

# Town Internal Control Financial Policy

Effective Date: June 2, 2025

Approved by: Town Commission Resolution No. 06-2025-001

## I. Purpose

To establish internal control procedures that ensure accountability, financial integrity, and compliance with legal requirements, while being practical for a small Town with limited staff.

## II. Scope

Applies to all departments and employees involved in handling or overseeing financial activities of the Town.

## III. Guiding Principles

1. **Transparency:** Clear documentation and open records.
2. **Accountability:** Defined roles, even when shared.
3. **Risk Mitigation:** Alternative checks when segregation is not possible.
4. **Adaptability:** Procedures tailored to Town size and staffing constraints.

## IV. Responsibilities

Role	Responsibility
Town Commission	Approves policies, budgets, and reviews reports.
Town Clerk	Manages daily financial operations and recordkeeping.
Town Manager	Supervises staff and provides oversight.
External Accountant or Auditor	Provides periodic independent review annually.

## V. Key Internal Controls

## **A. Cash Receipts and Deposits**

- All cash and checks must be logged with pre-numbered receipts.
- Deposits made at least weekly.
- Deposit slips and bank receipts reviewed periodically the Mayor or Commissioner by someone not involved in deposits.

## **B. Disbursements and Check Writing**

- Two signatures required on checks.
- If the Clerk prepares the check, the Mayor or a Commissioner must approve the invoice and sign.
- Blank checks are locked securely.

## **C. Payroll**

- Timesheets signed by employee and supervisor.
- Payroll reports reviewed by the Mayor or designated Commission member before disbursement.
- Any payroll rate changes require Commission approval and documentation.

## **D. Purchasing**

- All purchases over \$5000 require pre-approval by the Commission (this was approved on ??).
- All invoices must be attached to a purchase order or documented with approval.
- Maintain a list of approved vendors and contracts.

## **E. Bank Reconciliation**

- Performed monthly by the Clerk.
- Reviewed and signed off by someone not involved in transaction processing.

## **F. Budget Monitoring**

- Monthly budget vs. actual reports prepared.
- Presented to and reviewed by Town Commission during the City Secretary reporting on the agenda.
- Variances explained and documented.

## **G. Audits and Reviews**

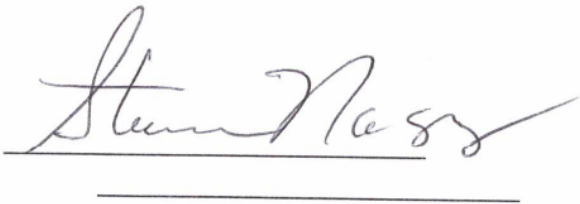
- Annual financial statement prepared and, if possible, reviewed by an independent CPA or state auditor.
- Annual audits are required by a independent auditor.

## VI. Fraud Prevention and Ethics

- All employees must avoid conflicts of interest.
- Any suspicion of fraud or irregularities must be reported to the Mayor or Commission immediately.
- Anonymous reporting mechanism (e.g., locked suggestion box or third-party hotline) encouraged.

## VII. Policy Review

This policy will be reviewed as needed to reflect changes in operations or staffing.



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Mayor Steve Nagy

6/2/2025

Date



Town Secretary Sheri Ordner