should share.

We hope that your experience here will be challenging, enjoyable, and rewarding. Again, welcome!

Stephanie Monroe Tillerson, AICP  
Town Administrator  
Town of Kiawah Island

## SECTION I. MISSION AND PURPOSE STATEMENT

### 1.00 Mission Statement

The mission of Kiawah Town Government is to provide an effective network of public services in a responsible and efficient manner supporting the common good of our community.

### 1.01 Purpose

It is important that all supervisors, employees and elected officials understand and abide by the expectations of conduct and the work rules that form the employment relationship between the Town and its employees. This Employee Handbook is intended to describe the policies and work rules that apply to all employees of the Town of Kiawah Island.

These policies do not constitute a contract and may be modified, added to or eliminated from time to time, at the discretion of the Town. No supervisor, employee or Council member may make changes to these policies, offer promises or make commitments that conflict with these policies, without the written authority of the Mayor. Additionally, changes or exceptions to certain policies and programs may require approval of the Town Council. The policies included in the Handbook supersede any policies, written or oral, issued prior to April 15, 2017. If you have any questions about any of these policies you should discuss them first with your immediate supervisor, or with the Town Administrator if your supervisor is not able to address your question or concern.

These policies are intended to cover the most common and routine personnel actions as well as the conduct of employees, temporary employees and volunteers. Policy questions not specifically covered in the Handbook should be brought to the attention of the Town Administrator.

If any section, subsection, or provision of these policies is found to be invalid or unlawful, that ruling shall not affect the validity, intent and effect of any other sections.

Approved policy changes are generally distributed via memorandum or e-mail. While there is no guarantee that all changes will be distributed in writing, the Town will notify employees of changes to the policies described in this Handbook. Employees are encouraged to access the Handbook located on the town's intranet for the most current version of personnel policies and procedures.

## SECTION II. EMPLOYMENT POLICIES

### 2.00 Americans with Disabilities

The Town is committed to complying with all applicable provisions of the Americans with Disabilities Act ("ADA") and the Americans with Disabilities Act Amendments Act (ADAAA). It is the Town's policy not to discriminate against any qualified employee or applicant regarding any terms or conditions of employment because of such individual's disability or perceived disability so long as the employee can perform the essential functions of the job. Consistent with this policy of nondiscrimination, the Town will provide reasonable accommodations to a qualified individual with a disability, as defined by the ADA, who has made the Town aware of his or her disability, provided that such accommodation does not constitute an undue hardship to the Town. Employees with a disability who believe they need a reasonable accommodation to perform the essential functions of their job must contact the Town Administrator. If the employee has a complaint regarding a request for accommodation that involves the Town Administrator s/he can refer their complaint to the Mayor or Town Attorney.

### 2.01 Equal Employment Opportunity

The Town is committed to equal employment opportunities for all. Equal Employment Opportunity has been, and continues to be, a fundamental principle at the Town of Kiawah Island. Employment and promotion are based upon personal capabilities, qualifications and contractual guidelines without regard to race, color, religion, age, sex, national origin, sexual orientation, or disability or any other protected characteristic as established by law. This policy applies to all terms and conditions of employment including policies and procedures relating to recruitment and hiring, compensation, working condition, benefits, and termination from employment. The Town also prohibits retaliation against employees who have reported discrimination. Any employee who believes they have been discriminated against in violation of this policy should report the matter to the Town Administrator.

### 2.02 Harassment, Sexual Harassment, Hostile Environment, Discrimination, Retaliation

The Town is committed to maintaining a work environment in which all individuals are treated with respect and dignity. The Town prohibits unlawful discriminatory practices, including sexual harassment and inappropriate sexual conduct, harassment, creating a hostile work environment and retaliation. The Town has a zero tolerance for these behaviors and violation of this policy constitutes grave misconduct and may lead to disciplinary action including termination.

### 2.03 Complaint Procedure and Investigation

The Town does not tolerate harassment of any kind and forbids retaliation against anyone who has reported harassment. The Town will promptly investigate any complaint of discrimination, harassment or other violation of Town policy and take appropriate corrective action.

If you believe that the Town's policies regarding harassment have been violated by anyone with whom you come in contact on the job, regardless of whether it is by a fellow worker, a supervisor, a member of Town Council or a member of the public, you have a responsibility to report the incident(s) to your supervisor or to the Town Administrator. Complaints against the Administrator or a member of Town Council should be made to the Mayor. Complaints against the Mayor should be made to a member of Town Council or the Town Attorney. Timeliness of reporting an allegation of harassment is extremely important and will allow for a more complete investigation. All employees are expected to cooperate in any investigation.

Any supervisor who observes an incident of, or receives a complaint of, harassment has an obligation to investigate and/or report the incident or complaint to the Town Administrator or Mayor as appropriate.

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## SECTION III. ADMINISTRATIVE POLICIES

### 3.00 Computer and Other Electronic Devices and Internet Use

The workplace is intended to be a place of work. An important part of work is communications and recordkeeping. No employee is at work 24 hours a day, seven days a week, and there are times when management needs access to communications or records maintained by employees in their individual workplaces. Personal items and personal communications received or stored on Town property are not entitled to privacy.

Management may search Town property and documents in Town-owned vehicles, employee desks, file cabinets, electronic devices, etc. Further, to help provide for the safety and security of Town employees, guests and property, the Town conducts video surveillance of Town property.

Electronic media raise similar issues. The Town provides electronic and telephone communication and, when necessary, computers and mobile devices to employees. Although assigned to the employee, these items still belong to the Town. Similarly, any electronic files created on or software downloaded on, a Town computer or mobile device belong to the Town. Employees may not destroy or delete files from Town computers or mobile devices except pursuant to the General Records Retention Schedules for Municipal Records.

Unacceptable and prohibited uses of the Town computer and other electronic devices include, but are not limited to the following:

1. Communicating, disseminating, downloading, or printing any threatening abusive, rude, disrespectful, discriminatory, sexually suggestive, or obscene material;
2. Political lobbying;
3. Communicating, disseminating, downloading, or printing any illegal material or material for use in or that furthers illegal activities;
4. Tampering or bypassing in any way software, security devices or security procedures installed on any Town computer in order to control, monitor and filter unwanted Internet information or communication;
5. Unauthorized viewing or transferring of material that is confidential or proprietary to the Town; and
6. Disseminating, downloading, or otherwise using destructive programs (i.e., viruses and / or self-replicating code).

You are also expected to abide by the generally accepted rules of network etiquette. These include, but are not limited to the following:

1. Assume that all communications accessed via the Internet and e-mail create an audit trail of activity and that the Town monitors that audit trail. The employee has no expectation of privacy whatsoever related to the use of the systems.
2. Be polite. Never send messages that contain threatening, abusive, or defaming language, obscenity, or profanity.
3. Prevent dissemination of information or communication of any kind – including e-mail – containing threatening, abusive, or obscene material, inappropriate communications, or encoded files dangerous to the integrity of the network.
4. Maintain the privacy of the systems. Do not give out the name, address, or telephone number of anyone unless required in the furtherance and normal course of the Town's business. Do not share passwords with others.
5. Monitor all e-mail received under your account.

6. If you receive any e-mail or attachment that you believe violates this policy or the Town's policy against harassment, you should notify the Town Administrator.

The Town reserves the right to review voice mail, electronic mail, computer and mobile device files, text messaging, and other electronic information generated by or stored in the Town's electronic systems. The Town also reserves the right to report the finding of such reviews to appropriate agencies. The Town consents to the reasonable personal use of its computers and mobile devices. Although the Town consents to the "reasonable" use of its computers and mobile devices for personal business, what is "reasonable" is determined in the sole discretion of the Town.

### 3.01 Interaction with the Media

The official spokespersons of the Town are the Mayor, Town Administrator, Town Attorney, and the Communication Specialist, and are generally the only persons authorized to speak on behalf of the Town. Employees may not act or speak on behalf of the Town without express authorization.

### 3.02 Outside Employment

The Town expects an employee's work for the Town to take precedence over any outside employment engaged in by an employee. Employees must receive prior written approval from the Town Administrator before engaging in other employment. Should the Town, in its sole discretion, determine that the outside employment interferes with or is otherwise incompatible with employment for the Town, the employee may be asked to choose between the jobs.

Employees may not engage in any private business or activity while on Town work time or at Town workplaces.

### 3.03 Smoking Policy

To help ensure a safe and healthful working environment, smoking is prohibited in Town buildings and anyplace on Town Property. E-Cigarettes is permitted outside Town buildings.

### 3.04 Social Networks, Personal Websites and Blogs

Social networking, personal websites, and blogs have become common methods of self-expression.

Employees must understand that material posted on these media may be read by persons other than those for whom it is intended. Employees are cautioned that they are responsible for the contents of social media posts they make. Posts that contain obscene or harassing material, that are unlawful, that contain personal attacks on coworkers, that reasonably call into question the employee's judgment, or that reasonably cause concern among the public may result in discipline, up to and including termination. Similarly, conduct that would violate Town policies if done in person also violates Town policy if done through social media.

Employees who post on media sites and who have identified themselves, or are identifiable, as an employee of the Town on those sites must make it clear that they are expressing their own views and not those of the Town.

The Town recommends that you always pause before posting. Do not publish information in haste or without thinking carefully about the impact of the statement you are about to make.

### 3.05 Special Pay Provisions During Inclement Weather or Declared Emergencies

All Town employees are essential to Town operations. This policy describes special pay provisions applicable to employees whether performing their regular responsibilities or reassigned because of inclement weather or a declared emergency.

#### Inclement Weather

- A. The Town Administrator, upon the approval of the Mayor, may close Town Hall due to inclement weather or other short-term emergency situation. During such closures employees will receive their regular straight time earnings during the hours of the closure. Employees with approved time off will continue to use their PTO until they are scheduled to return to work.
- B. When operations at the work location resume, employees are expected to return to work. Employees who are unable to return at that time, will have leave charged to their available accrual balances or be placed on unpaid leave.

#### Declared Emergencies

- A. Applicability of Special Pay Provisions. These provisions become effective once all the following conditions are met:
  - a. The Mayor of the Town of Kiawah Island has declared that a State of Emergency exists in the Town.
  - b. The Town has suspended normal operations and is operating under emergency conditions.
  - c. The Town has activated its Emergency Operations Center.
- B. Pay During First 112.5 hours of Declared Emergency
  - a. Non-exempt employees receive their regular pay and overtime pay consistent with the overtime regulations set forth in Section 5.01
  - b. Exempt employees required to work during this period may receive special compensation as approved by Town Council.
  - c. Employees who are scheduled to work but instructed not to report because of the declared emergency will receive their regular rate of pay for regularly scheduled work hours. Since Town Hall is subject to opening at any time if conditions improve, employees are expected to remain in a work-ready status during normal working hours and be reachable by phone or email during those hours.
- C. Pay Following First 112.5 hours of Declared Emergency
  - a. Employees not assigned responsibilities during the first 112.5 hours of a declared emergency may receive work assignments by the end of that period. Once they report to work, these employees will be paid consistent with pay provisions described below. Pay for employees who remain unassigned at the end of the

112.5 hour period will cease until they are assigned new responsibilities. These employees may use accrued paid time off to receive compensation during this period.

- b. Non-exempt employees receive their regular pay and overtime pay consistent with the overtime regulations set forth in Section 5.01
- c. Exempt employees receive their regular pay for their normal work hours. Town Council may approve special compensation to exempt employees during response and recovery.

The duration of such payments will vary by department and/or function. On a weekly basis, the Town Administrator will determine and report to the Mayor which department/functions are still working overtime.

- D. Since all employees are considered essential to town operations prior to, during and following declared emergencies, failure to check in when required or report when scheduled will result in disciplinary action up to and including termination.
- E. **Payroll During Emergency Closings.** If payday falls within a week a disaster is anticipated (such as a hurricane); everything possible will be done to pay employees on or before schedule.

### 3.06 Use of Town Vehicles

If an employee's job entitles or requires him or her to use a Town vehicle, the employee is responsible for the proper care of the vehicle. Abuse of or carelessness in the use of Town property is prohibited.

Under no circumstances shall a Town-owned vehicle be operated by an employee, whether on official or unofficial duty, if the employee has consumed alcohol or illegal drugs or legal drugs which adversely affect his or her ability to operate the vehicle. Additionally, the use of tobacco and smokeless tobacco in Town vehicles is prohibited. Operators are responsible for fines and damages resulting from his or her own negligence.

Any employee involved in an accident while driving a Town vehicle must immediately notify the appropriate law enforcement agency in the jurisdiction the accident occurred and the Town Administrator, and submit to a drug test. Upon review of the accident, if the Town Administrator determines that negligent or improper use contributed to the accident, the employee responsible for the vehicle may be subject to disciplinary action up to and including termination.

Employees, Council members, and volunteers who operate Town-owned vehicles must maintain and carry a valid driver's license for the class of vehicle being operated. Vehicles requiring special licenses or endorsements may only be driven by employees possessing the proper license or permit.

The Town performs driving record checks for prospective employees, and volunteers who will hold positions requiring a valid driver's license. Employment in the position is contingent upon receipt of satisfactory results.

Driving record checks may be conducted at any time for employees holding positions requiring a valid driver's license. At a minimum, checks are run annually.

Persons driving a vehicle and all authorized passengers must wear seat belts while driving or riding in Town-owned vehicles or while driving their personal vehicle on Town business.

Employees who must use a cell phone while driving a Town vehicle or their own personal vehicle on Town business must obey federal, state or local laws related to use of cell phones while driving. Absent such laws, the Town encourages employees to pull off the road to a safe area to conduct business on the cell phone.

Vehicles assigned on a 24-hour basis are to be used for business purposes only. Business use is intended to include accomplishing work assignments and only those personal activities that can be accomplished en-route to and from work with minimum departure from direct route.

**Use of Personal Vehicle for Town Business**- Employees traveling on Town business on or off island may use their personal vehicle and request reimbursement of mileage. To use their personal vehicle on Town business, employees must have proof of insurance coverage and possess a current driver's license.

An employee must have auto liability insurance (for both bodily injury and property damage) and proof of a minimum policy for liability coverage of \$100,000 per person/\$300,000 per accident. Proof of such insurance is required upon hire and on an annual basis thereafter. If an employee's liability insurance lapses, the employee must immediately notify the Town Administrator.

### 3.07 Workplace Privacy Expectations/Searches

The workplace is intended to be a place of work. An important part of work is communications and recordkeeping. At times, management needs access to communications or records maintained by employees in their individual workplaces. Each employee should understand that personal items and personal communications received or stored on or in Town property, facilities and/or premises ("Town property") are not entitled to a guarantee of privacy.

Additionally, in the interest of a safe and drug free workplace, to safeguard property or for other legitimate business purposes, the Town may search Town property at any time, at its discretion and without notice. Such searches may take place while an employee is on or off the job. The search may include any property which belongs to the Town even though it may be loaned to the employee. In this connection, please know that all equipment and storage areas are Town property and are issued for the use of employees only during their employment with the Town. The Town reserves the right to search employee offices, desks, file cabinets, book cases, computers, laptops, etc.

At its discretion, the Town may also question employees. Employees are expected to cooperate in the conduct of such searches.

## SECTION IV. EMPLOYMENT PROCEDURES

### 4.00 Employment of Relatives

People in the same immediate family may not be employed or continue to be employed if one directly or indirectly supervises another or interacts with another in the handling of money or compensation. For purposes of this policy, immediate family is defined as spouse, parent, child, grandparent, grandchild, brother or sister, parent-in-law, grandparent-in-law, brother-in-law and sister-in-law. The immediate family is also considered to include stepparents, stepchildren, stepbrothers and stepsisters when the employee and the step-relative have lived together regularly in the same household. Unrelated employees residing together or otherwise engaged in a close personal relationship (such as domestic partner, co-habitant or significant other) are treated as being within the immediate family of each other for the purposes of this policy. Members of the immediate family of elected officials of the Town are not eligible for Town employment.

Situations not specifically addressed in this policy that, in the Town's opinion, create a conflict of interest or give the appearance of a conflict of interest, will be handled at the Town's discretion.

### 4.01 Employment Status

**Regular Full-Time** employees are those who are regularly scheduled to work the Town's full-time schedule, which is thirty-seven and one-half hour (37.5) hours per week. Generally, these employees are eligible for the Town's benefits package, subject to the terms, conditions, and limitations of each benefit program.

**Regular Part-Time** employees are those who are filling a part-time position and are normally scheduled to work less than thirty (30) hours per week. While they do receive all legally mandated benefits (such as Social Security and workers' compensation insurance), they are ineligible for all of the Town's other benefit programs.

**Introductory Employees** are part-time and full-time employee who have not yet completed their introductory period.

**Temporary Employees** are those hired for a limited period or until completion of a project or projects. Such employees may work part-time or full-time hours depending on the needs of the town. Temporary employees are not eligible for benefits.

### 4.02 Hiring

The Town endeavors to hire the most suitable candidate for open positions and encourages current employees to apply for positions for which they are qualified. The Town may also solicit and consider applications from external applicants. Decisions to fill an open position require prior approval by the Town Administrator.

### 4.03 Introductory Period

Every new employee, including former employees who have been rehired, goes through an initial period of adjustment to learn about the organization and about his or her job. During this six-month introductory period, the employee will have an opportunity to find out if he or she is suited to, and likes, his or her new position. In addition, the initial employment period gives the employee's supervisor a reasonable period to evaluate his or her performance and suitability for the position.

This period is not a guarantee of employment for six months. If the supervisor concludes at any time that an employee is not suited for the position, the employee may be terminated or may continue in an extended introductory period if approved by the Administrator.

The introductory period ends successfully when the supervisor, not sooner than six months after the employee was hired, evaluates the new employee in writing and authorizes the new employee to be re-classified as a "regular" employee.

#### 4.04 Performance Evaluations

Formal performance evaluations are conducted regularly, but the exact timing is at the Town's discretion. Generally, the Town will provide an evaluation no later than June 30<sup>th</sup> of each year. If the employee has not received an annual performance evaluation, the employee should notify his or her immediate supervisor. Evaluations are a factor in determining merit pay increases and promotability; however, favorable evaluations do not mean an employee is entitled to either. The evaluation is intended to provide you and management with an opportunity to work together toward improved job performance. The evaluation also offers an opportunity for achieving greater job satisfaction. The evaluation will be documented, and will require the signature of both you and the Town Administrator to confirm that it has occurred.

You should make your supervisor or the Town Administrator aware of any performance problems that you may be having. Oftentimes, the performance problem may not be readily recognizable.

Ultimately, the Town's objective in encouraging and supporting frequent open discussion on performance is to: maintain satisfactory performance; foster outstanding performance; identify candidates for promotions and provide opportunity for career counseling and development; provide a means for early interception and resolution of performance problems; and create greater job satisfaction.

#### 4.05 Personnel Records

The Town Administrator maintains an employee file on each employee. The Town treats personal information about employees as confidential and respects the need for protecting each employee's privacy.

The Town collects and retains only such personal information as it needs to conduct business and to effectively administer its employment and benefit programs. The Town takes all possible steps to make sure that personal and job-related information about employees is accurate, complete, and relevant for its intended purpose. Wherever possible, the Town notifies affected employees if it needs additional personal information and gives these employees an opportunity to supply the requested data.

An employee should promptly report to the Town Administrator any change in information that affects employment such as: marital status, newborn children, change of address, change in telephone number, change in tax exemptions, insurance and retirement beneficiaries.

#### 4.06 Resignation and Terminations

A voluntary separation from Town employment is generally considered a resignation and is initiated by the employee. An employee should submit his or her resignation in writing to their supervisor or the Town Administrator at least two weeks prior to their last day of work. An employee providing the required notice shall receive his or her final paycheck on the payroll date immediately following their last day of work provided all Town property has been returned in serviceable condition. Vacation leave earned but unused shall be paid in the employee's final paycheck.

The Town generally initiates an involuntary separation from Town employment. An employee may be involuntarily separated from Town employment for many reasons including but not limited to discharge for cause, failure to report to work, failure to obtain or maintain the qualifications for their position, poor performance, lack of work, and other appropriate reasons. Paid Time Off (PTO) Leave earned, but unused is forfeited.

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## SECTION V. COMPENSATION AND PAYROLL

### 5.00 Classification System

Town Council may develop a system for classifying positions within the Town, including pay ranges for those positions. Classification systems and pay ranges are subject to change at any time. The establishment of pay ranges or grades for any position does not guarantee the employee of that position any rate of pay.

### 5.01 Compensation

It is the Town's intention to provide employees with competitive total compensation and the opportunity to earn higher pay commensurate with their skills, experience and performance. The Town's compensation philosophy encompasses a pay-for-performance approach. Individual salaries are determined after consideration of external competitive pay levels, internal equity and position in range, performance level, and the availability of funds.

As part of the Town's compensation program, a salary range structure is established. Salary ranges may be adjusted periodically to maintain external competitiveness. Each position is assigned to a salary range and associated salary grade based on an evaluation of job content.

Salaries represent only a portion of an employee's total compensation. Total compensation also includes the value of various employee benefits

### 5.02 Overtime

As defined in the Fair Labor Standards Act ("FLSA"), all employees, except those in positions exempted by the Act, will receive overtime pay at the rate of one and one-half (1 ½) times your hourly rate for all hours worked more than forty (40) hours per workweek. Our workweek is 12:01AM Sunday through 12:00PM Saturday. If you have a question, you may ask the Town Administrator.

Non-exempt employees may not work overtime without the advance authorization of their supervisor or the Town Administrator except in cases of emergency. Any employee working more than forty (40) hours in a workweek without obtaining prior approval from your immediate supervisor or the Town Administrator may be subject to disciplinary action, up to and including termination from employment.

PTO and Holidays are not "actual hours worked," therefore, they are not included in calculating the forty (40) hour week for purposes of calculating overtime under the FLSA.

### 5.03 Payment of Wages

Non-exempt employees are paid bi-weekly on a Friday and Exempt employees are paid on the first of every month by direct deposit. If a payday falls on a holiday or weekend, the direct deposit will be made prior to the holiday or the next business day. Employees should examine their online paystubs immediately to ensure they have been properly paid for all hours and that no improper deductions have been made. Any payment errors must be reported to payroll within 14 days after a pay period.

If an employee receives pay more than their approved amount, the Town has the right to recoup the full overpayment amount regardless of discovery date.

The Town deducts from employees' gross pay taxes and withholding required by the taxing authorities. The Town may also deduct from employees' pay the employees' share of any premium or plan contribution for insurance, retirement and similar plans that are elected by the

employee. The Town may make other deductions as required by law or court order. The Town does not make unauthorized deductions and will reimburse employees if such deductions are made inadvertently and reported to payroll.

Debts owed the Town, benefits, uniforms, tools, equipment, vehicles, keys, and other items belonging to the Town that are advanced or issued to an employee but not repaid or returned by the employee at the time of the employee's termination will be deducted from the employee's pay.

**5.04 Periodic Pay Increases**

Employees will generally be considered annually for an increase to pay. Annual merit increases, if provided, are intended to reflect an employee's performance and maintain market competitiveness. Once fiscal year performance has been evaluated, merit increases are generally received in July for non-exempt employees and August for exempt employees.

**5.05 Salary Adjustments**

Adjustments for promotion, reclassification or other job changes are subject to budgetary constraints and other factors as determined by the Mayor and Town Administrator. Adjustments are generally effective on the date of the event triggering the adjustment.

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## SECTION VI. HOLIDAYS AND LEAVE POLICIES AND PROCEDURES

### 6.00 Holidays

The following days are observed as paid holidays for the employees of the Town of Kiawah Island:

New Year's Day  
President's Day  
Memorial Day  
Fourth of July  
Labor Day  
Veteran's Day  
Thanksgiving Day; and the  
Day after Thanksgiving  
Christmas Day  
Two Personal Holidays – Days of your choice

Holidays that fall on Saturday are observed the preceding Friday. Holidays that fall on Sunday are observed the following Monday. If a recognized holiday falls during an eligible employee's paid absence (e.g., PTO, scheduled paid leave), pay will be provided as Holiday instead of the PTO benefit that would otherwise have applied.

### 6.01 Personal Time Off (PTO)

Paid Time Off (PTO) is an integral part of the overall benefits package and is granted to all eligible employees (see below) of the Town. We value our employees and recognize the need for time off to be with family and friends and to take a break from the requirements of their job. Employees are expected to take their allowable time off during the calendar year. This PTO schedule also provides for short term absences due to illness or a non-job related accident. Except when due to illness, employees are encouraged to plan their PTO and provide a notice at least two weeks in advance. In the case of conflicts, the employee with the most service will determine the schedule for the period of conflict.

New employees are entitled to 5 days/37.5 hours after completing the six months Introductory Period. The effective date for qualifying for an increased level of PTO is January 1 of the year following the anniversary year.

<u>Length of Continuous Service</u>	<u>Days/Hours credited per calendar year</u>
1 – 9 Years	20 days/150 hours
10 – 20 Years	25 days/187.5 hours
20+ Years	30 days/225 hours

It is intended that employees use all their time off in the calendar year. If an employee has unused PTO at year end, a maximum of 15 days/112.5 hours may be carried over to the following calendar year. An employee's total carryover is limited to 15 days/112.5 hours, and any days more than 15 will be forfeited. If an employee resigns by giving the Town two (2) weeks written notice, employee will be paid for any unused PTO that was credited for the calendar year of termination. If employment ends by any other manner, including termination, employee forfeits their accrued PTO balance.

## 6.02 Bereavement Leave

An employee will be paid up to 22.5 hours (3 consecutive working days) for time lost from straight time scheduled work due to attendance at the funeral of a member of their immediate family, which is defined as spouse, domestic partner, parent, child, grandparent, grandchild, brother, sister, parent-in-law, grandparent-in-law, brother-in-law and sister-in-law. The immediate family will be considered to include stepparents, stepchildren, and stepbrothers and stepsisters only when the employee and the deceased had lived together regularly in the same household at or prior to the time of death. The Town may require proof of relationship and attendance at the funeral.

Employees may be excused from work to attend the funerals of other family members and, upon request, may be paid for such absences from accrued annual leave balances.

## 6.03 Family Medical Leave ("FMLA")

### Basic Leave Entitlement

FMLA requires covered employers to provide up to twelve (12) weeks of unpaid, job-protected leave to eligible employees for the following reasons:

- For incapacity due to pregnancy, prenatal medical care, or child birth;
- To care for the employee's child after birth, or placement for adoption or foster care;
- To care for the employee's spouse, son or daughter, or parent, who has a serious health condition; or
- For a serious health condition that makes the employee unable to perform the employee's job.

### Military Family Leave Entitlements

Eligible employees with a spouse, son, daughter or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation may use their twelve (12) week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to twenty-six (26) weeks of leave to care for a covered service member during a single twelve (12) month period. A covered service member is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the service member medically unfit to perform her duties for which the service member is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list.

### Benefits and Protections

During FMLA leave, The Town is to maintain the employee's health coverage under any "group health plan" on the same terms as if the employee had continued to work. Upon return from FMLA leave, most employees are to be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms.

Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

## **Eligibility Requirements**

Employees are eligible if they have worked for a covered employer for at least one (1) year, if they have worked at least one thousand two hundred fifty (1,250) hours over the previous twelve (12) months, and if at least fifty (50) employees are employed by the employer within seventy-five (75) miles.

## **Definition of Serious Health Condition**

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than three (3) consecutive calendar days combined with at least two (2) visits to a health care provider or one (1) visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

## **Use of Leave**

An employee does not need to use FMLA leave in one block. It can be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the employer's operations. FMLA leave due to qualifying exigencies may also be taken on an intermittent basis.

## **Substitution of Paid Leave for Unpaid Leave**

The Town requires employees to use accrued paid leave while taking FMLA leave. Under law, to use paid leave for FMLA leave, employees must comply with the Town's normal paid leave policies.

## **Employee Responsibilities**

The FMLA requires that employees provide thirty (30) days advance notice of the need to take FMLA leave when the need is foreseeable. When thirty (30) days advance notice is impossible, the employee must provide notice as soon as practicable and generally must comply with an employer's normal call-in procedures.

Additionally, under the FMLA, employees must provide sufficient information for the employer to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military family leave. Employees also must inform the employer if the requested leave is for a reason for which FMLA leave was previously taken or certified. Employees also may be required to provide a certification and periodic recertification supporting the need for leave.

## **Employer Responsibilities**

The FMLA requires covered employers to inform employees requesting leave whether they are eligible under FMLA. If they are, the notice is to specify any additional information required as

well as the employees' rights and responsibilities. If they are not eligible, the employer is to provide a reason for the ineligibility.

Additionally, the FMLA requires covered employers to inform employees if leave will be designated as FMLA-protected and the amount of leave counted against the employee's leave entitlement. If the employer determines that the leave is not FMLA-protected, the employer is to notify the employee.

### **Unlawful Acts by Employers**

FMLA makes it unlawful for any employer to:

- Interfere with, restrain, or deny the exercise of any right provided under FMLA;
- Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

### **Enforcement and Questions**

FMLA does not affect any federal or state law prohibiting discrimination, or supersede any state or local law or collective bargaining agreement that provides greater family or medical leave rights.

Of course, as always, we hope you will help us address any questions or concerns internally. Any concern about application of or violation of this policy should be addressed to the Practice Manager, or in her absence or concern of conflict to the Administrator.

Upon you expressing a need for leave that may qualify under the FMLA, you should receive a notice of eligibility and specific expectations and obligations associated with the leave ("Notice of Eligibility and Rights & Responsibilities") after which The Town provides a "Designation Notice" with additional information. Any available paid leave is substituted and runs concurrently with FMLA leave designated as approved. You are expected to follow all previously established call-in guidelines for unforeseeable leave and to cooperate in providing complete and sufficient medical certification of a serious health condition and / or fitness for duty certification as requested by The Town.

Any questions regarding this general statement of FMLA rights and responsibilities may be directed to the Practice Manager. The Town encourages open communication.

### **Outside Employment**

Employees who are on approved leave of absence (paid or unpaid) may not perform work for any other employer, including self employment, during that leave period.

### **Extended Leave of Absence**

Employees who seek temporary disability or family emergency extended leave of absence and have been employed for more than thirty days, but have not been employed for a sufficient amount of time or worked sufficient hours for FMLA, as applicable, may be considered for unpaid leave. Also, under certain conditions, limited unpaid leave may be considered as a reasonable accommodation for a qualified individual with a disability, despite length of service.

Granting of any leave and the amount of such leave is at the sole discretion of The Town. Periodic updates regarding intent and / or ability to return to work may be expected as a condition of such

leave and / or holding a job open. Additionally, receipt of a physician's release to return to work may be necessary, if applicable.

Granting of any additional leave is also discretionary. If additional leave is not granted and the employee does not return to work on the day leave ends, the employee is terminated.

#### **Extended Disability**

Employees who are on continuous disability leave for the longer of: (1) the exhaustion of any FMLA rights or (2) the lesser of three (3) months or the period allowed by the insurance plan or applicable law, may continue their medical insurance coverage, at their own expense, as stipulated in the COBRA law. Benefits do not accrue during such prolonged leaves and job security is not guaranteed beyond any FMLA rights. If the disability leave, excluding FMLA leave, exceeds three (3) months and the employee is unable to return to work with or without reasonable accommodation, employment is terminated. Upon recovery, the employee may be considered for rehire.

#### **6.04 Jury Duty and Subpoena to Testify**

The Town encourages employees to fulfill their civic responsibilities by serving jury duty when required. An employee will be paid for wages lost from scheduled straight time work due to jury service up to a maximum of 80 hours per calendar year. If additional leave is needed beyond 80 hours, the Town Administrator can approve additional paid time to not exceed an additional 80 hours without the Mayor's approval.

To qualify for this payment, an employee called for jury service must:

- a. Give the employee's supervisor notice of such service within two work days of the time the employee is called for such service; and
- b. Report for work when released by the court on any day of jury service, or contact supervisor if released in the afternoon.

Either the Town or the employee may request an excuse from jury duty if, in the Town's judgment, the employee's absence would create serious operational difficulties.

If you are subpoenaed to attend legal proceedings that involve the Town, you will be paid your regular pay during your absence. If you are involved in court proceedings that do not involve the Town, you are to take PTO.

#### **6.05 Military Leave**

Employees are entitled to leave of absence and reinstatement upon return from leave of absence for military service (including Reserve and National Guard duty) to the full extent required by the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA").

Employees on military leave will receive paid leave for up to 15 days per military fiscal year for training or call-up. In addition, if an employee is called upon to serve during an emergency the employee will receive paid leave of absence not to exceed 30 additional days.

Every reasonable effort will be made to return eligible employees to their previous position or a comparable one. They will be treated as though they were continuously employed for purposes of determining benefits based on length of service, such as the rate of PTO accrual and job seniority rights.

#### 6.06 Return to Work

In the event an employee's return to work following an illness or injury may put the employee and/or other employees at risk, the Town Administrator may require the employee to submit a statement from the employee's health care provider indicating that the employee is able to return to work either with or without restrictions. In the event there are restrictions, the Town Administrator in consultation with the appropriate Supervisor will determine whether the employee will be allowed to return to work.

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## SECTION VII. EMPLOYEE BENEFITS

### 7.00 Deferred Compensation Match Program (Optional)

The Town of Kiawah Island matches 50% of an eligible employee's contribution to a 401K plan up to \$3,000 (or as may amended by Town Council from time to time) on the employee's anniversary date. The Town's match is applied to the employee's account quarterly. This program runs by calendar year.

To be eligible for the Town match, the employee is to be actively employed in a regular, full-time capacity, have completed one year's continuous service, and be enrolled in the 401K program prior to January 1 of the match year.

Should this overview conflict with any benefit plan, the terms of the plan control.

### 7.01 Health and Dental Insurance

Regular full-time and part-time employees who work more than thirty (30) hours per week on a twelve (12) month basis are eligible for comprehensive group medical insurance for themselves and dependents in the Town's group medical, prescription drug and dental insurance plan. The terms of the Town's medical, prescription drug, and dental insurance benefits plans are subject to change. Contact the Town Administrator for specific information on the Town's benefit plans.

The Town subsidizes a portion of the employee's insurance benefits plan every year subject to approval by Town Council. The Town pays the employer rate as provided for by the SC Public Employee Benefits Authority (PEBA).

Retired employees, if eligible, may be entitled to continue to participate in the Town's group medical and insurance program. Retirees are required to pay the cost of such medical and insurance.

Should this overview conflict with any benefit plan, the terms of the plan control. Under COBRA, Town employees and their dependents may also have the right to continue, for a designated period, health and dental insurance coverage upon separation from employment.

### 7.02 Money Plus Flexible Spending Accounts

Regular full-time employees through MoneyPlus, can enroll in the Pretax Group Insurance Premium Feature, which means your premiums are paid before taxes are taken out of your paycheck. You can also select pretax payroll deduction options for different kinds of spending accounts. Dependent Care Spending Accounts (DCSAs) are available to all SC Public Employee Benefits Authority (PEBA) insurance eligible members for the payment of eligible day care expenses. Medical Spending Accounts (MSAs) are available to Standard Plan participants to pay eligible medical expenses. For more information about this optional benefit, contact the Town Administrator.

### 7.03 Retirement

All regular Town employees are members of the South Carolina Retirement System (SCRS). The SCRS is a defined benefit retirement plan PEBA administers for employees.

Both the Town and the employee make contributions to the retirement program. You contribute a tax-deferred percentage of your gross pay. Employee contributions, benefits and participation are regulated and managed by the SCRS. In all cases, the plan of the S.C. Retirement System controls.

#### 7.04 Tuition Reimbursement

All regular, full-time employees are eligible for tuition reimbursement for classes for which the employee earns a grade of "C" or better. Tuition reimbursement is limited to 18 credit hours per fiscal year. Full-time employees may request reimbursement for courses toward an academic degree or professional certification. Prior approval by the Town Administrator is necessary before enrolling in a course. The course taken is to be of relevant value to the Town as determined by the Town Administrator. This reimbursement is fifty percent (50%) of the allowable expenses. Tuition, all course related fees, and the cost of required books are considered allowable expenses.

Tuition reimbursement requests must be forwarded to the Town Administrator with documentation of the completed course, the final grade and tuition costs. To receive this benefit, the employee agrees to work for the Town at least one year after the reimbursement is granted, or reimburse the Town for such expenses at the time of voluntary termination.

Allowable expenses do not include the cost of tools and supplies that the employee may retain after completing the course; meals, lodging, or transportation; or education involving sports, games, or hobbies. The educational expenses of spouses and other family members are not qualified for reimbursement under this program.

No time off is allowed to take a course, but schedules may be rearranged, if conditions permit, with the Town Administrator's approval. No other remuneration may be offered or provided to employees in lieu of benefits under this plan.

#### 7.05 Workers' Compensation

The Town carries insurance to cover the cost of work-incurred injury or illness. Benefits may help pay for your medical treatment and part of any income you may lose while recovering. Specific benefits and qualifications for benefits are prescribed by law depending on the circumstances of each case. Report work-related accidents immediately to your supervisor and the Town Administrator for them to file a timely claim. It is expected that all injuries and/or damages, no matter how minor or slight, be reported immediately to your supervisor and/or the Town Administrator and in any case within no more than 24 hours. The Town pays the entire cost of this coverage.

## SECTION VIII. GENERAL INFORMATION

### 8.00 Business Travel and Related Expense

Town employees and officials will occasionally attend schools, business meetings, conferences, etc. All reasonable expenses (mileage, meals, lodging, etc.) will be reimbursed on a per diem basis in accordance with the IRS guidelines.

- A. Business travel, including accommodations, must be approved in advance by a Supervisor or Town Administrator.
- B. Lodging.
  - a. Where approved travel dictates that the employee secure overnight lodging, the lodging will be paid per diem, or may be paid on the Town credit. All requests for lodging per diem allocations or payments made with the Town credit card must be accompanied by a receipt.
- C. Meals.
  - a. Per diem allocation for breakfast will be made for days of departure and return if departure from the Town is prior to 7:00 a.m. or if return to the Town is after 8:00 a.m.
  - b. Per diem allocation for lunch will be made for days of departure and return if departure from the Town is prior to 12:00 noon or if return to the Town is after 1:00 p.m.
  - c. Per diem allocation for dinner will be made for days of departure and return if departure from the Town is prior to 5:00 p.m. or return is after 7:00 p.m.
- D. In lieu of actual costs for meals, and employee may be reimbursed the IRS annual approved amount for meals. Travel costs are limited to the employee's costs and does not include a spouse, nor incidental entertainment or other costs.
- E. On an exception basis, travel advances may be made to cover anticipated travel expenses. Advance requests must be made at least 5 business days before travel.
- F. Travel expenses must be reported accurately and documented with required receipts on a travel expense form. Documentation must be provided to Finance within 5 business days of returning from a trip. Falsifying documentation or knowingly filing for and receiving reimbursement for travel expenses not covered by this policy may result in disciplinary action up to and including discharge.

### 8.01 Gifts and Gratuities

The acceptance of any monetary gratuity or any gift of value worth Twenty-Five (\$25.00) Dollars or more in a day or anything of value worth Two Hundred (\$200.00) Dollars or more in the aggregate in a calendar year by a Town employee is prohibited.

### 8.02 Political Activity

Each employee has a civic responsibility to encourage good government. Town employees, on their own time, may attend political meetings and may support principles and policies of political

organizations in accordance with the United States Constitution and applicable state and federal laws.

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## SECTION IX. A PROFESSIONAL WORKPLACE

### 9.00 Open Communication

Supervisors and employees are encouraged to communicate openly and honestly on a regular basis. The Town Administrator and supervisors are committed to the success of our employees. Open communication should allow everyone to feel comfortable doing the following things:

- Communicating needs and expectations
- Asking questions and discussing problems
- Sharing any suggestions to improve work processes and team performance

Supervisors are an important link to many of the resources available for an employee's personal and professional development. When assistance or support is needed, employees should begin with their supervisor. The Town Administrator can also provide information or answer questions regarding Town policies or other work-related issues.

### 9.01 Customer Service

We are a customer service-oriented organization that prides ourselves in providing the best services for our citizens. Therefore, the ability to provide excellent customer service is critical to the success of each employee, whether the customers are inside or outside the organization. The Town relies on each employee's expertise, commitment, dedication and team spirit to provide stellar service to everyone.

### 9.02 Hours of Work/Operation

Town staff generally work 7.5 hours per day or 37.5 hours per week. Core business hours are 8:00 a.m. to 5:00 p.m. on weekdays with 30 minutes for lunch. However, some departments may operate outside of the Town's normal hours of business, and schedules of employees of those departments may differ from the Town's normal hours from time-to-time. Each department is responsible for scheduling its employees to meet the needs of the Town. Employees may be required to work overtime.

### 9.03 Meals Period

Breaks and meal periods are intended to provide an opportunity for rest and relaxation. Accordingly, they should be enjoyed away from employee work spaces where available, or in appropriate designated areas.

A meal period is provided to employees scheduled to work 7.5 or more hours in a day. Meal periods are not considered hours worked and therefore are not compensated. A meal period must consist of at least thirty consecutive minutes during which the employee is completely relieved from work.

### 9.04 Attendance and Punctuality

The quality of services the Town provides depends heavily upon its employees. Punctual and consistent attendance is a condition of employment. The Town expects employees to report to work in a timely manner. If unable to report to work, you must notify your supervisor prior to the start of your workday. If you intend to be away from work for personal reasons you are required to obtain advanced approval from your supervisor. The Town reserves the right to request from employees who exhibit a pattern of absenteeism or in the Town's judgment abuse of leave time, appropriate documentation from a health care professional verifying the absence. Abuse of leave time may constitute misconduct and lead to disciplinary action.

#### 9.05 Personal Work Areas

Each employee's workspace and surrounding areas should be safe, neat and free of clutter, conforming to the work environment of each department's activities and appearance.

Employees should be mindful of others. Anything displayed in the workspace and surrounding areas should be in good taste and should not violate any Town policy or be perceived by others as offensive.

The Town is not responsible for any articles that are placed or left in any employee area that are lost, damaged, stolen, or destroyed.

#### 9.06 Professional Conduct, Work Environment and Personal Appearance

It is expected that every employee will conduct themselves in a professional manner consistent with the town's policies. Employees are expected to be courteous and respectful to the public and their co-workers.

Employees are also expected to keep their work areas clean and orderly. Employees have a responsibility to ensure that confidential information is treated accordingly and that any materials of a confidential nature are kept out of public view and are properly secured at the end of the work day.

Erratic attendance and excessive tardiness or absence are disruptive and cannot be tolerated. It is an employee's responsibility to notify his or her supervisor personally and as far in advance as reasonable of any unanticipated absence.

It is the policy of the Town that each employee's dress, grooming and personal hygiene should be appropriate to the work situation. While it is not the Town's intention to dictate the personal wardrobe of its workforce, the appearance and dress of employees are important in creating a favorable image supportive of the public confidence. Employees are encouraged to maintain their personal appearance in a manner which will reflect a good image to the public in accordance with departmental rules and reflective of job requirements.

#### 9.07 Ethical Conduct and Conflict of Interest

Acting in a manner that promotes and maintains the public's trust is a requirement of every employee. Employees must act always in accordance with the highest ethical standards and comply with all State ethics laws. Actions by employees, on and off the job, that represent a conflict of interest with the Town, or give the appearance of such, are prohibited and will result in corrective action, possibly including immediate discharge from employment.

Town employees are covered by state ethics laws that prohibit public employees from using their public position for their own personal gain or to benefit a family member or business associate. State law also prohibits employees from making governmental decisions on matters in which they, their family or business associates have an economic interest. Employees must notify their supervisors in writing of any matter in which they, their family or business associates have an economic interest and in which they must act on behalf of the Town. The supervisor must send the notification to the Administrator for review. If the Town determines a potential conflict or appearance of conflict of interest exists, the matter will be reassigned to another employee.

**Duty of Disclosure** – Employees have an affirmative duty to promptly disclose to their supervisor any action or situation on their part, current or pending, that may constitute a conflict of interest or reasonably give the appearance of a conflict of interest, or any activity that might reflect negatively on the Town or community. Employees have a similar duty to make their supervisor

aware of any action by another employee, elected official, or person or entity doing business with the Town that may constitute a conflict of interest, prohibited activity, or violation of this policy.

**Distribution of the Employee Disclosure Statement** – The Town distributes annually the Employee Disclosure Statement to all employees (except Charleston County Deputies) and Elected Officials to sign and return to the Town Attorney.

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## SECTION X. A SAFE & HEALTHY WORKPLACE

### 10.00 Workplace Safety

The Town is committed to the safety and health of all employees. Maintaining a safe work environment, however, requires the continuous cooperation of all employees. Employees are expected to observe all safety procedures, wear required safety equipment, practice safety in the work areas, report any unsafe conditions or equipment and report all on-the-job injuries.

If you are ever in doubt about how to safely perform a job, it is your responsibility to ask your supervisor or the Town Administrator for assistance. All employees are expected to report any suspected unsafe conditions and all injuries that occur on the job immediately.

The Town strongly encourages you to communicate with your supervisor regarding safety issues. The Town may adopt separate safety, health and/or emergency policies and/or procedures with additional details. It is your responsibility to check with your supervisor.

#### Reporting Safety Issues, Accidents and Injuries

All accidents, injuries, potential safety hazards, safety suggestions and health and safety related issues should be reported immediately to your supervisor or the Town Administrator. If you or another employee is injured, you should contact outside emergency response agencies, if needed. Whether or not an injury requires medical attention, a report of accident form should still be completed in case medical treatment is later needed as well as to assist with the correction of any existing safety hazards. If you fail to report an injury, you may jeopardize your right to collect workers' compensation payment as well as health benefits.

### 10.01 Drugs and Alcohol-Free Workplace

The Town is committed to providing employees with a safe, productive working environment and also providing our citizens with services of the highest quality.

The Town recognizes substance abuse as a threat to the health and safety of employees as well as the public and is committed to maintaining a safe, healthy and productive drug- and alcohol-free workplace.

The Town has adopted a zero-tolerance policy and reserves the right and discretion to take actions it determines appropriate based solely on its reasonable suspicion of current on-the-job use or being under the influence of drugs and/or alcohol and/or to test employees and applicants for the detectable presence of such substances. An employee or applicant may refuse to consent to testing, but if he or she does, employment or the employment process may be terminated. Accordingly, the Town reserves the right to test for the presence of alcohol and illegal or illegally obtained drugs under designated circumstances. The Town has established a Substance Abuse and Testing Policy which is provided to all employees and applicants.

### 10.02 Tobacco-Free Workplace

Tobacco use is prohibited at all times in all locations of all work areas, facilities and vehicles operated, owned, leased, occupied, managed or controlled by the Town. Employees who wish to use tobacco products will be permitted to do so outside of the building in areas at least 50 feet away from any entry of any facility. The Town is committed to promoting healthy living.

#### 10.03 **Workplace Violence and Weapons Policy**

The Town does not tolerate any type of workplace violence committed by or against employees by other internal personnel, visitors or anyone else in the Town's workplace including physical and/or verbal threats assaults or intimidations. Employees are prohibited from actual or implied violence, threats of violence or menacing behavior. Possession of firearms or weapons of any sort on Town property or grounds, and Town vehicles by anyone other than sworn County Deputies and Town employees associated with wildlife management authorized to possess firearms is absolutely prohibited. Any employee who violates this policy is subject to disciplinary action, up to and including termination from employment.

Effective July 24, 1996, the State of South Carolina allows qualified citizens to carry concealed handguns (S.C. Code Ann. 23-31-205, et seq.). The law specifically states that having a concealable weapons permit under this section does not authorize a person to carry a concealable weapon on the premises of the "office of or the business meeting of the governing body of a county, public school district, municipality, or special purposes district." S.C. Code Ann. 23-31-215(M)(5). Therefore, South Carolina law prohibits those with a concealable weapons permit issued under this section from possessing concealable firearms or other weapons on Town property.

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