

Town of Hardwick

Internal Controls Procedures 2018

Town Clerk's Office

The purpose of the following list of financial processes is to identify the money controls used by the Town to ensure that no one individual or related individuals have control over several areas of Town finances and that no opportunity is presented in which fraud can easily occur.

In May 2012 the Town began using the NEMRC Cash Receipts Module, a program that allows us to process all the Town Funds in a single deposit. We eliminated the need to use Excel spreadsheets to track monies coming into the office and more accurately balance each deposit. This program also allows us to transfer directly to the General Ledger program that is balanced by the Business Manager in the Town Managers office.

Receiving monies into the Town Treasurers Office:

When monies are received at the Town Clerk's/Treasurers Office the Town Treasurer or the Assistant Treasurer posts them to the NEMRC Cash Receipts Module and prints a receipt from the program, enters the amount into the cash register, attaches the register receipt to the cash receipts module document, endorses the checks via a stamp that states - *Town of Hardwick for deposit only*, and place the funds in a secure box in the records vault. The Treasurer and the Assistant Treasurer are the only Town Staff that know the vault combinations.

There are specific codes assigned for every fund we post money to and specific account numbers that are connected to those funds so when the transfer to the General Ledger Program happens they are posted directly to their account.

Some examples of these fund codes are:

CTAX = Current Taxes

UPAY = Utility Payments for Water & Sewer

DTAX = Delinquent Taxes

RECO = Recording Fees

ZONE = Zoning Permits

DOGS = Dog Licenses

COPY = Copier Fees

LIFE = Licenses and Fees which covers multiple payments including Title searcher vault fees, fees for faxing documents, liquor license fees to the town, excess weight permit fees, marriage licenses, ect.

MISC = the Miscellaneous funds code is used when we receive money on a non-regular basis. The Town Treasurer or Assistant Town Treasurer will collaborate with the Business Manager to find the correct account number that those miscellaneous funds should be deposited to.

Depositing of Monies received by the Town Treasures' Office:

At least once a week, the Town office will deposit the reconciled funds from the lock box in the vault. At that time, Cash Receipts Module Cash Receipts Report, the cash register must balance to each individual account funds have been posted too. When those to balance we check that the cash and checks balance to the total of each the CRJ and the Cash register. Once all three of these items balance we Transfer the fund information from the Cash Receipts Module to the General Ledger Program, the Tax Administration Module and the Utility Billing Module. Then the Clerk's Office will do a deposit ticket to the Union Bank and record the transaction in the Excel Spread Sheet Bank Ledger.

Town Manager's Office

Depositing Delinquent Property Taxes:

When monies are received at the Town Manager's office, either the Business Manager or the Payroll Administrator will collect the funds and provide the customer with a receipt. A three receipt system is used by State Mandate. One copy goes to the taxpayer, one stays in the Town Manager's Office and one is provided to the Town Treasures' office. When tax money is taken in, the Delinquent Tax Collector prepares a breakdown sheet with the account name, parcel ID #, the tax, the penalty, and the interest for the payment. The breakdown sheet and money are brought to the Town Treasurer's office for deposit. The funds received are posted to the Cash Receipts Journal and are deposited in the next deposit done by the Town Treasurer. All delinquent accounts are reconciled by the Business Manager on a monthly basis.

Over Weight Permits:

Overweight Permits are issued at the Town Manager's office by the Payroll Administrator. The Payroll Administrator collects either \$5.00 (single truck) or \$10.00 (Fleet) from the customer and issues the overweight permit. The permittee is given a receipt for the funds. The funds are brought to the Treasurer's office and posted to the Cash Receipts Journal and deposited with the miscellaneous funds deposit by the Town Clerk's office as outlined above.

Cash Receipt Journals:

Every time the Town Treasurer performs reconciliation of the Town cash register, the Treasurer or the Assistant Treasurer will add up the Cash Receipts Journal and deliver it to the Business Manager so the funds can be posted to the NEMRC General Ledger Program. The Cash Receipts Journal is also used when the bank statements are balanced monthly.

Deposit & Checking Accounts:

The Town Treasurer and Assistant Town Treasurer are the only people who have access and signing power for the deposit and checking accounts. The Town Clerk's office has the authority to review accounts and to perform electronic transfers for all Town of Hardwick accounts. Any fund transfers are tracked by the Town Business Manager on a monthly basis.

There are 5 accounts at the Union Bank , including the Town's Economic Development Revolving Loan Fund, General Checking, General Operating Money Market Fund, VCDP Fund, and the Health Reimbursement Account money market fund.

There are 3 Cemetery Certificates of Deposit at the Merchants Bank and 1 at the Union Bank and 1 at Edward Jones.

All Town deposits are made to the General Money Market fund.

All bills are paid from the General Operating Checking Account.

When bills are paid and payroll is completed, the funds to cover those checks are transferred electronically from the Money Market Account at the Union Bank to the Union Bank Checking account. The transfer request is initiated by the Town Treasurer or the Asst. Town Treasurer.

Checks:

All of the checks for payroll and bills are kept in the locked cabinet in the Town Manager's Office. Access is limited to the Town's Business Manager and the Payroll Administrator.

Payroll:

Every Monday Town departments submit time sheets to the Payroll Administrator to be paid. The Payroll Administrator processes the time sheets with the NEMRC payroll program and brings the checks to the Town Treasurer or Assistant Town Treasurer for a signature. The Payroll Administrator also brings the sheets for those employees who received electronic payroll for the Town Treasurer or Assistant Town Treasurer to review. All time sheets are reviewed by the Department Head and then by the Town Manager before being finalized by the Payroll Administrator. Payroll checks are issued and the warrants are reviewed initialized by the Town Manager and a Select Board member.

Paying Bills:

Town invoices are paid out of the Town Manager's office on a weekly basis. The Business Manager collects all invoices for payment from the various Town department heads. Invoices must be initialed by the department head and account #'s assigned for payment. Once the Business Manager has posted the invoices to the NEMRC Accounts Payable program and run the checks, the Town Treasurer receives the invoices and the checks. The Town Treasurer reviews the invoices to be sure the checks and invoices match and if to determine that everything else is in order, the Town Treasurer or Assistant Town Treasurer will sign the checks and return them to the Business Manager. The Business Manager mails out the checks. The NEMRC program also generates a report called a warrant. The warrants are reviewed and approved by the Town Manager and a designated Select Board member who reviews the invoices and the warrants and signs off on the validity of the payment.

Funds Transfers:

All fund transfers are performed online by a program called Net Teller through the Union Bank. The funds can only be transferred between Town of Hardwick accounts. Money cannot be moved outside of the Town of Hardwick accounts through this program. Only the Town Treasurer or Assistant Town Treasurer have access to these accounts.

Balancing Accounts:

On a weekly basis when the Town Treasurer performs the Money Market Account to Checking Transfer, the Town Treasurer balances the Money Market Account to the Net teller account to be sure all deposits have been posted to the book and to the bank.

On a monthly basis the Business Manager receives the Town's bank statements and by using the NEMRC General Ledger, the Accounts Payable, and the payroll programs, balances the accounts to the bank.

Petty Cash Funds:

Town Clerk - The Town Treasurers office has a Petty Cash Fund of \$300.00 that is kept in the cash register during the day, which is lockable and locked whenever the office is vacated. At night the Petty Cash is transferred and stored in the records vault. The expenditures from the fund is tracked weekly on a spreadsheet and balanced to the receipts on a monthly basis by the Town Treasurer. The receipts and spreadsheet are provided to the Town Manager's office monthly and money is allocated back to the fund to match the expenditures, keeping the fund at \$300.00. Checks to resupply the fund are written by the Town Business Manager, which the Town Treasurer signs and then cashes the checks for the fund.

Town Managers Office - has a Petty Cash Fund of \$250.00 – \$150.00 general fund, \$50.00 water and \$50.00 sewer. The money is kept in a locked box in the supply cabinet in the Town administrative offices. In general, the funds are used for postage and miscellaneous purchases of supplies for all three departments. The funds are reconciled by the Town Business Manager. Checks to resupply the fund are written by the Town Business Manager, which the Town Treasurer signs and cashes for the fund.

The Hardwick Police Department - has a Petty Cash Fund of \$100.00 that is kept in a locked file drawer. Key access to the storage location is for the Chief and the Dispatcher only. The fund is used for minor material and supply purchases. Purchase receipts are kept along with a receipt reconciliation form. The receipts and the reconciliation form are periodically reconciled when the fund reserves are nearly depleted and at that time the reconciliation form and receipts are brought to the Town Manager's office Administrative Assistant. The Town Administrative Assistant reviews the receipts and compares them to the reconciliation form and allocates the difference in the fund to bring it back up to \$100.00. Checks to resupply the fund are written by the Town Administrative Assistant, which the Town Treasurer signs and cashes for the fund.

Jeudevine Memorial Library

Revenue taken at circulation desk: Money is received for computer printed copies, copies from the copier, conscience box (for late items), book sale, replacement costs for damaged items and small donations. This money is recorded in the Library Revenue Book under the appropriate date and heading each day by the employee who actually receives the money. The money is collected, counted, and then turned over to the Town Clerk by the Library Director at the end of the month. The Town Manager's Administrative Assistant gets a copy of the Revenue Account sheet from both the Library Director and the Town Clerk. When the library is closed the cash box is stored in a locked cabinet.

Grants: Checks for grants are given to the Town Manager's Business Manager and credited to the appropriate grant account or a new grant account is made whichever is appropriate. As the grant account is spent down, the receipts and requests for funding are brought to the Town Business Manager who cuts the necessary checks. All check warrants are reviewed and approved by the Town Manager and one Select Board member. The accounts are reconciled monthly. A budget sheet for every fund is provided to the Library Director and to the Library Trustees on a monthly basis.

Library Fund - The Library receives \$100.00 in petty cash for each month. Only the Library Director and the Assistant Librarian/Youth Services Librarian have access to the petty cash which is kept in a locked cabinet. When an item is going to be purchased, money is taken from the petty cash. Then receipt for the item is put into the cash bag. At the end of the month the Library Director goes through the receipts and prepares a balance sheet for the Town Manager's Administrative Assistant. The library then receives the difference to bring the balance back to \$100.00. All the receipts and the remaining balance must add up to \$100.00 at the end of the month. Checks to resupply the fund are written by the Town Administrative Assistant, which the Town Treasurer signs and cashes for the fund.

At the end of the month the Library Director goes through the receipts and prepares a balance sheet for the Town Manager's Administrative Assistant. The library then receives the difference to bring the balance back to \$100.00. All the receipts and the remaining balance must add up to \$100.00 at the end of the month. Checks to resupply the fund are written by the Town Administrative Assistant, which the Town Treasurer signs and cashes for the fund.

The Jeudevine Memorial Library has one business credit card through Community Bank (originally from Merchants Bank) administered by the First National Bank of Omaha. The card is issued to Lisa Sammet (The Library Director) for the Jeudevine Memorial Library - which name is identified on the credit card. The "Professional Edition" credit card accrues rewards which are redeemed in cash periodically. Redemptions of cash show up in the monthly statement as a credit toward future purchases. The credit card payment due date is two months after the statement closing date. There is an annual fee of \$49.00.

Any potential credit card purchases for the Library must be performed in cooperation with the Library Director who is the only person authorized to use the credit card. Some library accounts are

set up with the credit card with the Library Director as administrator. These accounts include Staples and PayPal. Many online purchases from other companies require credit cards. The credit card is used at US Post Office to buy stamps and send out interlibrary loans.

If Library staff need to make online purchases that require a credit card, the Library Director makes the purchase for them. Purchasing for all accounts go through the Library Director.

Credit card statements come to the Library Director who attaches receipts for all purchases and directs which purchase comes from which line item of the Jeudevine Library Budget. The statement is signed by the Library Director and is subsequently reviewed by the Treasurer (or Chair) of the Board of Library Trustees, who initialize the statement. The statement is then given to the Town Business manager to review and set up payment. Any questions relating to purchases at that time are brought to the attention of the Library Director any additional questions are brought to the Town Manager's attention.

Policy reviewed and accepted by the Hardwick Select Board and becomes effective immediately this 19th day of April, 2018.

Signed by the Hardwick Select Board:

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Eric Remick, Chair

Danny Hale, Vice Chair

Shari Cornish

Elizabeth Dow

Lucian Avery