

Town of Union Vale
Financial Control Policies & Processes
March, 2018

Town of Union Vale Financial Control Policy and Process

Purpose: The purpose of this policy and process statement is to define how the Town of Union Vale will manage its bill paying, deposit, financial management and financial reporting activities to insure proper controls are in place to protect the Town's financial assets. The policy and process described in this document relies primarily on a separation of responsibilities between the Town Supervisor, the Town's Bookkeeper and the Town Clerk. Oversight is provided by the monthly Town Board review of the Town's monthly financial reports and audit and approval of all invoices, an annual audit of the Town's financial records by the Town Board or its designee, and by professional audits of the Town's books and records on an annual basis using the State Comptroller's checklists provided in the OSC Fiscal Responsibility Manual.

Authority to incur expenses

1. During the annual budget process, the Town Supervisor will develop departmental budgets and submit these proposed budget requests to the Town Board for approval. Once approved, the town budget is the authority for departments to incur the expenses up to the amounts included in the approved budget.
2. During the budget year, the Town Supervisor may request that departments reduce their spending of approved & budgeted items to offset revenue shortfalls or to fund new priorities or unavoidable overruns in other areas.
3. Authorization to incur expenses in excess of the budgeted amount per account will require approval from the Town Board, which the Town Supervisor will secure by a budget amendment resolution authorizing a budget transfer from the contingent fund, from another line item or from the funds balance, to establish the adjusted budget.

Voucher Processing

1. Any non-salary payment made by the town must be authorized by an approved voucher.
2. Vouchers authorizing payment of an invoice will be reviewed and approved by the department head seeking payment approval prior to being submitted to the Finance Clerk. Any State or County bid or contract numbers must be noted on the vouchers, and signed receiving slips must be attached to the voucher confirming receipt of any goods or services.
3. Finance Clerk will review the voucher and, with assistance from department heads, determine which budget expense code and category the expense will be charged to.
4. Town Bookkeeper will review all vouchers with the Town Supervisor and any other Town Councilperson interested in reviewing the vouchers prior to the monthly Board meeting.
5. At least three members of the Town Council must approve each voucher to authorize payment. Approval should be documented by signatures or initials on the voucher. No Town Council member shall approve a voucher of which he/she is a beneficiary.
6. The following bills and/or contracts may be paid in advance of audit but will include a department head signature: principal and interest on Bonds and Bond Anticipation Notes, utilities such as electric, telephone, heating oil, propane gas, employee payroll deduction payments including shared services payments for the Town Assessor and disbursements of amounts withheld from employee's pay such as taxes and state retirement contributions. Vouchers will be signed by town council members at the next monthly town board meeting. A list of pre-paid "blanket payments" must be available for review by Town Council members anytime requested prior to the monthly meeting.
7. Annual or hourly salary amounts will be approved by the Town Board during the budget process, confirmed during the Organization Meeting

in January, submitted to the Town Bookkeeper, and paid weekly, bi-weekly, monthly, quarterly or annually as determined by the Town Board.

Check Preparation & Processing

1. Finance Clerk will prepare a list (the “warrant”) of all approved vouchers and submit the list to the Town Bookkeeper for check preparation. Warrants (Abstracts) should be certified by the Town Supervisor and Town Clerk, approved by the Town Board as part of the bill paying process, and noted in the minutes of the Town Board meeting. Approved monthly warrants should be included as part of the Town Board meeting minutes and circulated to the Town Board.
2. Town Bookkeeper will prepare checks for each approved voucher on the warrant and deliver the checks to the Town Supervisor. Checks under the control of the Town Bookkeeper must be maintained under lock and key, with Town Bookkeeper certifying this to the Town Supervisor annually.
3. Town Supervisor will sign each check and give the signed checks to the Finance Clerk, who will match each check against the warrant to make sure that all approved checks have been prepared, and no checks have been prepared which have not been approved or are not on the warrant. The Finance Clerk will staple each check stub to the approved voucher as proof of this reconciliation.
4. The Town Clerk will mail or hand-deliver checks to recipients.
5. Any checks that are prepared but subsequently voided will be marked VOID and will have the signature block cut out and filed by the Finance Clerk. The check number on the warrant on which the voided check appears will be noted as “voided” and the Town Bookkeeper will be notified so the voided check can be removed from the general ledger.

Bank Account Reviews and Reconcilements

1. Town Supervisor and Town Bookkeeper will review bank account statements monthly, visually scan copies of all returned checks which are part of the monthly bank statement for check number integrity, verify that all paid checks have been properly signed by an authorized signer, and initial bank statements reviewed as evidence of such review.
2. Town Bookkeeper will prepare a bank account reconciliation for each town checking account monthly as part of the monthly report preparation process.
3. Town Supervisor will review and initial each bank account reconciliation, and compare them to the appropriate bank statement to verify that they are correct, and that the Town's reported and actual bank balances are correct.

Exceptions to this voucher process

1. In certain situations when it is not possible to secure the prior approval of the Town Board, the Town Supervisor may write manual checks without a previously approved voucher but for amounts no larger than those permitted in the Town's Procurement Policy. A manual check so written will be reported immediately (same day) to the Town Bookkeeper, and a voucher will be prepared by the Finance Clerk, who will secure signatures from three Councilpersons as soon as possible, but no later than at the next Town Board meeting.
2. Checks under the control of the Town Supervisor or any other town official with check signing authority must be kept under lock and key.

Deposits to the Town Bank Accounts

1. Town Supervisor or when designated, the Town Bookkeeper will make check and cash deposits to the Town's bank account as soon as

possible after the deposits are received, but no later than 10 days after receipt of the deposit. Town Supervisor will keep duplicate copies of the deposit tickets and the deposit receipt from the bank attached to the documentation explaining the reason for the deposit, and will record both the date of receipt and the date of the deposit in the monthly cash receipts log. All deposits will be recorded in the accounting software for recordkeeping when the deposits have been made.

2. Within 3 days of month end, the Town Supervisor will summarize the monthly deposits in a monthly deposit receipts log or report, and will send copies to the Town Board, the Highway Superintendent, the Town Clerk, the Building Inspector, the Planning Board and the Zoning Board of Appeals, if there have been escrow monies collected.

Monthly Reports

1. The Town Bookkeeper will prepare and submit to the Town Supervisor monthly bank account reconcilements, a summary of journal entries and reports which summarize month and year-to-date actual revenues and expenses compared to budget and to prior year actuals by fund and by detailed budget line item.
2. Town Supervisor will review these reports, and will distribute them to each member of the Town Board, the Town Clerk and the Highway Superintendent prior to each monthly board meeting.
3. Town Supervisor will distribute via email and post these reports on the web site with the Supervisor's Report monthly.
4. Town Supervisor will make a formal financial report at each town board meeting, and will reply to any questions from the Town Board or the general public about the town's financial situation.
5. Town Bookkeeper will secure Town Supervisor approval for all journal entries, and this approval should be documented by a signature.

Cash Management

1. The Town of Union Vale will maintain an interest bearing multi-fund money market account, a multi-fund general checking account, a Trust & Agency account and other accounts as are approved by the Town Board. All funds will be maintained in the interest bearing multi-fund money market account, and will be transferred to the general checking, T&A or other account as needed based on monthly approved vouchers and payrolls.
2. The Town Clerk & Tax Collector will maintain separate bank accounts for each area of responsibility. Other bank accounts may be maintained for special purposes like the Recreation Fund, Escrow and Capital Projects.
3. Town Bookkeeper is authorized to make online transfers among the Town's bank accounts based on the approved monthly warrant, subject to review and approval by the Town Supervisor. Bookkeeper is also authorized to make ACH transfers for direct deposit, state pension payments and state and federal withholding transfers, again subject to Supervisor approval. Supervisor approval will be documented by signatures on the appropriate transfer documents.
4. All Town funds will be invested in insured money market accounts with the Town's depository bank, and all funds in excess of the FDIC insurance limit for money market accounts will be collateralized by the depository bank with marketable securities as required by the NYS law.

Capital Asset Inventory & Inventory Management

1. The Town Board will request all departments to review and update the inventory of all Town assets annually, by July 31st, as part of the annual budget process. The yearly physical inventory should be compared to the Town's inventory records.
2. An annual copy of the updated inventory list or the *Town of Union Vale's Capital Asset Records* will be kept with the property control manager / department head, the Town Clerk and the Town

- Supervisor.
3. The Town Board will review and update purchasing policies as part of the annual organizational resolution.
 4. All new purchases of fixed assets with a value of over \$500 will be added to the Town inventory when paid for.
 5. Each department head or property control manager whose department utilizes and maintains town assets will track all service and maintenance costs in a log that is available for periodic review. Updates must be completed annually by July 31st, in preparation for the budget planning process.
 6. An annual copy of the updated inventory maintenance list or the *Town of Union Vale's Capital Asset Maintenance Records* will be kept with the property control manager / department head, the Town Clerk and the Town Supervisor.
 7. The disposal of Town owned property or equipment requires the prior approval of the Town Board.

Audit and Review Process

1. The Town Board shall review or cause to be reviewed the financial books and records of the Town for the previous year on or before April 30 of each year. This review shall be done by members of the Town Board or by a qualified audit firm or individual CPA retained by the Town Board.
2. This review shall include the records and financial controls of the Town Supervisor, Town Court, the Town Clerk, the Town Tax Collector and the Building Department. Cash audits are required for Town Court, Town Clerk, Tax Collector and Building Department. Full financial audits are required for the Supervisor's Books.
3. The Town Finance Department will provide the Town an annual written summary of the policies, procedures and controls in place to protect the town's check supplies, the integrity and backup of the town's financial data bases, and to maintain business continuity and service in the event of a "disaster" which puts the Finance Department out of

operation for a period of time.

4. The Town Board will adopt written policies and procedures in the form of an Employee Manual or separate policies for all departments to insure town assets and IT data are secure.
5. Town Supervisor will review and approve all online transfers between town accounts and ACH transfers of state and federal withholding and retirement funds made by the Town Bookkeeper.

