

RESOLUTION NO. 2016-6-20

RESOLUTION ADOPTING INTERNAL CONTROLS POLICY

WHEREAS, the City of Clarksburg is required by Tennessee Code Annotated §9-8-102 to adopt an internal controls policy to provide reasonable assurances that obligations and costs are in compliance with applicable law, that assets are safeguarded and that revenues and expenditures are properly recorded and accounted for; and

WHEREAS, the City of Clarksburg wishes to comply with state law, improve the reliability of its financial reporting, increase operational efficiency and safeguard the assets of the City.


NOW, THEREFORE, BE IT RESOLVED by the Mayor and Board of Aldermen of the City of Clarksburg that the Internal Controls Policy attached hereto and incorporated herein by reference be adopted.

DATED, this 20th day of June, 2016.



Jamie Peterson, Mayor

ATTEST:



Leigh Grice, City Recorder



Michael U. King, Town Attorney (As to Form)

CITY OF CLARKSBURG, TENNESSEE
INTERNAL CONTROLS POLICY

I. INTRODUCTION

Pursuant to T.C.A. §9-8-102, the City of Clarksburg has established this internal controls policy to provide reasonable assurances that obligations and costs are in compliance with applicable law, that assets are safeguarded and that revenues and expenditures are properly recorded and accounted for. All City Officers and Employees shall be subject to the requirements of this policy. This policy may be amended from time to time by the City Council of the City of Clarksburg.

II. OBJECTIVES

The City of Clarksburg, its employees and officers, shall strive to meet the following objectives:

1. Compliance with City Ordinances, Resolutions and Policies;
2. Compliance with all applicable State and Federal laws;
3. Improve the process of reporting and accounting for revenues and expenditures;
4. Improve the reliability of internal and external financial and non-financial data;
5. Improve the operational effectiveness and efficiency; and
6. Safeguard funds, property and other assets against waste, loss, unauthorized use, or misappropriation;

III. INTERNAL FINANCIAL CONTROLS

1. RECEIPTS AND DEPOSITS OF FUNDS

The clerk shall be responsible for opening all incoming mail and stamping "For Deposit Only" on all checks immediately upon receipt. This employee should also prepare a list of checks or payments and calculate the total amount of all funds received. In addition, any checks received without payment stubs, shall be receipted in duplicate. The Clerk receiving a payment shall accurately post the amount of the payment to the City's electronic journal with a proper identification of the nature of the payment.

Any time custody of money changes from one employee to another the money should be counted by both. A pre-numbered receipt or other document recording the count should be prepared and signed by both employees indicating concurrence with the amount transferred. This document should be retained by the individual turning the money over.

All deposits of cash, checks or other payments should be posted to the City's cash receipts journal by the City Recorder. The City Recorder shall be responsible for making deposits and all collections must be deposited no later than three (3) working days after initial

receipt. Deposit receipts are to be retained and matched against cash receipts journal and electronic journal reports.

2. CHECK WRITING AND DISBURSEMENTS

All persons with authority to write and sign checks on behalf of the City shall be approved by resolution of the governing body of the City.

Two (2) authorized signatures are required for all checks. Before signing checks, each signator should review the supporting documentation (such as vendor invoices, purchase authorizations, etc.) to verify that the expenditure is legitimate before the check is signed.

All debit/credit card statements should be reviewed by multiple persons, including by individuals independent of those who are authorized to use such cards, to ensure the legitimacy of the charges. All persons using City debit or credit cards shall be specifically authorized to do so by Resolution of the governing body and shall comply with the City's credit card use policy. Bank statements are to be reconciled against the invoices and local government report to verify the accuracy of each disbursement.

3. PETTY CASH

The City does not maintain petty cash. All funds shall be disbursed by check approved in the manner set out herein.

4. PURCHASING

- A. Purchases in excess of \$10,000.00 shall be submitted for publicly advertised bids in compliance with the City Charter and Ordinances. The City Council shall approve the winning bid by majority vote at a public meeting.
- B. The vendor, contractor or seller should provide an invoice for the goods or services to be purchased.
- C. The City Recorder will generate a check requiring 2 signatures for payment of the invoice. The Mayor will verify and approve the invoice prior to signing the check.
- D. A copy of the invoice and check stub is retained for all purchases. All checks are to be entered into the City electronic bookkeeping system.
- E. The Employees are to provide a copy of the invoice to the City Recorder for payment and designate the line item within the department's budget that the payment is to be drawn against.

5. ANNUAL MANAGEMENT ASSESSMENT OF RISK

Each year, the City shall review its internal control policy and determine whether the objectives of the policy are being met. In doing so, the Mayor, Aldermen, City Recorder and Employees should focus on the following:

- A. Accountability for meeting program objectives;
- B. Promoting efficiency and effectiveness;
- C. Improving reliability of financial statements;
- D. Strengthening compliance with laws, regulations, rules, contracts, and grant agreements; and
- E. Reducing the risk of financial or other asset losses due to fraud, waste, and abuse.

6. PAYROLL

The Mayor shall submit a payroll card to the City Recorder for each employee under his/her supervision. The Mayor and the employee shall verify and initial each card approving the time indicated.

The City Recorder will enter the time into the City's electronic computer system. The City Recorder will verify that all withholdings are correct and that the checks generated are accurate.

Benefits withheld shall be indicated in the appropriate line item within the City's computer payroll records. On a monthly basis, all payroll reports shall be balanced, including withholdings, to ensure all such withholdings have been paid and to verify the accuracy of any such withholdings.

IV. SAFEGUARDING ASSETS

The City Recorder shall reconcile each line item on the City's monthly bank statement against the transaction report for the month. Additionally, all investment accounts shall be reconciled and any interest shall be posted as revenue to the City's bookkeeping system.

The Mayor and City Recorder shall be tasked to provide an inventory of all capital assets. This list shall be periodically checked, at least once per year, to include those assets purchased and to remove assets that were used, sold, destroyed or discarded. The inventory of capital assets shall be reviewed and any additions or subtractions from the list shall be verified by the City Recorder and Mayor. Once verified, the List of Capital Assets shall be submitted to the Mayor and Board of Aldermen for approval, including a list of items added or removed.

V. TRAINING

The City will provide necessary training to address the items discussed herein. Specifically, the City will ensure that officials and employees involved in the handling of public funds are adequately trained. The City will provide a copy of the internal control policy to any employee who is responsible for safeguarding public funds and the public trust.

VI. VIOLATIONS

Any violation of this policy observed by City Employees or Officers shall be reported to the City Recorder and/or the Mayor. Any employees found to have violated this policy may be disciplined up to and including termination.