



TOWN OF PUTNEY  
INTERNAL CONTROL AND  
FINANCIAL MANAGEMENT  
PROCEDURES


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### DECLARATION

The procedures have been reviewed and approved by the Town of Putney Selectboard. The Finance Director agrees that the following procedures are necessary to insure proper internal controls and functioning of the finances. The following procedures will be reviewed annually following the completion of the fiscal year audit and will be updated as necessary to ensure the Accounting Procedures continue to meet the organizational needs.

Selectboard Chairperson:   
Aileen Chute, Chair

Selectboard Vice-Chairperson:   
Peg Alden, Vice Chair

Selectboard Clerk:   
Charles Raubcheck, Clerk

Selectboard Member:   
Eric McGowan, Member

Selectboard Member:   
Nate Snell, Member

## FINANCIAL OFFICE PROCEDURES

The Finance Director, Treasurer, Assistant Treasurer manage all financial procedures including Accounts Receivable, Accounts Payable, Payroll and reconciliation of the General Ledger and bank accounts.

The Finance Director conducts bank transfers as presented by the Treasurer with a journal entry request. The Treasurer prepares and makes deposits, and completes general journal entries as needed. The Assistant Treasurer completes monthly bank reconciliations. The Finance Director approves bank reconciliations, journal entries and deposits as presented by the Treasurer.

### FINANCIAL STATEMENTS

The Finance Director will prepare financial reports on a quarterly basis for review by the Selectboard to ensure effective and transparent financial management.

### ACCOUNTS

Checking Accounts- Checks are to be signed by the Treasurer or the Assistant Treasurer in the absence of the Treasurer. A signature card shall be on file with the banking institution.

Investments- If/When the Town of Putney has investment funds, the signatories on the accounts would be the Finance Director and the Treasurer.

Current investment accounts:

White Whitney- Edward Jones  
Cemetery Commission- Edward Jones  
Edwald Fund Trust- M&T Bank

### DEPOSITS

Unless otherwise instructed, all deposits will be made to the appropriate accounts. The process used for deposits is as follows:

- When a check is received it is restrictively endorsed for deposit only.
- The Treasurer, and/or Assistant Treasurer, records the check in the cash receipts module.
- If a deposit cannot be made the same day checks and cash are received, the checks/cash are kept in the safe until deposited.
- Cash Receipt report and General Ledger report of deposit are attached to all back up pertaining to the checks/cash received.
- After taking deposit to the bank, the deposit slip is attached to the deposit reports and given to the Finance Director for review and signature.

## PAYABLES/INVOICES

All bills are reviewed by the Treasurer and distributed to the various department heads for approval and account coding. The invoices are returned to the Treasurer for processing.

### Processing of Payables:

- Invoices are coded with account numbers and approval signatures by the department managers.
- Vendor invoices are entered into the Accounts Payable module by the Treasurer.
- An accounts payable report is presented along with the invoices to the Finance Director for final approval.
- Checks are then generated by the accounting program and printed by the Treasurer.
- A check warrant is presented to the Selectboard at the bi-weekly meeting for review and approval.
- After approval, checks are signed and mailed by the Assistant Treasurer in the absence of the Assistant Treasurer, the Treasurer will sign checks.
- The Treasurer files the invoices with check stub attached in the vendor files.
- Signed Accounts Payable warrants are kept in the appropriate file for review when/if necessary until audit is complete.

## EXPENSES/REIMBURSEMENTS

### For Staff Expenses/Reimbursements the Following Procedures Apply:

- Expense forms and supporting receipts are submitted by the employees and presented to the Finance Director for review, approval and dated signature.
- Travel claims must be reasonable, allowable and directly related to a specific project or job function, training or meeting.
- Air travel, out of town accommodations, car rental, associated dues, training and equipment purchases, require pre-approval by the department budget manager.
- Mileage reimbursement and per diem rates will be set at the currently approved federal standard from the Internal Revenue Service.
- Reimbursement for expenses are processed with the next payroll.

## PAYROLL PROCESSING

### Employees Are Paid Bi-Weekly:

- Department Managers collect and approve employee timesheets and submit to the Treasurer.
- The Treasurer collects timesheets and prepares them for the payroll processor by noting vacation, sick time, reimbursements or other important information. This is then approved by the Finance Director. Once approved the information is sent to the payroll processor for completion.
- All reports are saved on the USER drive under FINANCE DIRECTOR-STEARN'S SERVICES LLC. The Assistant Treasurer prints the WEEKLY COVERSHEET and compares it to timesheets for accuracy. After review the AFTER CALCULATION report is printed and compared to the WEEKLY COVERSHEET. After review this is sent to the Finance Director for final approval and signature.
- The Treasurer prints payroll checks and prepares the direct deposit report and file for transmitting to the bank.
- Stearn's Services prepares and saves all necessary reports including the payroll warrant to the USER drive on the server.
- The Treasurer prints all necessary reports and payroll warrant for the Selectboard to approve at the bi-weekly meeting. Payroll checks are printed by the Treasurer and direct deposits are submitted to the bank system for approval.
- The Finance Director logs in to the banking system and approves the direct deposits for payment by Wednesday for that Friday. Checks are signed and mailed/distributed by the Assistant Treasurer or Treasurer (in the Assistant Treasurer's absence) upon approval of the warrant.
- Payroll warrants are filed in the appropriate files for review when/if necessary.
- Payroll tax documents including 941's and quarterly reports to the State, as well as retirement contributions reports are prepared by the payroll processor. The Treasurer or the Assistant Treasurer sign and mail quarterly 941's.
- At the end of each calendar year, payroll tax documents (W2's and 1099's) are prepared by the Treasurer and submitted to the IRS and State, as required.
- The Treasurer distributes employee tax documents within time periods defined by law. Copies of W2's and 1099's are retained in the files for the appropriate tax year.

### New Hire Procedure (Administrative Assistant Role):

- Federal and State forms are filed out, information is entered in the payroll recording system and filed in individual employee files.
- The employee signs a copy of the Personnel Policy acknowledging receipt and understanding.
- New employee completes benefit enrollment forms and the Administrative Assistant enrolls employee in sponsored insurance benefits programs and the Assistant Treasurer sets these benefits up in the payroll system and VMERS.

### Termination Of Employment Procedure (Administrative Assistant Role)

- Payroll program is updated with appropriate date of termination as well as referenced in the employee's personnel file.
- Vacation time remaining is paid out with next payroll run.
- VMERS (retirement) is notified of termination date for employee.

## PROCUREMENT GUIDELINES

In order to obtain quality goods and services at the lowest cost to the town, the following guidelines will be followed. The Finance Director/Town Manager should be notified of any planned purchases over \$2,500.

- Procurement of goods and services under \$5,000: Sound business practices (calls to trusted suppliers, review of catalogues, website, etc.)
- Procurement of goods and services \$5,000-\$10,000: Solicit three estimates, verbal or written (log all requests for pricing, including non-responsive vendors)
- Procurement of goods and services (including construction) \$10,000- \$25,000: Solicit sealed bids, due at a specific time and place. Post requests for bids at Town Hall.
- Procurement for goods and services (including construction) expected to exceed \$25,000: Sealed written bids, due at a specific time and place, to be opened and publicly announced. Advertised in a paper of local circulation at least seven days before bid due date.
- Disposal of surplus town property: Board or committee having jurisdiction must vote to declare property surplus: first refusal to any other municipal board or committee.
  1. Items under \$2,500: By sound business practices (newspaper ad, sign, etc.)
  2. Items over \$2,500: Newspaper ad or other public notice, and sealed bids.

## INTERNAL CONTROL POLICIES

The Treasurer and Assistant Treasurer have sole authority to sign checks. The Finance Director/Town Manager and/or Selectboard have sole authority to sign contracts for the Town. The Finance Director, in conjunction with the Treasurer, is responsible for maintaining a system of financial, accounting and administrative controls which are designed to provide the Selectboard with assurances that the organization's assets are safeguarded from unauthorized use or disposition.

### SECURITY OF FINANCIAL DATA:

- Bank transactions made by the Treasurer pass through a two-step authorization process. First the payment of collection is processed by the Treasurer under a computer specific bank log in. It is then approved by the Finance Director under the same kind of computer specific bank account log in.
- Personnel documents are kept in a locked file drawer in a fire safe cabinet in the Town Manager's office.
- Private financial information regarding enrollment in direct debit of taxes and/or utilities is kept in the safe.
- Digital files are saved on password-protected computers.

### CONTRACT AND GRANT APPLICATION APPROVAL:

- All contracts and grant applications will be reviewed and approved by the Finance Director or Selectboard. Department Managers are involved in the grant application processing with the approval of the Finance Director.

### INVOICES AND PAYMENTS:

- It is the policy of the Town of Putney that any expenditure payment shall be pre-approved by Department Manager and Finance Director.
- All Check disbursements will require invoices and signatures of budget managers.
- All check and payment requests must have the appropriate supporting documentation.

### CONTROL OVER CASH AND CHECKS:

- The Treasurer, Town Clerk, and Library have petty cash boxes with small amounts of cash. Each is responsible for the cash in those boxes. Receipts for expenses are required for replenishment and approval for expenditure. Monthly reconciliation of each cash box is required for accuracy.
- Mail is stamped with date stamp. Checks are entered into the cash receipts module and stamped with deposit only. If cash is received the individual is given a system generated receipt. All cash and check deposits are held in the fire proof locked safe until taken to the bank.

### CREDIT CARD POLICY:

- Department Managers are issued a credit card for convenience, for purchase of supplies, gasoline and online orders and subscriptions.
- Use of a Town of Putney credit card is a privilege and can be revoked at any time for misuse.
- Personal purchases shall not be made using the Town of Putney credit card.
- No cash advances will be permitted.

### EQUIPMENT/ASSET INVENTORY:

- When assets for the Town are purchased, it shall be entered into the Asset Management Program by the Treasurer.
- Copies of asset receipts and any other pertinent information will be kept in the assets file labeled with asset number and name.
- It is the policy of the Town of Putney that assets, costing in excess of \$5,000 individually will be capitalized and depreciated in accordance with the accounting rules related to depreciation.
  1. +5,000: Machinery and Equipment
  2. +\$15,000: Building improvements and vehicles
  3. +\$25,000: Land, land improvements, buildings and infrastructure
- The Asset Inventory list will be included in the annual financial audit.



## RECORD RETENTION POLICIES

This is general list of document retention and is not limited to these documents. The State of Vermont Archives and Records Administration retention requirements should be reviewed before destroying records.

### PERMANENT ARCHIVE:

The following documents will be retained permanently. They will be archived upon reaching obsolescence, expiration, supersession, completion or closure:

- Accountant Audit Reports
- Bills of Sale
- Legal matters with decisions/correspondence
- Minutes and bylaws
- Tax records
- Act 250 files
- Town Report

### 2 YEAR RETENTION:

The following documents will be retained for 2 years following obsolescence, expiration, supersession, completion or closure. After which time they will be destroyed, unless otherwise noted.

- Correspondence (substantive administration value)
- Expired Insurance Policies
- Bank Reconciliation
- Deposit Records
- Invoices
- Payroll
- Tax Bills
- 941
- W-2 and W-4
- WHT-434
- WHT-436
- Unemployment report

### LIMITED RETENTION:

The following documents, following obsolescence, expiration, supersession, completion or closure. After which time they will be destroyed, unless otherwise noted. For financials, usually after the audit period plus 1 year.

- Correspondence (day to day and general)
- Financial reports
- Timesheets

For a more complete guideline as provided by the State of Vermont General Records Retention go to

<https://sos.vermont.gov/vsara/manage/retention-disposition/general-record-schedules/>