

TOWN OF LOUISVILLE

INTERNAL POLICIES AND CONTROLS



JUNE 2016

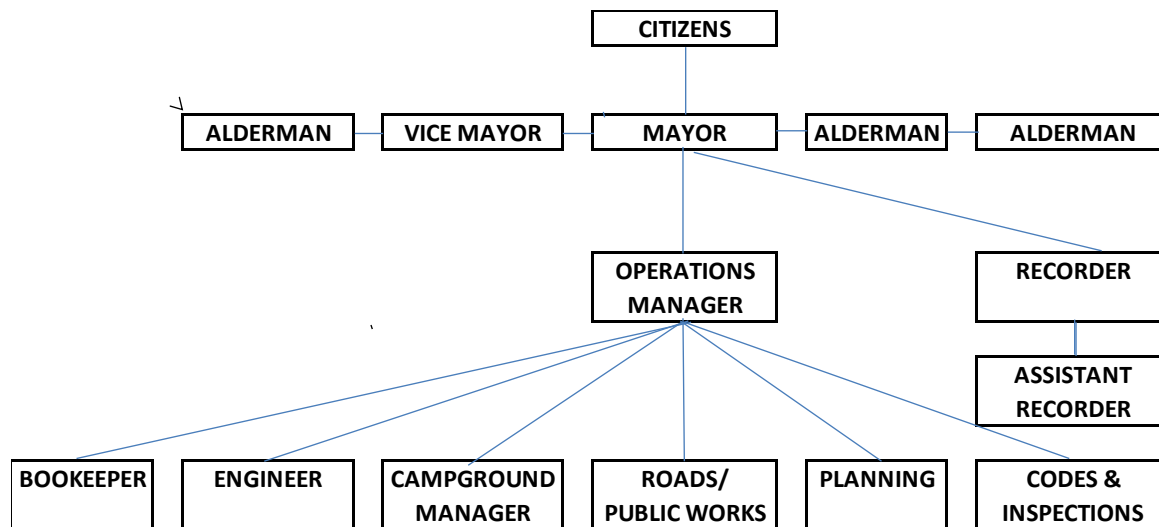
OBJECTIVES

1. The governing body and management should conduct business with integrity and ethical behavior.
2. Provide direction and oversight for town's internal control system.
3. Hire qualified and competent management.
4. Establish structure, authority and responsibility and hold individuals accountable for internal control responsibilities.

Policies and Procedures

1. The governing body through management has adopted a personnel manual which includes job descriptions with minimum job requirements.
2. The governing body also uses the budget process as a means of oversight with department heads.
3. Organizational charts are reviewed for needed changes in regards to authority and responsibility.
4. The mayor will review the annual audit for internal controls findings. A corrective action plan will to be developed and submitted to the Board of Mayor and Aldermen as needed
5. Detailed job descriptions with minimum job requirements are a part of the town's personnel manual. The minimum job requirements are based on like positions in similar governments and will meet state or federal requirements if applicable.
6. Hiring procedures are detailed in the manual and prohibit hiring anyone who does not meet the minimum job requirements.
7. A proposed budget will be submitted by the Mayor to the Board of Mayor and Aldermen not later than the May meeting.
8. The budget ordinance will be prepared for its first reading at the May board meeting and the second reading to be heard at the June board meeting.
9. The required public notice will be placed in the local newspaper 7 days after the first ordinance reading and must be placed no less than 10 days prior to second (final) reading.
10. Organizational charts are reviewed periodically as positions are added or changed to determine if the reporting structure, authority, and responsibility documented in the chart is still accurate.
11. As part of the personnel manual, all positions have detailed job descriptions which identifies the immediate supervisor and explains the responsibilities of the position.
12. The charts are updated if a job description is changed.

LOUISVILLE ORGANIZATIONAL CHART



Objectives

1. Collections are complete, timely and accurate.
2. Disbursements are for a valid town purpose and properly recorded.
3. Assets are properly safeguarded.
4. The town is in compliance with contractual, local, state and federal laws and regulations.

Policies and Procedures

1. A receipt will be issued for each collection made.
2. Two people will count down each cash receipts and sign the report.
3. All funds will be deposited daily.
4. Any monies collected at decentralized locations must be at town hall by 3:00 pm daily.
5. There will be no checks or cash left out of a deposit. If there is a question as to how it should be processed, it will be deposited as miscellaneous revenue in the General Fund to be resolved later.
6. All cash drawers are locked when unattended.
7. Access to the cash drawer is always restricted.
8. Employees are prohibited from comingling town assets with personal assets.
9. Access to the cash drawer is always restricted.
10. Chart of accounts codes will be reviewed with bookkeepers on a regular basis.
11. All daily collection reports are posted to the general ledger by the bookkeepers.
12. All accounting system updates and changes are discussed with office staff and appropriate changes made if necessary.
13. Reconciliations are performed monthly by the bookkeepers and reported to the Mayor.

Objectives

1. Disbursements are for a valid town purpose and necessary.
2. Disbursements are timely.
3. Disbursements are accurately coded and recorded in the accounting system.
4. Disbursements are legally appropriated.

Policies and Procedures

1. The town has adopted purchasing policies that comply with state law.
2. Various levels of authority have been assigned.
3. Purchase orders and packing slips are matched and sent to town hall for payment as soon as possible.
4. Checks are written at least twice each month to ensure invoices are paid timely.
5. All checks require two signatures.
6. All checks have documentation attached at the time of signing.
7. The town uses a computerized accounts payable system.
8. All purchase orders and invoices are reviewed by management and verified by the bookkeepers.

Objectives

1. Ensure town assets are properly valued and protected.
2. Ensure Cash, Accounts Receivables and other asset accounts are reconciled.
3. Ensure investments are safe and in accordance with adopted investment policy.
4. Ensure town assets are protected against loss, misappropriation or theft.
5. Ensure inventory items are available when needed for use.

Policies and Procedures

1. All bank account statements (checking, savings, investments, etc.) are reconciled to the municipal general ledger accounts within 15 days of the date of the statement.
2. All bank accounts are appropriately collateralized. Any bank account balance that exceeds the FDIC coverage limit will be covered at 105% of the balance as per state statute. Any bank account balance maintained in a bank participating in the State Collateral Pool will be made to verify annually the accounts held are classified on the records of the bank as "Public."
3. All bank accounts are held in financial institutions under the municipality's name.
4. All withdrawals, checks, liquidations, etc., from any bank account requires two signatures.
5. All investments require two signatures.
6. Inventory records contain enough information to readily identify corresponding capital assets. Capital assets are tagged or otherwise identified during a physical inventory that is performed annually.
7. Proper safeguards are in place to prevent theft or loss of assets.
8. The town shall maintain adequate insurance policies to protect against liability and loss.

Objectives

1. Ensure that state law regarding the issuance of debt is followed.
2. Ensure that state and federal grant regulations are understood and followed.

Policies and Procedures

1. The town has adopted a debt management policy in accordance with state requirements.
2. The Mayor and Board of Aldermen are well versed on the state requirements for issuing debt.
3. Every department must notify the Mayor when an application for 100% grant funding is submitted and subsequently awarded. All grants with matching requirements must be approved by the Board of Mayor and Aldermen before submission of application.
4. Once awarded, the Mayor is to be notified of the project budget and detailed expenditure requirements of the grantor agency.
5. The Mayor must be provided with the grant contact information, grant or contract numbers and whether the grant is state or federal funds.

Objectives

1. Necessary quality information for achieving the entity's objectives is available and used.
2. Necessary quality information for achieving the entity's objectives is internally communicated by management.
3. Necessary quality information for achieving the entity's objectives is externally communicated by management.

Policies and Procedures

1. Information maintained in a format should be communicated in that same format. For example, if the general ledger is maintained on computer, the monthly budget to actual reports should be provided through a computer generated report from that software package.
2. Reliable and accurate quality information from municipal internal sources must be communicated to the people who need it in a timely and useful format.
3. Because the credibility of the municipality, its governing body, and its public officials is at stake whenever information is released to outside parties, management should be confident the information being released is accurate and the release is in compliance with policies and procedures.

Objectives

1. To practice activities to monitor the internal control system and evaluate the results.
2. To address deficiencies noted in the internal control system in a timely manner.

Policies and Procedures

1. The Mayor will evaluate and document the current state of the internal control system and document the differences between the criteria of the design and the current condition of internal control, for purposes of establishing a baseline.
2. The Mayor will determine whether to change the design of internal control or implement corrective actions to improve the operating effectiveness of internal control for differences that exist.
3. Management will monitor internal control through built in monitoring activities and periodic separate evaluations and document the results.
4. A member of management will review cash drawers and deposits randomly to make sure policies are being followed.
5. All accounts with financial institutions (checking, savings, investment, etc.) will be reconciled to the general ledger within 15 days of receipt of any statement from the financial institution.
6. The above reconciliation will include a listing of outstanding checks and will be reviewed by management.
7. Reconciling items on the above reconciliation will not be carried for more than 60 days.
8. Reports comparing actual to budget amounts for revenues and expenditures (expenses) will be generated monthly and reviewed by those in a position of authority over financial operations. Those in a position of authority include, but are not limited to, the bookkeeper, Operations Manager, Mayor, and Board of Mayor and Aldermen.

