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| Collections (General/ACH) |

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| Objectives | Risks |
| Collections are complete, timely and accurate. | Deposited in compliance with the 3 day deposit law; Deposits made intact |
| Collections are safeguarded. | Theft |
| Collections are recorded accurately and in a timely manner in the accounting system. | Are receipts assigned appropriate revenue codes? Are receipts assigned to appropriate funds? |
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| |  | | --- | | Policies | | To receipt all revenues to the appropriate fund and revenue code. | | To receipt all monies in compliance with the state statutes and intact. | | Prenumbered receipts will be issued for all collections | | Two people will be involved in the receipting process | | Each person involved in the receipting process will have their own cash drawer | | All collections are recorded in the G/L Daily | | |  | | --- | | Procedures (Do’s and Don’ts) | | A receipt written; date the receipt appropriately, appropriately described or sourced by revenue code, amount, form, restrictively endorse all checks, support documentation numbers if available, | | Employee #1 and Employee #2 exchange cash drawers and check out; Preparation of daily deposit; Employee #1 takes deposit to the bank | |  | |  | |  | |  | |

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| Segregation of Duties Considerations | | | |
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| Collections (Property Taxes, Utility Collections) |

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| Objectives | Risks |
| Tax receivables are accurate and recorded in a timely manner. | Lost revenue; theft; I & P for customers |
| Tax collections are reconciled to tax records. | Lost revenue; Adjustments from the Tax Assessor not handled appropriately |
| Utility collections are reconciled to utility billing. | Material difference between subsidiary and general ledger; lost revenue, potential theft |
| Late penalties are properly calculated and recorded. |  |
| Court collections are done in accordance with Administrative Office of Courts. | Lost revenue; signature stamps unknown to city hall |
| All legal requirements regarding utility/property tax transactions are met. |  |

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| |  | | --- | | Policies | | Same day processing/depositing | | Monthly reconciliations of utility collections/receivables | | Monthly reconciliations of property tax collections/receivables | | Delinquent utility notifications processed every 30 days | | Property tax notifications of delinquency mailed out several times a year | |  | | |  | | --- | | Procedures (Do’s and Don’ts) | | Collections as discussed previously | | Depositing as previously discussed | | Reconciliation performed by Employee #1 on the property tax collections | | Reconciliations performed by Employee #2 on the utility collections | |  | |  | |

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| Segregation of Duties Considerations | | | |
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| Disbursements/Drafts |

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| Objectives | Risks |
| Disbursements are for a valid city purpose and necessary. | Broken law – expenditures must be appropriated |
| Disbursements are timely. | Owing late fees and penalties |
| Disbursements are accurately coded and recorded in the accounting system. | Improper reporting in the financial statements; inaccurate reporting for the governing body – monthly budget vs actual |
| Disbursements are legally appropriated. | Possible loss of city funds; inappropriate disbursement, theft malfeasance |
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| |  | | --- | | Policies | | A/P paid out every Tues and Fri | | More than one person reviews the check writing process | | Dual signatures on checks…signature stamps NO; signature plates YES | | A second employee will review the disbursement process for accuracy in coding to the G/L | | A purchase order system in place | | All vendor checks are mailed. | | |  | | --- | | Procedures (Do’s and Don’ts) | | Employee #1 completes a check writing request; Employee #2 will approve a purchase order for entrance to the system; Employee #3 will verify the expenditure account code as appropriate | | Management #1 will sign the check after reviewing the invoice for accuracy | | Reconciliation and review of the accounts payable liability accounts to a subsidiary listing of A/P | | Employee #1 always mails checks for vendor payments | |  | |  | |

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| Segregation of Duties Considerations | | | | |
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| Safeguarding Assets |

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| Objectives | Risks |
| Ensure city assets are properly valued and protected. | Misuse or loss of assets – not just capital assets – checking accounts, investment accounts, etc |
| Ensure cash, accounts receivable and other asset accounts are reconciled. | Payback of grant funds |
| Ensure city assets are protected against loss, misappropriation or theft. |  |
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| |  | | --- | | Policies | | Reconcile all bank and investment accounts on a monthly basis within 15 days of receipt of a bank statement | | All subsidiary ledgers are reconciled to original billings and amounts collected | | Bank accounts are appropriately collateralized | | All bank accounts are held in the city’s name | | All withdrawals require two signatures | | No reconciling items will be carried forward more than 60 days | | |  | | --- | | Procedures (Do’s and Don’ts) | | Employee #1 reconciles bank statements within 15 days of receipt of statement. Employee #1 is NOT involved in the receipting and depositing process | | Bank statements reconciliations are reviewed by a person in management monthly | |  | |  | |  | |  | |

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| Segregation of Duties Considerations | | | |
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| Reconciliation of Accounts |

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| Objectives | Risks |
| Ensure that petty cash is secure and properly accounted for. |  |
| Ensure that all bank accounts are recorded and reconciled. |  |
| Ensure that change funds are secure and properly account for. |  |
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| |  | | --- | | Policies | |  | |  | |  | |  | |  | |  | | |  | | --- | | Procedures (Do’s and Don’ts) | |  | |  | |  | |  | |  | |  | |

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| Segregation of Duties Considerations | | | |
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| Control of Investments |

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| Objectives | Risks |
| Ensure investments are safe and in accordance with adopted investment policy. |  |
| Ensure that investments are authorized, provide for maximum returns with minimum risks. |  |
| Ensure investments comply with legal requirements. |  |
| Insure investments are recorded accurately. |  |

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| |  | | --- | | Policies | |  | |  | |  | |  | |  | |  | | |  | | --- | | Procedures (Do’s and Don’ts) | |  | |  | |  | |  | |  | |  | |

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| Segregation of Duties Considerations | | | |
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| Capital Assets/Inventories |

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| Objectives | Risks |
| Ensure inventory items are available when needed. |  |
| Ensure inventory is necessary and reasonable. |  |
| Ensure assets are adequately safeguarded. |  |
| Ensure all capital assets and inventories are properly recorded. |  |

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| |  | | --- | | Policies | |  | |  | |  | |  | |  | |  | | |  | | --- | | Procedures (Do’s and Don’ts) | |  | |  | |  | |  | |  | |  | |

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| Segregation of Duties Considerations | | | |
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| Debt Management |

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| Objectives | Risks |
| Ensure that state and federal regulations are understood and followed in regard to issuance of debt. | Debt issuances not in compliance with state law |
| Ensure that all grant regulations are understood and followed in regard to issuance of debt. | Violations of the policies of the OSLF |
| Ensure that note disclosures in the financial statements contain all required elements. | Additional effort with the annual budgetary practices |
|  | Potential for defaulting on principal and interest payments |

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| |  | | --- | | Policies | | All debt issuances are made in compliance with state law | | All “transfers” examined to make sure they do NOT meet qualifications as debt because they will be illegal if they do | | All debt issuances will only be made after approval of the city council | |  | |  | |  | | |  | | --- | | Procedures (Do’s and Don’ts) | |  | |  | |  | |  | |  | |  | |

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| Segregation of Duties Considerations | | | |
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| Grant Management |

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| Objectives | Risks |
| Ensure that all grant requirements are met. | Grant requirements may have changed – READ grant application |
| Ensure that all grant transactions are properly recorded. | The finance department is not made aware of the grant transactions |
| Ensure that matching funds are available and approved. |  |
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| |  | | --- | | Policies | | EVERY department must notify the finance department when an application is submitted and awarded. | | ALL grants with matching requirements MUST be approved by the mayor and council prior to submission of the application | | Once awarded, a detailed budget will be prepared outlining the grant | | Grant management responsibilities will be assigned to an appropriate employee – EVERY grant | |  | |  | | |  | | --- | | Procedures (Do’s and Don’ts) | |  | |  | |  | |  | |  | |  | |

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| |  | | --- | | Policies | |  | |  | |  | |  | |  | |  | | |  | | --- | | Procedures (Do’s and Don’ts) | |  | |  | |  | |  | |  | |  | |

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| Segregation of Duties Considerations | | | |
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