

**FINANCIAL PROCEDURES & CONTROLS POLICY**

The Town of White seeks to balance internal accounting control in such a way as to ensure public confidence and maintain the integrity of its financial systems and assets, without unduly inhibiting the ability to efficiently carry out its mission.

**Expenditure Disbursements**

**Goal:** The goal of the Town in establishing an internal control system for expenditures is to safeguard the assets of the Town and to ensure an appropriate level of fiduciary responsibility.

**Objective:** The objective of the Town in meeting this goal is to ensure that cash is disbursed only upon proper authorization of management for valid governmental purposes, and that all expenditures are properly recorded. Whenever possible, no financial transaction shall be handled by only one person from beginning to end.

**Procedures:**

**1. Segregation of Duties**

Whenever possible, no transaction shall be handled by only one person from beginning to end. Exceptions will be addressed in separate categories.

a. Payment of all claims shall be authorized by the Foreman or Town Manager up to their delegated authority. Any payments over the delegated authority shall be verbally authorized by a Board Supervisor prior to purchase. For reoccurring claims (utilities for example) these only need to be approved on a monthly basis. A disbursements register shall be submitted monthly to the Board for approval.

b. All disbursements, expect those from petty cash and approved electronic transfers, will be made by pre-numbered checks.

c. Payments shall be coded by the Office Assistant/Treasurer initially, and reviewed/approved by the Town Manager/Clerk before checks are printed.

d. Blank checks will not be signed in advance.

e. All checks require three signatures: Board Chairman, Clerk, and Treasurer.

f. A disbursement register will be prepared that details the date of the check, check number, amount of check, description of expense(s) and the account to be charged.

g. Unpaid invoices shall be maintained in a separate file.

h. All travel related expenses will be approved by a Board Supervisor and paid once the reimbursement form is completed and submitted to the Office for processing.

i. A claim form will accompany all invoices to be paid with the date of the purchase, account to be charged, and total amount due. This will be signed by all three Board Supervisors. The claim forms are generated from CTAS. Once the claim forms are approved, they are entered/approved as disbursements in the CTAS system in both the Town Manager/Clerk & Office Assistant/Treasurer CTAS systems. Registers are printed from both systems and reconciled to ensure accuracy.

j. In accordance with M.S. 471.425, subd. 2, claims of the Town shall be paid within 35 days from the date of receipt, or as otherwise stipulated by the terms of a contract. Claims not paid within this time frame will be subject to penalty and interest charges assessed by the vendor, as provided for in M.S. 471.425, subd. 4.

k. Credit card purchases shall only be allowed as legally provided for under M.S. 471.382 and according to the Town’s Credit Card Policy.

l. When designated and undesignated resources are available for use, designated resources will be used first, and then undesignated resources will be used as they are needed.

m. Checks by which claims are paid shall have printed on the reverse side, above the space for endorsement “The undersigned payee, in endorsing this order check, declares that the same is received in payment of a true, just and correct claim against the Town and that no part has heretofore been paid.”

**2. Accounting Controls**

The following are common internal controls related to paying bills.

a. All checks require three signatures: Chairman, Clerk, and Treasurer.

b. Blank checks will not be signed in advance.

c. Expenditures must be approved in advance by authorized persons.

d. The individuals authorized to sign the checks will review each cash disbursement claim for the proper approved authorization and supporting documentation of expense.

e. Invoices and requests for reimbursement will be checked for accuracy and reasonableness before approval. Any invoice or statement that is questionable will be investigated by the Office Assistant/Treasurer and approved by the Town Manager/Clerk. After investigating, if the invoice remains questionable invoices will be held and brought to the Board before payment.

f. All bank statements are reconciled by both the Office Assistant/Treasurer & Town Manager/Clerk. Any Board Supervisor may randomly open and review bank statements at any time.

**Payroll**

**Goal:** The goal of the Town in establishing an internal control system for payroll disbursements is to safeguard the assets of the Town and to ensure an appropriate level of fiduciary responsibility.

**Objective:** The objective of the Town in meeting this goal is to ensure that payroll disbursements are made only upon proper authorization to bona fide employees, that payroll disbursements are properly recorded, and related legal requirements (such as payroll tax deposits) are complied with.

**Procedures:**

**1. Duties**

a. Payroll claims will be processed by the Office Assistant/Treasurer from the approved timesheets submitted to the office. Prior to printing the paychecks, the claims will be reviewed and authorized by the Town Manager by reviewing the timesheets and the Payroll Register.

b. The Office Assistant/Treasurer will prepare payroll claim forms for all payroll related deductions (payroll tax deposits, employer contributions and authorized employee deductions). The Town Manager will review the claim forms and approve for processing. All three Board Supervisors will also authorize the Payroll Register, payroll claims and review all timesheets.

c. The Town Manager shall prepare and mail year-end W-2’s to employees and respond to inquiries regarding the same.

d. The Town Manager shall prepare and submit all quarterly reports to the IRS and State of MN Department of Revenue, MN Unemployment office, and any other agencies requesting payroll data.

e. Timesheets are required by all employees, including the Board Supervisors.

f. Employment records will be maintained for each employee that detail wage rates, benefits, taxes withheld, and any changes in employment status according to the data retention schedule.

g. All payroll related deductions, including employer share, shall be withheld and paid to the appropriate government agency on a timely basis.

h. Written personnel policies and/or collective bargaining agreements dictate the accounting for vacations, holidays, sick leave, and other benefits.

i. Paychecks will be distributed in a sealed envelope to the Foreman for delivery to Public Works employees. Paychecks will not be mailed unless arrangements are made for doing so because the employee cannot pick up their check.

**Petty Cash**

**Goal:** The goal of the Town in establishing an internal control system for petty cash is to safeguard the assets of the Town and to ensure an appropriate level of fiduciary responsibility.

**Objective:** The objective of the Town in meeting this goal is to provide guidelines for the use, safekeeping and reporting standards of the petty cash, while allowing for small purchases or reimbursements to be made from said fund.

**Procedures:**

**1. Segregation of Duties**

The petty cash is available to staff to make small purchases or reimbursements, in cash for items such as postage, office supplies, etc. using the following guidelines:

a. The Office Assistant/Treasurer shall be the custodian of the Petty Cash.

b. The custodian of the Petty Cash shall be responsible for reconciling the fund on a monthly basis or as often as needed.

c. The custodian will make the appropriate disbursement entries to record the expenses and will arrange for replenishment of the Petty Cash by creating a claim for Town Manager & Board approval.

d. The Petty Cash will not exceed the amount of $200.00.

e. The Petty Cash will be kept by the custodian in a locked box inside the vault, which is a secured place.

f. Supporting documentation (receipts, invoices) must be kept with the petty cash until replenished. Documentation shall be coded with the disbursement codes when received and shall accompany the claim form when the fund is replenished.

g. Under no circumstances shall staff members be permitted to borrow, cash checks, make change or any other use from petty cash for personal use.

**2. Accounting Controls**

Unannounced counts of petty cash and change can be made on occasion by the Town Manager or any Board Supervisor.

**Cash Receipts**

**Goal:** The goal of the Town in establishing an internal control system for cash receipts is to safeguard the assets of the Town and to ensure an appropriate level of fiduciary responsibility.

**Objective:** The objective of the Town in meeting this goal is to ensure that all cash intended for the Town is received, promptly deposited, properly recorded, reconciled, and kept under adequate security.

**Procedures:**

**1. Segregation of Duties**

a. The Town Manager/Clerk or Office Assistant/Treasurer will be responsible for receiving all cash payments to the Town whether by mail or in person.

b. The Town Manager/Clerk or Office Assistant/Treasurer will be responsible for recording in the receipt register book all cash received with date, payee, amount, and purpose. The receipt register book shall be two-part and pre-numbered. The first part shall be given to the payer; the second part will be retained for recording and filing.

c. The Office Assistant/Treasurer will be responsible for depositing all received monies on a timely basis according to Treasurer Duties per M.S. 367.16. Cash shall be deposited in the Town’s bank account on a twice weekly basis unless there isn’t sufficient funds (under $50) to warrant a deposit. A deposit ticket shall accompany each deposit.

d. A Monthly Treasurer’s Report shall be prepared by the Office Assistant/Treasurer each month and presented to the Town Board. This report is prepared off the Receipts Register produced from CTAS and includes the date, payee, accounts to be charged, and description of payment. The Town Manager/Clerk and the Office Assistant/Treasurer will both enter all receipts into their separate CTAS system and reconcile with each other to ensure accuracy.

e. Invoices for Town Services are to be prepared by the Office Assistant/Treasurer. An accounts receivable register will be maintained.

f. All payments received shall be kept in the vault which is a secured place.

g. All cash payments shall be received by the Town Manger/Clerk or Office Assistant/Treasurer and shall be counted and verified. The receipt shall indicate the payment is a cash payment. For payments made by check, the amount of the check will be included on the receipt along with the check number.

**2. Accounting Controls**

a. Payments to the Town shall be accompanied by a pre-numbered receipt, stating the date of the payment, the amount of the payment, a description of the item or service being paid and the account code the revenue should be allocated to when entered into CTAS.

**Other Accounting Procedures**

a. Any transfers between funds shall be approved by the Board.

b. An annual audit will be conducted on all financial records of the Town.

c. This policy shall be reviewed and approved by the Board periodically to ensure adequate measures are in place to prevent fraud and theft.

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Chairman of the Board Town Manager & Clerk

Adopted by Motion:

February 2, 2017 Monthly Board Meeting