

Town of Mercer
INTERNAL CONTROL POLICY FOR THE SAFE GUARDING OF MUNICIPAL FUNDS

The purpose of this policy is to establish effective cash collection, deposit and disbursement procedures to maximize cash availability. The importance of internal controls is that they provide checks and balances for handling financial transactions in the Town Office. This policy sets forth the guidelines to be used for receiving and safeguarding cash.

CASH COLLECTION:

At the counter, acceptable forms of payment are cash, checks, debit and credit cards. Over the telephone, both debit and credit card transactions are authorized for payment of property taxes and registrations: vehicles, trailers, boats, ATV's and snowmobiles (as long as registrant has submitted all information necessary to complete the registration in advance of the transaction). Amended 5/11/2023

OVER THE COUNTER RECEIPTS:

All over the counter transactions such as motor vehicle registrations, boat registrations, snowmobile registrations, ATV registrations, hunting and fishing licenses, all marriage, birth, death and burial fees, plumbing fees, dog licenses, state and federal monies, etc. require a physical receipt (computer printed or hand generated) to be given to the customer.

The clerk will start with a \$100.00 drawer at the beginning of each day. At the end of the day the clerk will run a teller's report to show how many transactions and how much money they have processed. Clerks will attach to the tellers report an adding machine tape verifying the total cash and checks received that day, with the date and teller's initials written on it. The preferred cash up method is to count the cash in their drawer, subtract the \$100.00 starting amount, and verify the result to the total cash amount per the teller's report. Funds are then placed in the deposit bag for the treasurer who shall give the tax collector/clerk a receipt for all funds collected that day.

If a clerk's cash drawer does not tally with the teller's report, he or she should first try to figure out where they're off. If the clerk is unable to find the error, then the Treasurer should be notified for resolution. If cash is deemed to be either short or over, an entry shall be made to cash receipting to adjust for the overage or shortage.

The Treasurer will reconcile all monies received with the cash receipts report. Where ever possible, the Treasurer's designee shall prepare the daily deposit. The Treasurer will make the bank deposits at least once a week.

The goal is to have two different employees counting the daily deposits to promote the safe guarding of funds.

INCOMING MAIL/ACCOUNTS PAYABLE PROCESSING:

All checks received from the mail shall be forwarded to the Tax Collector or his/her designee for processing. The most common receipts from the mail are payments for taxes and state revenue sharing checks.

Invoices are given to the Treasurer for processing. The Treasurer or his/her designee will code invoices to include the vendor number and account number for which the charge is credited against. Once coded, invoices are data entered and a warrant preview will be processed. All invoices and the warrant preview will be given to the Treasurer or Select Board to ensure accuracy of the amounts and the charging to expense accounts. The Treasurer will make the warrant preview available to the Select Board prior to a Select Board meeting. Once the warrant preview is approved, checks are processed and the final warrant is signed by the Select Board. All checks will be signed by the Treasurer or other authorized bank signer.

PAYROLL:

Payroll is processed bi-weekly by the Treasurer. All time cards must be submitted by Monday of payroll week. After processing payroll, warrants will be given to the Select Board for review and approval. The following day, the Treasurer will distribute the payroll checks to the appropriate parties or put them in the mail.

PETTY CASH:

Petty cash has been established for small necessary purchases. It is also be used to break down large bills for clerks who need to make change. The Treasurer will reconcile petty cash monthly.

BANK RECONCILIATIONS:

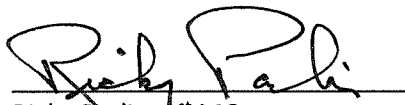
Bank reconciliations will be performed monthly by the Treasurer or his/her designee. The reconciliations will be reviewed and initialed by the Select Board. Any discrepancies should be investigated and rectified by the Treasurer.

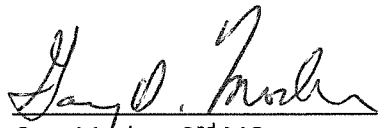
MONTHLY GENERAL LEDGER RECONCILIATIONS:


All tax receivable accounts will be reconciled monthly by the Treasurer and by the Tax Collector. Any discrepancies should be investigated and rectified by the Treasurer and Tax Collector.

Adopted on May 27, 2021; amended on May 11, 2023.

By Mercer Select Board:


Ricky Parlin, 1st MO


Gary Mosher, 2nd MO


Mary Burr, 3rd MO