

**CITY OF LACONIA
INTERNAL CONTROL POLICY**

Approved by unanimous vote of Laconia City Council on -----, **2020**

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INTERNAL CONTROL POLICY

Abatements:

- All abatements with refunds due to taxpayers that have been approved by the Board of Assessors will be submitted to Accounts Payable for reimbursement. Interest of these abatements will be calculated by a clerk in the assessing department and verified by another person in the department. Attached to the Accounts Payable voucher there should be a (1) copy of the letter on the abatement; and (2) a copy of the print screen from the tax software that verifies the payment was actually made.
- A quarterly random review of these abatements will be done by the Finance Department.

Accounts Payable (AP):

- All AP vouchers shall be signed by the department head or designee. Authorizations for sign off shall be reviewed and, if needed, updated at least annually. Electronic signatures are acceptable.
- The Finance Clerk or his/her designee shall review for accuracy all invoices presented for payment.
- No payment shall be released to a vendor, until at least two of the following individuals have signed off on the voucher: Finance Director, Assistant Finance Director, Purchasing Specialist or City Manager. Electronic signatures are acceptable (The AP edit report, showing overruns should accompany each batch when presented to the managers for signoff.)
- As a general rule, only original invoices will be paid. Infrequent exceptions, for unique reasons, must be approved by one of the following: Finance Director, Assistant Finance Director, Purchasing Specialist or City Manager. Invoices scanned directly to Finance by an authorized Department representative are accepted as original.
- All checks printed will be signed by the Treasurer and passed directly to the clerk responsible for mailing the checks. The mailing clerk is responsible for:
 - Checking the sequence number of the checks to the current and preceding log to be sure check numbers are all accounted for.
 - Pulling checks for employees to be disbursed with the payroll checks
 - Forwarding signed checks directly to the payee without being returned to the originators or others who are in a position to introduce documents into the cash disbursement system

- Reviewing each check and accompanying invoices and other documentation for proper sign offs; accuracy of the information of the check stub (i.e., invoices and dollars processed) before mailing the checks
 - Stapling together all supporting documents with the AP voucher and the check stub and placing the entire transaction in the financial records of the City in check number order
 - AP manifests will be posted to the Treasurer's book weekly.
- All retainage will be booked as an expense at the time the invoice is paid.
 - All fixed assets will be recorded for inventory purposes according to the fixed asset policy in place at the time the payment is made.
 - AP subsidiary ledger should be run at the end of each month and balanced to the General Ledger. Once balanced, the ledger should be given to the Finance Director or designee for review.
 - A W9 shall be on file for all payments before a check is released. At least annually, the clerk processing the AP vouchers should self audit their records to be sure a W9 is in place for each vendor.
 - The Finance Clerk is responsible for the coding of each disbursement for proper 1099 reporting. The Finance Clerk will be responsible for reading and understanding the IRS code related to this issue.
 - All clothing allowances disbursed to employees for taxable events will be passed on to the payroll clerk for inclusion in the next payroll processing.
 - Any blank check stock shall be kept in the vault under strict control.
 - Bank reconciliations will be completed monthly by a clerk in Finance, not responsible for the weekly processing of AP. The bank reconciliation should be balanced to the General Ledger within 15 days of receipt and turned over to the Finance Director for sign off once complete. Periodically, but not less than semiannually, stale dated checks (those issued over one year ago) will be moved to the GL control "Stale Dated Checks".

Accounts Receivable (AR):

- Monthly mailing of outstanding invoices generated from the Accounts Receivable system will be completed by the individual responsible for billing of Accounts Receivable. Accounts over 90 days past due will be reviewed monthly by the Finance Director.
- The Finance Clerk will complete Fire alarm master billing within 45 days of the beginning of the calendar year. It will be the fire prevention specialist's

responsibility to provide the Finance Department with accurate information for this billing.

- Abatements for AR will be reviewed by the originating department who will draft a memo to the AR Clerk to order the abatement. This memo should include the reason for abatement and any backup documents available shall be attached. The memo will be forwarded to the Finance Director or Assistant Finance Director for review and sign off prior to the abatement of any AR invoice.
- The subsidiary ledger for Accounts Receivable will be run at the end of each month and balanced to the General ledger. Once in balance, the ledger will be forwarded to the Finance Director for review. Collection of past due accounts will be pursued by the department originating the invoice. The Assistant Finance Director will work with the departments to clear any uncollectible balances.
- Processing of payments will be done by a clerk in the Finance Department who is not responsible for the billing process. Whenever possible, the individual processing the billing should not be the person recording the payment.
- The Finance Department has been added to the list of sign-offs for Certificate of Occupancy permits. The Finance Director or Assistant Finance Director will verify that there are no outstanding invoices due to the City before sign-off on the Certificate of Occupancy.
- Modifications to Chapter 195- Special Events and Outdoor Assembly Section 195-6 Restrictions; prohibitions has been updated to include Grounds for Denial by the Motorcycle Technical Review committee to Section F:
- Any applicant or property owner having an outstanding accounts receivable due the City for previous special events on that property shall not receive an approved application until those accounts are paid in full. [Added 01-23-12 by Ordinance No. 05.2012.05]

In the event a check received as payment for an Accounts Receivable balance is returned for NSF – the issuer of the check will need to submit cash, money order or bank certified check to cover the returned checks along with a \$25.00 return check fee. If the payment was made via a credit card or ACH transaction any fees charged by the processing institution for returned transactions will all be pursued according to RSA 638:4.

Police False Alarms will be invoiced weekly by the Finance Dept. Any abatements for Police False Alarms must be approved by the Police Chief or designee.

Alarm System (City Hall):

- The Panic and Boiler alarm system shall be tested monthly by the designated individual in the Finance department. The system shall be taken off line and each department's panic button should be tested to be sure the panel receives the

signal. The finance department will be responsible for preparing a testing report. This report should be signed off by the Assistant Finance Director.

Assessing:

- After the assessing department completes the yearly update, a report of old to new values will be reviewed for changes in property values. Any property that has changed by more than ten percent (10%) of their total value, will be reviewed by the Board of Assessors.

Asset inventories:

- A record of all assets with an original purchase price of \$5,000 or more will be monitored by the Finance department. All assets purchased with grant funds shall be tagged by whom?. Each asset will be assigned an asset number as the bill is processed thru the Finance Department.
- Each Department shall assign an individual to track moveable assets (i.e., laptops, power washer, generators, , etc) and log their use.
- Physical inventories of these assets will be conducted annually by each department. As this inventory is completed assets should be checked for the reasonableness on the current value assigned. Obsolete or abandoned assets will be reported to the Purchasing Specialist in order that current fixed asset inventory can be updated.
- On a surprise basis, the Purchasing Specialist (or his designee) will spot check the assets in various departments.

Bank Accounts:

- Establishing and closing of bank accounts shall be managed by the Treasurer or the Deputy Treasurer.

No bank account shall be opened with the City's tax identification number (TIN) without approval of the Treasurer. The Treasurer shall be an authorized signer on all accounts opened with the City's TIN. *(For Trust bank information refer to the Trust section of Internal Controls)*

- The Treasurer shall be responsible for the collateralization of deposits at each bank. Collateralization Agreements should be in writing with each depository. The City should have all pledged collateral held in accordance with the investment policy.
- Reconciliation of all bank accounts should be completed within 15 days of receipt. Completed reconciliations done by City Clerk, Tax Collector and Finance Clerks should be signed and delivered to the Finance Director or Assistant Finance Director for review and final sign off.

Electronic statements and checks should be stored on the City's server to ensure reproduction of information as needed. It is the responsibility of the IT Division (or designee) to monthly update the City's electronic records.\

Cash:

- The central cashiering function for the City is the clerk's office. The tax office will handle the processing of tax payments as well as water & sewer bills on a regular basis. All other deposits shall be processed by the clerk's office except in those instances when the tax office is required to assist customers with over the counter transactions. In those cases the tax office can process the revenue through the cash receiving system.
- Unresolved variances in deposits of more than \$5.00 shall be reported to the Department Manager; those greater than \$50.00 will be reported to the Finance Director or Assistant Finance Director.
- Each clerk in both the Tax and City Clerk's office shall have their own cash drawer. Each employee shall lock their cash drawer whenever they are out of their work area.
- Each drawer shall be balanced daily. Once balanced, the cash along with the appropriate reports will be given to the designated employee for consolidation and preparation of the deposit for bank pick up. All deposits will be verified by another individual prior to it being placed in a sealed deposit bag.
- Deposits will be made at the bank daily.
- No checks will be cashed from any City cash drawer.

Cash/Check Transmittals (Deposit Transmittals)

- When payments are received, an entry will be made on the cash transmittal form with the customer name, the 4 digit code for the revenue account, the cash receipt # or the check number. If the item purchased is pre-numbered (trash coupons or licenses) this # should also be indicated on the receipt and on the cash transmittal form under the purchaser's name. Transmittals delivered to the City Clerk should be prepared and verified by the department and contain signatures of the preparer and verifier.
- All Checks shall be stamped upon receipt by the Department receiving the payment.
- All deposits (cash transmittals) delivered to the City Clerk's office that are not processed immediately must be recorded on the Incoming Deposit Log. Upon delivery, the depositing department will initial the log, indicate date, time and

department making the deposit. The clerk accepting the deposit will also initial the log at the time of receipt.

- The Assistant Finance Director will receive the log and will review it for: timeliness of processing, randomly trace various deposits from the transmittal sheet to the revenue posting on GL. Lack of timeliness or misposting will be reported to the Finance Director and the City Clerk.
- Upon processing of the deposit later, the City Clerk will have the processing clerk initial the log, indicating the date processed and the amount of the deposit.

As a general practice, all depositors should process their deposits on the same day received, but never later than the next business day. If your department is located outside of City Hall and you are unable to bring your deposit over, contact the Finance Department and they will pick up your deposit for you.

Cash Receipts:

- Each department accepting cash for payment must issue pre-numbered receipts from the department's two-part receipt book. All voided receipts will be left in the book for accountability. A periodic review of cash receipts to the cash transmittal form will be conducted on a surprise basis by the Finance Department.

Cell Phones:

It is the policy of the City to provide cell phones for individuals who need them to efficiently perform their duties.

City Cell phones are to be used in a manner consistent with the City IT Security Policy.

City Owned Vehicles:

- As a general practice, city vehicles will not be taken home (exceptions made for the fire chief and his deputies; police chief and undercover employees). The Finance department should be informed of any take home vehicles since there can be tax consequences to these events.
- City vehicles (Motor pool vehicles) will be used to conduct City business as much as possible. Personal vehicles are to be used to conduct City business only when a motor pool vehicle is not available. Should a Motor Pool vehicle not be available when needed, the City will reimburse the employee for mileage at the Internal Revenue Service rate. Motor vehicles in the pool are signed out in the assessing office. The department will be charged for the use of the vehicle with the revenues going to the Internal Service Fund to pay for gas, upkeep and repairs. Motor pool vehicles shall not be used to conduct any personal business.

- Employees are required to notify their supervisors of any violations or summonses received while in possession of, or operating a City vehicle. Failure to do so may result in the loss of vehicle use privileges and employee disciplinary action.
- All drivers, and passengers must wear seat belts, refrain from using electronic devices while driving and obey traffic laws. Only City employees or those who are conducting official business with the City, may be a passenger in a City owned vehicle.

Checks Received for City Services:

All incoming checks must be stamped immediately on the back of the check by the Department with the “For Deposit Only” stamp.

Collateralization of Deposits:

- As stated in the City Investment policy, all collateral for deposits will either be covered by securities held by a third party (the Federal Reserve whenever possible) or by surety bonds or by the Federal Home Loan Bank. Collateral should be in place prior to placement of funds with any institution. Responsibility for adequate collateral lies with the City Treasurer.

Information Systems:

Computer hardware and software, mobile devices that connect to the network or Internet, network hardware and software, e-mail, voicemail, video conferencing, facsimile transmission, telephone, remote access services, printers, copiers, and all other printed and electronic media, as well as information and data created, developed, processed, or stored by the City that has value to the City’s business and/or operations shall be governed under the provisions of the City IT Security Policy.

Credit Card Acceptance – Over the Counter

With the increased acceptance of Credit Cards throughout the City certain cautions should be taken.

Credit Cards accepted Over-the-Counter will only be accepted if the person presenting the Credit Card is the person to whom the credit card is issued.

The Customer will be notified that a processing fee will be added to the Customer’s transaction.

Transactions will only be processed for the exact amount of the sale plus the processing fee.

All receipts for Over-the-Counter transactions must be signed by the customer and retained with the cash receipts

A copy of the receipt will be given to the customer.

Credit Cards cannot be used as “Certified Funds” for repayment of a returned check. No Credit Card data will be retained on file by the City.

Over-the-Counter payments will be reconciled daily as part of the cash out process. Departments outside City Hall that accept credit cards will send a transmittal sheet daily at the end of each day to the City Clerk’s office reflecting the daily credit card transactions.

Any Credit Card transactions that are returned will be handled in the same manner as a “Returned Check” section of the Internal Controls. Returned Credit Card transactions will be subject to a \$25.00 return fee plus any additional fees charged to the City by the Credit Card processor.

Credit Card/ACH Payment – On-Line

Credit Card payments may be made on-line for various city services. EB2Gov transactions shall be processed through the City Clerk’s Office and reconciled daily.

All transaction logs shall be initialed by the clerk complete the transactions and will be retained as outline in the Records Retention Policy of the City.

ICloud payments for Accounts Receivable, Police Reports or permits, Parks & Recreation programs will be processed through the Finance Department on a daily basis and delivered to the City Clerk’s office for posting.

Any Credit Card or ACH transactions that are returned will be handled in the same manner as a “Returned Check” section of the Internal Controls. Returned Credit Card transactions will be subject to a \$25.00 return fee plus any additional fees charged to the City by the Credit Card processor.

Credit Card Funds Transfers

Credit Card Transfers should be submitted weekly and also at month-end to the Treasurer or Assistant Treasury by the Reconciling Department.

Credit Card Purchases

- Credit card purchases are to be used for City purchases only, in accordance with the City’s purchasing procedures. No personal charges can be made on the credit card even if the intent is to reimburse the City. Cash advances are PROHIBITED.
- Credit Cards, whether general cards such as Visa or Pcard or store cards such as Staples, Lowes or Wal-Mart– may be obtained only with the approval of the Finance Director. Department Heads are responsible for the use and security of cards issued to their department. Cards will be maintained by department in secure locations and logged out as needed.
- Credit card accounts shall be reconciled through the AP processing system. All purchase receipts must be turned in to the Finance department with the

corresponding AP voucher. All purchases shall be paid within the grace period so that no interest or penalties will accrue.

- Lost or stolen cards must be reported to the Finance Department as soon as possible.

Custodial safekeeping:

- As required in the investment policy, securities purchased from any bank or dealer including appropriate collateral will be placed with an independent third party for custodial duties.

Decals-State:

- As decals are delivered from the State the individual designated by the City Clerk will audit all decals to be sure they are consecutively numbered and all inclusive. Once verified, these decals will be placed in the vault in a secure area. As various clerks retrieve decals the numbers of those taken will be recorded on a log that will be signed by the receiving party.

Disbursements from Bank Accounts:

- All disbursements from bank accounts are under the control of the Treasurer, Deputy Treasurer or designee.
- All bank transfers, whether on-line or made directly at the bank, will bear the initials/signature of either the Treasurer or Deputy Treasurer.
- All checks will be signed by the Treasurer or Deputy Treasurer. Electronic signatures keys/equipment will be under the control of the Treasurer or Deputy Treasurer at all times.
- Checks payable to “bearer” or “cash” are prohibited as are the signing of blank checks or altered checks.
- All checks shall be forwarded directly to the payee without being returned to the originators or others who are in a position to introduce documents into the cash disbursement system.

Drop box:

- A mail slot and drop box are located in the front lobby of the City Hall building. This box will be opened daily by the tax department and all deposits will be processed by the appropriate department; either the Tax Department or the City Clerk as appropriate under this policy.

Electronic Deposits:

- All payments made by the State by Electronic Deposit are confirmed by the State via fax/email at least one day before receipt. This fax/email shall be delivered to

the Finance Director or Assistant Finance Director for processing directly to the General Ledger. The Assistant Finance Director in the Finance Department will also record this deposit in the Treasurer's book.

Electronic Transfers

State Motor Vehicles Fees collected for vehicle registrations will be reconciled and electronically sent on a daily basis to the State by the City Clerk or designee.

Escrow accounts:

- The responsibility of the escrow accounts on a day to day basis will fall with the department requiring such escrow account (usually planning or public works). The initiating department will deliver a copy of the check to the Finance Department for recording.
- The Finance Department is responsible for balancing the control monthly and delivering the balanced file via email to the Finance, Public Works, and Planning Directors.
- Public Works and Planning will be responsible for the timely review of those reports and the timely release of funds. Periodically, meetings will be held with the Finance Director or Assistant Finance Director on the status of escrow holdings over 500 days old.

Fee Review:

- To ensure adequate coverage of our costs related to various provided services in the City, each department head will be responsible periodically for completing an analysis of the fees charged in their department. Once the analysis is complete, the results of the analysis must be reported in writing to the council. This analysis should include any recommendations for changes in the current fee structure.

Fixed Assets:

- The recording of major capital assets (i.e., buildings) will be broken down into components when ever the life of these components vary. One asset number shall be assigned to the overall asset with letter extensions (i.e., 666A, 666B, 666C).

Grants:

- It is the responsibility of each department to apply for grants; to understand the requirements of the grant; the allowable expenses and the timing of the expenditures for each grant and the process to receive reimbursements. All requests for reimbursement will be reported to the Finance Department when submitted.

The Finance Department will track grant revenues and disbursements, and forward a summary monthly to each Department. All reporting to the agency will be done by the departments provided the grant.

Inventory Tracking:

- Internal Service Fund: Inventory tracking for Internal Service inventories will be physically counted by the Public Works Department at least annually, near the end of the fiscal year. These inventories should be forwarded to the Finance Director or designee so that proper adjustments can be made to the General Ledger.
- City Hall: All small amount of common supply inventory, such as envelopes and letterhead will be controlled by a clerk in the Finance Department. Inventory items will be posted as an asset until such time as it is disbursed to a department. This inventory will be verified and charged at least quarterly to the departments.
- All inventory will tracked on a first in/first out basis.

Investments:

- The written policy for investments will be reviewed, revised and approved by the council on an annual basis. A list of permissible investments will be included in the policy along with the State approved list of banks.
- To ensure segregation of duties, the individual conducting the investment transaction will provide a copy of the settlement data (i.e., copy of the Certificate of Deposit; copy of the receipt for deposit; wire transfer etc) to the Finance Director or Assistant Finance Director who will make the General Ledger entries to the appropriate accounts.
- Should the investment officer, at any time, delegate his authority to perform investment duties or make decisions regarding investments this authority must be in writing.
- A separate binder will be kept in the Treasurer's office with all of the Certificates of Deposit (CDs) records. The Treasurer will keep a schedule of the due dates on these CDs.
- The Treasurer will review periodically the collateral reports sent from the Federal Reserve Bank (via email) to be certain we have enough collateral to cover our deposits at the various banks. Any shortfalls should be followed up with the bank.
- Periodic review of the procedures in place will be done by the Finance Director or designee to be certain all controls are functioning properly and in compliance with the investment policy.

Pre-ordered Licensing and Permit Stock

- All licenses and permits will be ordered pre-numbered.

- A small working supply (depending on the time of the year this working supply could vary in size from 5-25) will be assigned to the individual responsible for this function.
- A responsible individual, (other than the person that completes licenses and permits) will control the stock of unused licenses and permits (not in the working supply) and will maintain a log to track the dates that batches of license/permit stock were issued for working supply. The individual receiving the working supply stock will sign the log to indicate receipt and the acceptance of responsibility.
- All unused stock of licenses and permits will be stored in a secure, locked area.

Parking Meters/Parking Kiosks:

- Collection from parking meters and parking kiosks will be done under dual control by two Public Works employees. These receipts will stay under dual control until such time as the deposit is made at the bank.
- One set of keys to the parking meters/parking kiosks will be kept under the control of the Public Works Office Manager. Keys will be logged in and out as needed for servicing the meters. All spare keys will be kept in a locked cabinet in the Finance Department under the control of the Purchasing Specialist.

Parking Tickets:

Payments for parking tickets will be handled by the Tax & City Clerk Department.

- The police parking ticket software will be updated by the assigned clerk at least weekly to reflect all parking tickets collected.
- Parking tickets over 120 days past due will be sent a reminder notice by the Police Department. A flag will be placed on the motor vehicle software registration system for all past due parking tickets belonging to residents of Laconia. All tickets must be paid in full in order to register any vehicle.

Payroll:

- Time sheets must be submitted by all employees weekly. They must be approved by the supervisor, department head or their designee.
- The payroll edit will be reviewed and signed off by the Personnel Specialist or the Supervisor of the payroll clerk before the printing of checks. The Finance Director or Assistant Finance Director will review the payroll reports including payroll increases, time sheets, deductions, etc on a weekly basis and sign off on the detailed report.

- All deductions, including direct deposits, from an employee's pay check shall be supported by signed authorization from the employee unless the deduction is in accordance with NH State Law.
- The payroll clerk is responsible for being familiar with the IRS regulations related to taxable clothing allowance, vehicle use, processing of 941s, W2s as well as any State required filings on new hires.

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- Other responsibilities of the payroll clerk will include, but not be limited to the following: Unemployment, NH Retirement and ICMA timely remittance and reporting; as well as balancing all payroll related accounts to the General Ledger on a monthly basis and remittance of those reports related to these reconcilements to the Finance Director or designee for proper timely recording. These reconcilements should be done within the first 15 days of each month. Those supported by sub-ledgers should be forwarded to the Finance Director or Assistant Finance Director via email.
- Bank reconciliations will be completed monthly by a clerk in Finance, not responsible for the weekly processing of Payroll. The bank reconciliation should be balanced to the General Ledger within 15 days of receipt and turned over to the Finance Director or Assistant Finance Director for sign off once complete. Periodically, but not less than semiannually, stale dated checks (those issued over 90 days ago) will be moved to the GL control "Stale Dated Checks".

Petty Cash:

- Petty Cash is for official business only, specifically for the making of change to a customer or reimbursement of small amounts for items purchased by employees for business. Reimbursements of up to \$25 can be made to an employee after review of the appropriate paid receipts.
- Petty Cash funds can only be established with the consent of the Finance Director. The cash amount will be determined by the Finance Director based on its purpose.
- Petty Cash should be kept in a locked environment under the control of one individual when not in use.
- A receipt will be issued by the Department Manager or designee(s) for each payment made out of petty cash. This receipt must be signed by both parties handling the transaction.
- At all times the total receipts added to the cash remaining in petty cash must equal the predetermined petty cash base. Under no circumstances will anyone use personal funds to compensate for shortages. All shortages must be brought to the attention of the Finance Director or Assistant Finance Director immediately upon discovery.

- Replenishments to petty cash should be made out on AP vouchers to a designated person in each department. The AP vouchers should have the reconciliation of the petty cash account attached, signed off by the manager or assistant manager of the department. Confirmation of the balance on hand at the time of replenishment should be verified and recorded by someone other than the petty cash clerk.
- It will be the responsibility of the department head or office manager in each department to conduct surprise audits of petty cash. These audits will be done under dual control by the department supervisor, office manager or department head who will document the count and have the employee responsible for petty cash countersign the audit sheet. This tally sheet will be passed on to the finance department for logging and retention.
- No checks will be cashed from petty cash. IOUs are prohibited.
- Disbursements of over \$25.00 from petty cash require the prior approval of the Finance Director.

Physical securities:

- As stated in the investment policy, the City will avoid the purchase of physical securities. Book entry securities are preferred.

Purchase Orders (POs):

- Will be used by all departments as required under the Purchasing guidelines. The signers of POs will be updated at least annually and more frequently when signers are eliminated or added.
- Access levels to the PO software by all individuals will be reviewed and revised as needed but at least annually by the Purchasing Specialist.
- Monitoring of adherence to the PO procedures will be reviewed periodically by the Purchasing Specialist or his designee.
- At the end of each month the subsidiary ledger for POs will be run and balanced to the General Ledger. This sub-ledger should be given to the Assistant Finance Director.

Record Retention

- Records related to deposits including receipt logs, transmittal form, customer receipt books, etc should be retained for a minimum of 5 years. Other records maintained by departments must follow the **RSA 33A 3-a** governing retention or the City Records Retention Policy, whichever is longer.

Red Flag Rules (RFR):

- A separate policy to address the RFR will be confirmed periodically by the Council. Training for those affected will take place with the Laconia Water Works.

Returned Checks/ Credit Card Chargebacks:

- Responsibility for collection of returned checks lies with the department depositing the check at the bank. In some instances, it is appropriate to involve the department that actually transmitted the check to the clerk's office.

The Department that originated the check shall contact the issuer by certified mail, return receipt requested of the incident and advise them they need to submit cash, money order or bank certified check to cover the returned check, plus a \$25 return check fee, plus any fees charged by the processing institution.

- Uncollected NSF checks should be reviewed monthly and once they reach 90 days on the books should be charge off. To charge these items off the Department Head should write a memo to the Finance Director indicating the amount of the check and the revenue account it should be charged to.

Any person and or business that issues a check to the City that is returned for Insufficient Funds more than twice in a year will required to make any and all future payments to the City by Cash, Bank Check or Money Order.

Returned checks for Motor Vehicle transactions will result in suspension of the Registration by an Administrative Complaint filed with the State of NH-DMV within 10 days of certified mailing.

Revenues Reconcilements:

- Revenue Reconciliations will be conducted quarterly by the Department collecting the funds. The Finance Department will provide detail revenue reports to each department to confirm the amounts posted to GL are the same as those recorded in the Department records.
- Documented evidence of this reconciliation must be retained for a period of at least 18 months.

Rotation of Duties:

- The department heads in the tax, city clerk and finance areas shall make all reasonable efforts to ensure cross training of staff to various processes and applications, as well as for internal control purposes.

Safety policy:

- No employee should be left alone in their department with a taxpayer or client after the doors are locked for the day. Every taxpayer or client leaving the office after the doors have been locked must be escorted by an employee to the outside exit door.

School Lunch Deposits:

School Lunch Deposits are deposited by the School directly at the bank. The deposit will be recorded by the City Clerk upon verification that the deposit has been recorded by the bank. In most cases this will be the day after the deposit is made at the bank.

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School Warrants:

- School warrants will be delivered along with printed checks to the finance department periodically for treasurer’s signature.
- A transfer request will be completed by the clerk (copy to the Finance Director or designee) and delivered to the Treasurer along with the checks
- The Treasurer will sign completed request and file the request with a copy of the on-line transfer or bank receipt.
- Upon receipt of school warrants, the clerk will verify for proper sign off on the warrant by at least two school board members. The checks will be released to the department for mailing and distribution once appropriate signatures have been obtained.
- The Treasurer’s book will be updated at the time of the transfer.

Separation of duties:

- Whenever possible, the person who authorizes or performs the transaction will not be the person who records or otherwise accounts for the transaction.

Stale Dated Checks:

- Following the requirements of State law, the finance clerk will remit stale dated items on the Abandoned Property report due to the State each November 1st.

Tax Collector:

- If the Tax collector finds a discrepancy of ½ percent of 1% or more between the amount of the warrant as committed to the tax collector and the total property tax commitment calculated by the commissioner of revenue administration (RSA 21J:34), the collector shall return the warrant to the assessing officials for correction. If a correction cannot be made to generate a warrant with less than ½ percent discrepancy, the assessing officials shall submit a revised property summary inventory of valuation form as required by law. The city will not issue property tax bills until such discrepancy is resolved.
- Once work for the day is balanced and deposit is prepared two individuals should sign off on the deposit ticket sent to the bank.

Transfer Station, Recordkeeping and Billing:

- The transfer station attendant will be responsible for maintaining the working supply of cash at a level of under **\$125**. All other cash should be kept in the designated reserve area during operating hours. The working supply of cash will be locked in a secure location at the end of each day.
- In order to maintain a secure environment, the door to the transfer station shall remain locked during business hours.

The transfer station attendant will be responsible for balancing the tickets for the day to the receipts. Daily deposits will be made to the City Clerk's Office. Following full implementation of the SMS system, daily deposits will be made at the bank's night depository, or at a bank teller window whenever the bank is open. A fax or email of the work reconciliation, along with the cash transmittal sheet, shall be forwarded to the City Clerk's Office daily.

- Discrepancies in the cash transmittal identified by the City Clerk's office will be booked to over and short with a copy of the transmittal sent to the Office Manager in the Public Works department. Once discrepancies are identified correcting entries will be sent to the Finance Director for processing.
- The responsibility of tracking and recording accurate tonnage will be done by the Office Manager in the Public Works department. At least weekly, the City records will be balanced to the vendor's records.

At the end of each month the Office Manager will forward the scale ticket summary by customer to the Finance Department for billing purposes by the 5th of the month. All payments will be made directly to the Finance Department.

Travel & Meal reimbursements:

- All hotels in NH shall be paid in advance by the City.
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- Hotel rooms paid for by the employee will only be reimbursed for the cost of the room. The City will not reimburse employees for the NH rooms and meals tax.
- All meal reimbursement requests must be accompanied by a detailed receipt. Tips for service will be reimbursed up to 15%. The City will not reimburse for any alcoholic beverages.

Treasurer:

May delegate duties to the staff in the Finance Department. This delegation must be in writing. Deposit authority shall be made annually to the Tax Collector and City Clerk.

Trust Funds:

- Putnam Fund-authorization of payment of invoices at least 3 members of the Advisory Committee must sign off on the voucher before it is released for payment.
- Cemetery Funds: At the end of each fiscal year the Finance Department will send the required perpetual care detail to the cemeteries. This will show the cemetery what they have available in each account along with the total amount available to expend. In order to withdraw these expendable funds the cemetery will write to the Trustees requesting the withdrawal. Once the letter is received a voucher will be prepared and a check will be cut. This check will be released upon receipt of the signature of a trustee on the AP voucher.
- Scholarship funds: These funds are awarded by the Trustees in coordination with the schools. Once the awards have been identified the trustees will provide the finance department with this information so accruals can be booked; and award letters drafted to include any conditions related to the scholarship and instructions on how to access the funds. These letters will be signed by the trustees.

Welfare:

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- All decisions will be made by the Welfare Staff according to the written Welfare Guidelines. Guidelines will be reviewed annually and updated as needed.
- The. In the absence of the Welfare Director and Assistant Welfare Director, Welfare Technician has the authority to grant one time exceptions to policy up to \$500. Thethe Specialist will review exceptions with the Purchasing Specialist prior to approving the voucher for the Client.
- . No cash assistance will be given.
- AP Vouchers will be prepared by the Welfare Technician and signed by the Welfare Director or Assistant Welfare Director. Signed vouchers will be delivered to AP for processing.
- Checks prepared by Accounts Payable to honor vouchers will be mailed by the Finance Department except in situations where the client's name must be included with the payment, then, the Welfare Department will be responsible for the mailing.
- Property and Civil Liens, as well as expected reimbursements will be tracked by the Welfare department throughout the year. New and released liens should be reported to the Tax Department for flagging of the properties. The Welfare

Technician will give the Finance Director a record of these liens and reimbursement at the end of the fiscal year along with supporting documentation for any additions or removals from the property and civil lien list. The Finance Director is responsible for the bookkeeping adjustments to the General Ledger.

**INTERNAL CONTROL
SIGN OFF SHEET:**

I have read and understand the Internal Control Policy revised by the Council in
_____ 2020.
