

RESOLUTION 2019 - 5
INTERNAL CONTROL POLICY AND PROCEDURES
(Updated and Revised from Resolution 2018-3)

CASH RECEIPTS

- **Clerk-Treasurer** opens all mail and writes receipts for money received from utility customers and other sources.
- Clerk-Treasurer's office does not make change for payments received from customers, all cash is applied to customer's accounts. All cash received is deposited in the bank according to I.C. 5-13-6-1(g)(3) which states a city or a town is required to deposit funds under subsection (d). However, the funds on hand must be deposited not later than the business day following the day that the funds exceed five hundred dollars (\$500).
- The **Clerk-Treasurer** will make up the bank cash deposits and take them to the bank at which time he/she will verify the amount by receiving a bank deposit receipt and will attach them to the Keystone generated receipts. The **Town Council and/or designated person**, at least every two weeks, will compare the Revenue Reports with receipts that have been received during that time period.
- The **Clerk-Treasurer** may in the future take credit card payments for utility bills.
- The **Town Council** has given authorization to the **Clerk-Treasurer** to make adjustments on customer sewer accounts when the customer has had a leak and the leak has been repaired. The sewage will be adjusted down to the average sewage bill from the previous months.
- **The Water Superintendent and/or Town Council** signs and dates the adjustments. The **Clerk-Treasurer** gives a monthly Billing Adjustment report to the **Town Council** to review and approve and is recorded in the minutes of the meeting.
- The **Clerk-Treasurer** will prepare the customer utility bills. The **Superintendent and/or the Assistant Superintendent** reads the meters electronically. The data is transferred to Neptune by the **Clerk-Treasurer** then transferred to Keystone Utility to which the Utility bills are prepared.
- **Town Council** approves writing off Bad debt in a form of a Resolution in a public meeting.
- When the **Clerk-Treasurer** has approval from the **Town Council** to hire a Deputy Clerk then some of these internal control procedures will change to accommodate more oversight.

CASH DISBURSEMENTS

- The **Clerk-Treasurer** prints all checks. All blank checks are maintained in the office of the Clerk-Treasurer and he/she is the only one with access to the check stock. The checks are printed using Keystone Fund and will post and *hand sign* the checks and attach the required documentation and Accounts Payable Voucher.
- The **Town Council** will approve the Monthly Claims and Vouchers at the regular monthly meeting. The **Clerk-Treasurer**, using Keystone Fund, generates the Accounts Payable Vouchers Register. The **Town Council** looks through all of the line items and the **Clerk-Treasurer** will stand by to answer any questions and can produce documentation of all disbursements. The **Town Council** approves claims prior to payment with the exception of recurring payments and

payments pre-approved by the **Town Council**. All decisions made by the **Town Council** will be recorded in the minutes of the meeting.

- The **Clerk-Treasurer** can make electronic transfers within the same category. Electronic transfers between different categories must receive **Town Council** approval in a form of a Resolution at the next regular scheduled meeting.
- All programs and computers are password protected. The **Clerk-Treasurer** has passwords that will allow him/her to make changes and entries on the Keystone programs.

PURCHASES

- The **Elected officials and employees** have authority to purchase goods and services per purchase as stated below. They will ensure that the receipts are correct and delivered to the **Clerk-Treasurer**. **Town Council** will approve all reimbursements with receipts of purchases and/or services in a public meeting. No reimbursements without a receipt.

Person:	Goods	Services
Clerk-Treasurer	\$600.00	\$600.00
Town Council	\$600.00	\$600.00
Town Supt./Manager	\$600.00	\$1500.00
Town Water/Sewer Supt.	\$2000.00	\$2000.00
Marshal	\$600.00	\$600.00

PAYROLL

- The **Clerk-Treasurer** prepares all payroll claims. **Town Council and/or designated person** will review and signed all employees time sheets at each pay period. The **Clerk-Treasurer** uses Keystone Payroll to calculate deductions and Net Payroll pay. The software prepares the W-2 forms and the **Clerk-Treasurer** compares them to the yearly budget. The **Clerk-Treasurer** can have an outside **Accountant** come in to do W-2's as a second internal control. All Paid Time Off is also figured by the software and approved by the **Clerk-Treasurer**. All earnings and deduction reports are generated by Keystone Payroll. All payrolls are on an Appropriation Voucher and approved by **Town Council** at the monthly meeting after the disbursement has been made.
- All employees are paid by generated checks from Keystone Payroll. If the employee is paid by direct deposit the **Clerk-Treasurer** has access to the online account, which is password protected, which is in the control of the **Clerk-Treasurer ONLY**. The online banking cannot be accessed without the password.
- The **Clerk-Treasurer** is the only person that can access Keystone Payroll to make any changes.

BANK RECONCILIATION

- The **Clerk-Treasurer** will gain access to the bank statements which are on paper and/or online (online banking will be password protected). Who then will open the Monthly Reconciliation tab on the Keystone Fund program and reconcile the bank statements at the end of every month.

- The **Clerk-Treasurer** will compare the outstanding checks between the bank statement and the Monthly Reconciliation program, as well as compare the Receipts with the bank statement to ensure that all moneys have been deposited into the bank.
- When the bank reconciliation agrees with the Fund Report the Clerk-Treasurer will print the Depository Statement and Cash Reconciliation, then bank statements and all other related reports will be ready for a **Town Council and/or designated person** to review, sign and date after the end of each month.

FINANCIAL CLOSE AND REPORTING

- The **Clerk-Treasurer** will enter all required financial records at the end of the year. All of the information shall be entered into GATEWAY. The records may be transferred electronically through Keystone. The **Town Council** approves the annual report and the financial statements prepared by the **Clerk-Treasurer** and is recorded in the minutes of the meeting.

NOTES TO THE FINANCIAL STATEMENT

- All of the required information by GATEWAY will be entered by the **Clerk-Treasurer** and approved by the **Town Council**.

CONTROL ENVIRONMENT

- The **Clerk-Treasurer** will develop and alter policies for Internal Controls as this evolves through education and as the State Board of Accounts find new issues that need to be addressed in the Internal Control Policies.
- The Town of New Richmond Directive, Policy on Materiality and Process for Reporting Material Items is available and explains the thresholds for cash and non-cash misappropriations and to report those issues to the State Board of Accounts. In addition, it is this offices policy to report ALL matters of any size to the **Town Council**.
- A Financial Packet will be prepared for the **Town Council** on a monthly basis to keep in their files. The Financial Packet consists of the Monthly Fund, Appropriation Report, Revenue Report and Depository Statement and Cash Reconciliation Reports and will be recorded in the minutes of the meeting that they have received these reports.
- The **Town Council** will review and approve all Monthly Claims and Vouchers at the monthly meeting. The **Clerk-Treasurer** will be available to the **Town Council** while they look over the docket to answer any questions they may have before signing their approval.
- The **Clerk-Treasurer** will educate the **Town Council** on a regular basis to give them a working knowledge of the day-to-day operations of the Financial Office.
- The **Clerk-Treasurer** does regular back-ups to all of the Keystone Programs on a USB Flash Drive and is kept off-site in the possession of the **Clerk-Treasurer**. The computer system will have an anti-virus program. Passwords are the property of the originator and are NOT given to anyone.
- Documents, records, computer programs, and assets will be secured when not in use.

- The **Clerk-Treasurer** will fill out a I-9 Form for all new employees, Employment Eligibility Verification and verify the information in Section 2. A service jacket will be established and become the property of the Town of New Richmond.

RISK ASSESSMENT PROCESS

- The **Town Council** will review the Financial Packet at the monthly board meetings.
- When areas have been identified of potential fraud risk, the policies will be reviewed and changed to minimize the risk of financial fraud.

INFORMATION AND COMMUNICATION PROCESS

- Employee are required to immediately report ANY instances of suspected fraud.
- All internal control findings issued by the State Board of Accounts are addressed and corrected in a timely fashion.

MONITORING PROCESS

- The **Town Council and/or designated person** reviews and signs the Clerk-Treasurer's monthly reports, receipts, bank statements, timesheets and credit card logs.
- The **Clerk-Treasurer** attends training sessions provided by the State Board of Accounts, Department of Local Government Finances, Gateway, Accelerate Indiana Municipalities, and the Indiana League of Municipal Clerk Treasurers. Education will be the key to identifying problems and weaknesses in internal controls.

IT ENVIRONMENT AND GENERAL COMPUTER CONTROLS

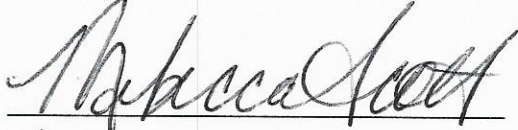
- The Clerk-Treasurer's office uses the computer for the following:
 1. Maintains ledgers
 2. Writes and post checks
 3. Payroll
 4. Post Receipts
 5. Bank Reconciliation
 6. Budget Maintenance
 7. Capital Asset Management
 8. Claim Dockets
 9. Utility Bills
 10. Utility Payments
 11. Post Utility Receipts
 12. Calculates Bills
- Back-ups are stored off-site and backed up to Keystone Disaster Recovery Cloud Service.
- The **Clerk-Treasurer** also maintains hard copy files.
- Keystone emails all changes and updates to their programs.

The Town of New Richmond believes that the key to Internal Controls is continued education, by going to programs sponsored by AIM, ILMCT, SBOA, and DLGF. The Town of New Richmond believes that networking with other communities is a further way to understand the needs and resources to strengthen the Internal Controls in our community.

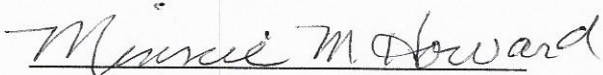
Executed this 2nd day of April 2019.



Luke Martin, Council President



Rebecca Scott, Council Member



Minnie Howard, Council Member

Attest: 

Alaathea Foust Clerk-Treasurer
Town of New Richmond