



TOWN OF CARLYLE

POLICY MANUAL

POLICY DESCRIPTION:

Internal Accounting Controls

POLICY NUMBER: IAC 0010**DATE APPROVED:** March 26, 2008**DATE REVISED:** October 12, 2011

Purpose of Policy: To promote and protect sound management practices so that financial information is reliable, assets and records of the organization are not stolen, misused, or accidentally destroyed, and government regulations are met.

Definition:

“Cash” is the total of one or all of the following currency: paper money and coins, cheques, debit card slips, money orders, bank drafts.

Receipts:

To ensure that all cash intended for the municipality is received, promptly deposited, properly recorded, reconciled, and kept under adequate security, the following procedures will be followed:

1. All money will be receipted on the date received.
2. Money will be accepted only during regular business hours in the Town office.
3. All cheques and/or money orders received will be stamped on the back with “For Deposit Only to the Credit of the Town of Carlyle”.
4. All receipts for cheques should bear the statement, “If cheque not cleared for payment, this receipt is null and void.”
5. Official receipts for post-dated cheques will be issued and sent on the day it becomes due.
6. All money will be allocated to the proper general ledger account when receipted.
7. All money will be kept in a lockable drawer from the time it is received until it is deposited.
8. The cash drawer will be locked prior to leaving the office at lunch time and at the close of day.
9. Receipts will be issued for all monies received. If a receipt is not required by the payer, a receipt will be issued regardless, but may not be mailed out.
10. A three hundred dollar (\$300.00) change float will be maintained in the cash drawer at all times.
11. Deposits will be prepared at least once per week, and on the last banking day of each month.

12. The name of the payer and the specific amount of each cheque must be listed on the deposit form.
13. The range of receipt numbers pertaining to the deposit must be recorded on each deposit form.
14. Receipts will be reconciled with amounts deposited with each deposit made. The breakdown of total cash and total cheques will be recorded on each Receipt Summary.
15. Deposits will be taken to the financial institution on the day they are prepared.
16. At no time shall members of Council accept payments from others for bills issued by the Town of Carlyle.

Debit Machine and Direct Deposit Transactions:

To ensure that all debit machine transactions and direct deposits are properly recorded, and reconciled, the following procedures will be followed:

1. The merchant copy of each debit machine slip will be stapled to the Town's copy of the receipt immediately upon being issued.
2. Receipts will be reconciled with debit machine records with each deposit made. The total amount of debit machine receipts will be recorded on each Receipt Summary.
3. The Debit Machine Batch Summary Report will be attached to each corresponding Receipt Summary.
4. Direct Deposits are to be receipted as soon as notification of the direct deposit is received.
5. Receipts will be reconciled with direct deposit records with each deposit made. The total amount of the direct deposit receipts will be recorded on each Receipt Summary.
6. Direct Deposit verifications are to be kept with each appropriate Receipt Summary.

Petty Cash:

To ensure that petty cash and other working funds are disbursed only for proper purposes, are adequately safeguarded, and properly recorded, the following procedures will be followed:

1. The sum of One Hundred Dollars (\$100.00) will be authorized for petty cash purposes.
2. The petty cash fund will be kept in a lockable drawer, and separate from other funds.
3. The petty cash drawer will be locked prior to leaving the office at lunch time and at the close of day.
4. Petty cash can be used for disbursements of Twenty Dollars (\$20.00) or less.
5. Whenever petty cash is disbursed, the amount of the disbursement, the purpose of the disbursement, and the account(s) to which the expense is to be allocated, will be recorded on the appropriate form.
6. When 75% of the petty cash fund has been depleted, the fund is to be replenished as part of the accounts for payment at the next regular council meeting.
7. The petty cash fund is to be reconciled at least monthly. The total of the vouchers plus the remaining cash must equal the established petty cash fund amount. Such reconciliation is to be dated and initialed by the person performing the reconciliation.

8. In addition to the above, the petty cash fund is to be reconciled on December 31st of each year, in preparation for year end and audit activities. A copy of this reconciliation is to be given to the Chief Administrative Officer for audit recording.

Disbursements:

To ensure that funds are disbursed only upon proper authorization of management, for valid business purposes, and that all disbursements are properly recorded, the following procedures will be followed:

1. All invoices will be processed promptly, in order to avoid late payment and interest charges.
2. All invoices will be coded to the proper general ledger account(s) prior to payment.
3. All disbursements will be checked by the Chief Administrative Officer prior to payment. The Chief Administrative Officer will initial each voucher as proof that it has been checked.
4. All invoices will be paid by cheque, except as provided for in the Petty Cash section of this policy, or by credit card, as provided for in the Credit Card section of this policy.
5. All cheques will bear the signature of the Mayor or Deputy Mayor and the Chief Administrative Officer.
6. A list of accounts, including payroll advances and direct deposits, will be prepared for approval prior to each Regular Council Meeting. This list will include all cheques prepared and issued since the last Council approval. Any missing cheque numbers are to be recorded on the list, with an explanation as to why they have not been used (i.e., void, destroyed in printing, etc.).
7. The list of accounts will be presented to Council for approval at each regular meeting, and attached to the minutes of that meeting.
8. The cheques will be in the stub-stub-cheque format.
9. One of the cheque stubs will be attached to the invoice and filed alphabetically by vendor name.
10. One of the cheque stubs will be sent to the vendor along with the cheque.
11. Cheques are to be sent out promptly, preferably by the next business day after a regular council meeting.

Payroll:

To ensure that payroll disbursements are made only upon proper authorization to bona fide employees, that payroll disbursements are properly recorded and that related legal requirements are complied with, the following procedures will be followed:

1. Pay will be provided through direct deposit to each employee's respective bank, according to the banking information provided to the Town by the employee.
2. Overtime record sheets will be turned in to the office by the Town Superintendent on the 15th day of each month, for the previous month (example: overtime records for January 16th to February 15th will be processed on the February 28th payroll, and overtime records for the period of February 16th to March 15th will be processed on the March 31st payroll.)
3. An advance will be provided to each employee on the 15th day of each month, if so requested by the employee. If the 15th falls on a weekend, the advance will be issued on the last work day immediately preceding that date.

4. The Chief Administrative Officer will initial each payroll form, as verification that payment is authorized and approved.
5. Each employee will receive his/her pay on the last working day of each month.
6. A copy of the employee's payroll form will be provided to each respective employee on the last working day of each month.
7. Overtime record sheets will be attached to the copy of the employee's payroll form for the applicable month in which that overtime is paid.
8. Payroll forms will be filed promptly in each employee's respective personnel file.
9. Personnel files will be kept in a lockable filing cabinet.
10. The filing cabinet containing personnel files will be locked during the lunch hour and at the close of day.
11. Payroll deductions, along with proper supporting documentation, will be remitted to proper authorities within three working days following the end of each month.

Grants, Gifts and Bequests:

To ensure that all grants, gifts, and bequests are received and properly recorded, and that compliance with the terms of any related restrictions is adequately monitored, the following procedures will be followed:

1. All grants, gifts, and bequests will be receipted on the date received.
2. All grants, gifts, and bequests will be allocated to the proper general ledger account when receipted.
3. All money will be kept in a lockable drawer from the time it is received until it is deposited.
4. The cash drawer will be locked prior to leaving the office at lunch time and at the close of day.
5. Whenever possible, all grants, gifts, and bequests for specific groups or projects will be processed for payment to that group or project at the end of each month in which it is received.
6. A list of respective donors will be forwarded to the specific group or project along with the cheque.

Bank Account Reconciliations:

To ensure that all bank account transactions are properly recorded and all Town of Carlyle funds are accounted for, the following procedures will be followed:

1. Bank reconciliations will be prepared for each bank account as soon as practicable each month for the previous month.
2. The balance in each bank account will be reconciled with the amount in the general ledger account each month.
3. A printed record of each bank reconciliation and each bank account will be kept together in a designated folder, by month.
4. A copy of the previous month's bank reconciliations will be presented to Council along with the financial statement each month.

NSF Cheques:

If bank notification is received that a cheque is returned NSF (not sufficient funds) at the payer's bank, the following procedure will be followed:

1. An adjusting entry is to be made to reverse the original entry.
2. The payer who issued the cheque is to be contacted immediately and advised of the NSF cheque, and that currency, certified cheque, or money order is required to replace the amount of the NSF cheque plus the bank's NSF cheque service charge, plus an additional \$20.00 handling charge.