



FISCAL MANAGEMENT POLICY

PURPOSE

The purpose of the Town's Fiscal Management Policy is to embrace sound financial practices and ensure efficient and effective utilization of public funds while mitigating the occurrence of errors and theft.

GENERAL PRINCIPLES

To fulfill its purpose, the Town's Fiscal Management Policy promotes the following principles and objectives will be embraced by all employees:

- **Segregation** – limiting any one person's role in processing and recording the receipt and disbursement of any funds.
- **Risk Abatement** – controlling the Town's exposure to financial risk; particularly internal and external theft.
- **Documentation** – producing a thorough trail documenting the receipt and disbursement of funds and protecting the integrity of said documentation.
- **Operational Liquidity** - maintaining the ability to quickly and efficiently pay obligations.
- **Coordination** – ensuring that cash management goals are integrated with objectives and goals of all Town operations.
- **Stewardship** – operating the Town's finances in an ethical and transparent manner to enhance public confidence.

GENERAL INTERNAL CONTROLS

The integrity of fiscal activities depends on the application of self-imposed internal controls which maintain accountability. Therefore, the Town will adhere to the following guidelines:

- All Transactions will be documented so that an audit trail exists.
- All Transactions will be recorded promptly
- Documents related to fund transactions will be safeguarded against tampering, or unauthorized disposal.
- Accessibility to cash and other means of disbursement will be strictly controlled and minimized to the greatest feasible extent.
- All funds will be kept on hand in the smallest feasible amounts and for the shortest feasible amount of time.

NOTE ON THE SEGREGATION OF DUTIES

This Fiscal Management Policy establishes specific practices regarding the receipt and disbursement of funds and is based on the Town Hall being staffed with three employees: the Billing Clerk, Town Manager, and Accountant (or similar titular variation). However, the Town Hall will not always be fully staffed because of business engagements, sickness, etc. Whenever Town Hall is not fully staffed, duties should be segregated to the greatest feasible degree. This may include having employees retro-actively certify or sign off on tasks undertaken or documents produced in their absence.

UTILITY PAYMENT COLLECTIONS

The receipt of utility payments is the area of the Town's operations through which the most cash is received and, because of the transaction volume, is the most prone to error and theft. Accordingly, the following steps will be taken:

- Payments will be accepted between 8:30AM and 5:00PM on all normal workdays and through the Town's PO Box.
- Payments made via ACH will be initiated by the Billing Clerk on the 15th of each month and will later be confirmed and recorded by the Accountant.
- Each payment received will be handled as a separate transaction.
- Payments will be collected by the Billing Clerk, if the Billing Clerk is temporarily unavailable, the Town Manager or Accountant may collect payments. When the Billing Clerk returns, they must confirm and account for all payments taken by other personnel.
- Any cash bills 20 dollars and larger will be checked for counterfeiting before being accepted as payment.

- At 5:00PM the Billing Clerk will produce a transaction journal for the day and submit the collected cash, collected checks, all corresponding receipts, and copies of all received checks, to the Accountant to be counted.
- The Accountant will match the collected cash and checks with the transaction journal, and prepare a deposit.
- If at any point in time, the amount of cash in the collection drawer exceeds 1000 dollars, excess cash will be held in the vault to await deposit at the regular deposit interval.

RECEIPT OF REVENUES

- Received funds will be safeguarded from theft and damage until deposited.
- The function of physically depositing funds will be segregated from the function of posting and accounting for deposited funds whenever possible. Generally the Town Manager will deposit funds and the Accountant will post and account for deposits.
- Deposits will be separated based on their fund and revenue type to ease tracking efforts.
- All cash and checks received will be deposited mid-day on the day following its receipt. Cash and checks received on a Friday, prior to a holiday, or prior to an unexpected closure of Town Hall, will be deposited the day of receipt or when normal business resumes.
(*exception below*)
- Small checks from the same revenue source may be collected for up to five business days and deposited together provided the checks total less than 500 dollars.
- If cash at Town Hall exceeds 3000 dollars at any point in time, a deposit will be made immediately to safeguard the money from theft.
- When Police resources are available, an armed escort will be used to deposit cash in excess of 1000 dollars or if a cash deposit is being made after dark.

DISBURSEMENT OF FUNDS

- Staff will routinely examine procurement procedures in order to ensure the ethical and responsible use of funds.
- Vendors will be routinely researched to ensure that the Town is paying competitive prices for goods and services while maintaining emphasis on the quality of goods and services received.
- All invoices, bills, requests for disbursement, etc. will be approved, in accordance with the Budget Ordinance, prior to the generation of any checks or the disbursement on any funds.
- The act of approving disbursements will be segregated from the act of producing checks, posting checks, posting disbursements, and otherwise accounting for the expenditure of funds.

- The act of signing checks, purchasing items, or otherwise disbursing funds will be segregated from the act of producing checks and from the act of posting and accounting for the expenditure of funds.
- All checks will require at least two signatures from parties approved by the Board of Commissioners.
- The means with which to disburse funds such as cash, purchase cards, blank checks, etc. will be physically safeguarded from tampering, theft, and damage.

TRANSFERS OF FUNDS

- The transfer of funds will only be made in accordance with the Budget Ordinance.
- The act of authorizing and executing the transfer of funds will be segregated from the act of posting and accounting for the transfer of funds.

CASH ON HAND

- The Town will keep 150 dollars on hand at all times. 100 dollars will be maintained for the purpose of conducting utility collection transactions and 50 dollars of petty cash will be maintained for incidental expenditures. These funds will not be comingled.
- After several petty cash transactions, an invoice will be paid by the Town to the Town for the amount spent to replenish the petty cash.
- Petty cash will not be used to circumvent proscribed procurement procedures.

POSTING TO GENERAL LEDGER AND BANK RECONCILIATION

- The act of posting transactions to the general ledger and accounting for transactions will be segregated from the actual act of conducting transactions such as making purchases, depositing funds, etc.
- Transactions will be posted to the general ledger within 60 days of having taken place.
- Bank reconciliations will be conducted within 30 days of the receipt of all bank statements.