

## **Internal Control Procedures City of Willard**

### **Court Clerk**

All proceeds from municipal court proceedings are receipted in a monthly cash receipt journal with a numbered receipt issued at the time the payment is received. The cash receipt journal is a two part format with the original going to the client and the copy remaining in the journal. The monthly cash receipt journal is reconciled against the bank statement by the CFO. Deposits are made daily. As detailed in state municipal court guidelines, responsibilities for receipting and disbursing payments are separated between two city employees.

Certain municipal court costs are disbursed each month to the appropriate state office. All disbursements are notated on the cash receipts journal and copies of all reports are on file.

The court cash drawer, which is limited to \$100.00, is balanced on a weekly basis. The City of Willard return check policy as detailed in the Utility Billing Section is followed. Only bonded employees are allowed to handle funds. The cash drawer is not used to cash checks or purchase supplies.

Case numbers are assigned to each case. The identifying number used on each cash receipt is the last four digits of the ticket number. The City of Willard municipal Court accepts cash, personal checks, money orders, certified checks and Visa/Mastercard.

Payments accepted are only those authorized by statute or court rule.

Cash control records and the individual files contain the following information:

1. Date received
2. Case/id number

3. Name of payee
4. Receipt number
5. Type of payment (cash, check, etc)
6. Amount received

All voided receipts are kept and stapled to the back of the monthly cash receipt journal.

Blank receipts and checks are kept in a secure location accessible to designated personnel only. Voided checks are marked “VOID” and stapled to the back of the check stub.

A separate court checking account is maintained for all court receipts and disbursements.

The court account is reconciled monthly against the bank statement.

Unpaid costs and fines are maintained in each case file with the judge’s approval of the payment schedule. The unpaid balance is also reflected in the cash receipts journal after each partial payment. A record of each partial payment is also kept in each cash file.

State court procedures are followed by the court clerk for unpaid fines/costs.

Any checks which are outstanding for more than six months are put in an investigative status. The court clerk will follow state recommended guidelines to follow up with the payee at his/her last known address. Subsequent actions will also follow state recommended guidelines.

### **City Clerk's Office**

The City Clerk collects business license money and permit money, which includes water/sewer hook-ups. A number receipt is written for all funds and the checks/money orders are restrictively endorsed at the time of receipt. Said receipt book is a two part format with the original given to the customer and the second retained in the receipt book.

The Chief Financial Officer will deposit and post to the receipt journal. Deposits are made on a daily basis.

The City Clerk prepares all accounts receivable billing for planning and zoning charges, meter repairs and replacements, and nuisance violation charges. Accounts receivable schedules are reviewed each month by the Finance Office and the City Clerk.

The City Clerk also manages the community building rentals. A numbered receipt is issued for all payments received with the copy being retained in the receipt book. The payments are also notated in the schedule book for that rental. After each rental the building is checked by a city retainer and a report is generated on the building condition and cleanliness. The report is then turned in to City Hall. Any concerns are notated in the scheduling book. The Finance Office reviews the book monthly and completes the return of the deposit to the renter. If it is necessary for any of the deposit to be withheld, a copy of the report is forwarded to the City Administrator.

## **Utility Clerk**

The Utility Clerk prepares all monthly billings for the customers of the Willard Utilities.

All monthly billings are reviewed by the CFO before being sent out. Monthly billing and usage journals are printed for each billing period. These are also reviewed by the CFO and available for each year's independent audit.

Any adjustments to utility bills requested by the customer or the utility clerk are reviewed and authorized by the CFO. Any and all adjustments are entered only by the CFO.

Deposits are made daily and posted by the Utility Clerk. The postings and deposits are reviewed by the CFO before posting to the receipts journal. All deposits are reconciled monthly with the bank statements.

The cash drawer is balanced on a daily basis. No personal checks are cashed through the city cash drawer.

Return checks are immediately redeposited a second time in the water/sewer fund. If the same check is returned a second time, a letter is sent to the customer with a deadline to take care of the check and pay the \$25.00 returned check fee. If the check is not covered by the date indicated, the customer's water is shut off.

All monies received in payments are accompanied by a payment stub. If the payment is made in cash, it is notated on the stub. Checks are restrictively endorsed at the time of receipt. The stubs are balanced against the cash and checks to ensure accuracy. Posting to customer accounts are done from the payment stubs by the utility clerk.

Deposits/posting reports are verified against the bank statements by the CFO each month.

### **Investment Accounts**

The City of Willard investment accounts have been set up by direction of the Board of Aldermen. Transfers are made by the CFO between the operating accounts and the investment accounts as needed.

In order to maximize the investment return, excess funds in the operating accounts are transferred into the higher yield investment accounts. When needed to cover expenses in the operating accounts, funds are transferred back into the operating accounts.

These transfers are done manually by the CFO online and a report is generated. These reports are used monthly to reconcile all investment and operating accounts.

**Petty Cash**

A \$50.00 petty cash fund is maintained at City Hall by the Finance Department. It is used for small expenditures usually less than \$5.00. A petty cash slip is filled out for each expenditure with the receipt attached.

When all the funds are used, the receipts are balanced against the petty cash slips. The bag must balance for new funds to be added.

## **Checking Accounts**

An interest-bearing checking account for each fund is maintained – General Fund, Water/Sewer Fund, and Park Fund. A separate account is maintained for the Municipal Court.

The Mayor, Mayor Pro Tem, City Clerk, and Chief Financial Officer will be on all the city accounts. All persons on the city accounts must be bonded. If the person is not bondable, another person will be appointed by the Board of Aldermen to be on the accounts.

A city stamp bearing the mayor's signature may be used on checks. The bill, invoice, or request for payment will then be signed by the mayor and the city administrator with the check number issued indicated. At any time, further documentation may be requested on any check written. Payroll schedules will also be stamped and signed by the mayor and city administrator.

All bank accounts will be reconciled monthly with the report on file for the yearly independent audit.

Each month certain receipts are received by mail or direct deposit. Franchise fees, real estate taxes, law enforcement sales tax, etc. are received by mail and include documentation to verify receipt. All sales tax and motor vehicle funds are received by direct deposit. Verification of funds are sent by mail. All of these receipts are verified through the sender as to accuracy by the independent auditor.

## **Disbursements**

Accounts Payable – Accounts payable disbursements are made only with an invoice from the vendor. All invoices are posted to an unpaid invoice listing by a city hall employee. The listing is reconciled against the outstanding invoices by the CFO each month. The unpaid invoice listing is also published for review by the Board of Aldermen and each department head. Any unusual invoice is selected for review by the department head. The department head is required to initial that invoice.

After the invoice listing has been approved by the Board of Aldermen, the checks for each fund are printed. Each check is stamped with the mayor's signature stamp and the signature block stamp is put on each bill. Each check is reconciled to each bill and a check stub is attached to the bill. The CFO signs all the checks and prepares the bills for mailing.

After all of the invoices are reviewed and signed by both the city administrator and the mayor, they are filed according to vendor.

Miscellaneous -- Disbursements other than accounts payable are made only with a check request form signed by the department head. A signature by the mayor and city administrator are also required.

Payroll – Payroll reports are prepared by each department head for every individual in their departments. These reports are turned in to the Finance Department every other Monday morning for payroll preparation. Each employee is issued a time card badge that they are required to use to clock in and out. Every department has a time clock installed in their facility. If manual time sheets are used, the time sheets shall be original and no modifications of entries will be allowed. Each employee shall sign the original time



sheet. Mistakes/corrections shall be attached to the original time sheet and signed by the employee and his/her immediate supervisor.

The payroll reports are reconciled against the time clock reports for FLSA compliance and accuracy by the CFO. A final payroll report is then prepared by the CFO for use in posting time to the payroll system. The checks are then printed and reconciled against the payroll schedule.

Payroll taxes and disbursements by department are then calculated. Payroll taxes are paid online for federal taxes and by coupon for the state payroll withholding. The reports generated are on file and available for the yearly independent audit. The payroll reports are signed by both the mayor and the city administrator.

## **Park Dept**

### **Receipts**

**Front Desk** – All payments received at the front desk of the Recreation Center will be receipted in a two part format receipt book. The original shall be given to the customer with the copy retained in the receipt book. The cash drawer shall be balanced daily and no checks will be cashed or payments made out of the cash drawer. All checks will be restrictively endorsed at the time of receipt.

The daily deposit will be balanced against the receipt book and the cash drawer to ensure accuracy. A daily deposit report shall be completed and signed by the preparer of the deposit and checked by another staff member. The original of the daily deposit report shall be submitted to the Finance Department.

Any monies collected by the night monitor will be locked in the park department money drawer before closing for the evening. The day monitor will balance the receipts against the cash drawer before starting the day.

**Concession Stand/Gate/Pool** – Collections are made at the gate of the sports complex/pool for entry fees. The adult supervisor on duty for the events and at the pool will periodically check with the gatekeeper and any funds over \$150.00 will be collected and locked in the concession stand cash box. The gatekeeper will keep all funds in the cash box at all times and maintain the cash box within immediate reach of their person. The concession stand will also be checked by the adult supervisor for excess cash over \$150.00, which will be locked in the concession stand cash box. At the end of the night, the workers will prepare the money which is then checked by the supervisor. The

supervisor will then lock the money in the park department safe, which is located in the Recreation Center.

**Disbursements** – The bi-monthly payroll report shall be prepared by the director of parks and recreation and submitted to the CFO for payroll preparation. All time cards, sheets, etc. entered will be originals with any changes initialed by the employee.

Any requests for deposit refunds, etc. will be submitted on a request for refund form to the Finance Department. The form shall state the person to be refunded to, amount, and reason for refund. The date of original deposit of the funds shall also be included on the form.

### **Police Department**

Funds are received at the Police Department to pay for fingerprints, police reports, etc.

The customer requesting the service is provided with a numbered receipt from the department receipt book. The funds are then transferred to the Finance Office.

The department is also provided with a \$50.00 petty cash fund. A petty cash slip is filled out at the time of disbursement and the receipt is attached. Once the cash is expended, the bank bag is returned to the Finance Department. The petty cash slips and receipts are reconciled to the cash balance and a check is written to refill the fund. All petty cash slips are signed by the approving officer. The bag must balance for new funds to be added.

## **City of Willard**

### **Internal Procedures Purchasing Policies**

#### **Purchases up to \$1000.00:**

Each department head may make necessary purchases of up to \$1000.00 so long as there are adequate funds in their budget to make those purchases.

#### **Purchases of \$1000.00 to \$5,000.00:**

For proposed purchases of more than \$1000.00 but less than \$5,000.00, the department shall obtain quotes for the item by telephone or fax. It is preferable to obtain more than one quote. If it is not possible to get three prices quoted, a notation of the reason three quotes could not be obtained and the efforts to get the same should be noted in the file.

#### **Purchases of \$5,000.00 to \$20,000.00:**

Proposed purchases of more than \$5,000.00 but less than \$20,000.00 shall be advertised for unsealed bids twice in a local newspaper, with a specification sheet available at City Hall. Specifications for the purchase will be submitted to the CFO for advertisement. Bids will be opened with the CFO and the department head at a specified time.

#### **Purchases over \$20,000.00:**

All proposed purchases for items estimated to cost in excess of \$20,000.00 shall be advertised for three weeks in a legal newspaper for sealed bid. Specification sheets shall be available at City Hall.

#### **Emergencies:**

Emergency purchases may be approved by the mayor. The mayor shall decide whether there is an emergency or not.

A budget review and amendment will be conducted each July and December.