

THE VILLAGE OF COLLEGE CORNER
INTERNAL CONTROL POLICIES and PROCEDURES

Goals

The Village of College Corner has set forth the following internal control procedures to ensure compliance with all applicable laws and regulations. Internal control means a process, affected by an entity's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations
- Segregation of Duties.

Effectiveness and efficiency of operations:

Controls within the Village organization are meant to encourage efficient and effective use of its resources, including personnel, to optimize the Village's goals. Good internal controls should also provide for a more streamlined operational system. Unnecessary duplication of effort or inefficient processing of work can be detected by a good internal control system. Physical assets of an entity can be stolen, misused, or accidentally destroyed unless they are protected by adequate controls. The same is true with other assets, such as cash, accounts receivable, records, tax scrolls, journals, and other important documents. Safeguarding information stored electronically has also become increasingly important. The subsequent increase in electronic transactions and electronic access will require increased security for electronic information resources.

Reliability of financial reporting:

The Fiscal Officer of the Village is responsible for preparing financial statements. Information concerning the operations and financial condition of the unit must be accurate to be useful.

Compliance with applicable laws and regulations:

For units of local government, a good system of internal controls should identify applicable laws and regulations and provide reasonable assurance that the local government complies with those laws and regulations. These include laws, other general statutes, and grant agreements applicable to local units of government.

Segregation of Duties:

Adequate segregation of duties reduces the opportunities for someone to be able to both commit and hide errors or irregularities in their duties. This is achieved by dividing the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets between staff members.

Internal controls in small units of government, like the Village of College Corner, presents a problem in that there are not enough fiscal management staff members to segregate duties while performing day-to-day tasks. Recognizing this limitation, the Village strives to take the necessary precautions to protect its assets.

Internal Control in the Accounting System

- The Village maintains an accounting system issued by the State of Ohio Auditor's Office commonly known as UAN.
- The Village operates on a Regulatory Cash Basis.
- The Fiscal Officer provides a monthly expenditure report and fund status report to the Mayor and Council.
- All fund accounts are kept up-to-date and balanced.
- The Fiscal Officer receives all cash and/or checks, records those transactions in UAN, and prepares the bank deposit.
- The Fiscal Officer handles all mail and distributes accordingly.
- Bank deposits are made as necessary.
- Bank statements are received from the bank monthly and are reconciled by the Fiscal Officer.
- A bi-annual audit is performed by the State of Ohio Auditor's Office.
- Offsite backups of the electronic files and data are performed daily.

Internal Control Procedures – General and Statutory

- The Village of College Corner develops and approves an annual budget according to state law. The budget shows in detail the revenues and expenditures to fund the operations of the Village.
- All minutes of the governing body are approved by the Village Council and become permanent records of the Village.
- All employees who handle public money or have access to inventories are bonded under a blanket bond.
- Records, filings, retention, and disposal policies are compliant with Public Records Law.
- All supplemental and reallocation appropriations are performed by the Fiscal Officer as necessary.
- A complete schedule of insurance coverage and limits are maintained showing expiration dates, premiums, co-insurance clauses and other essential information. The Fiscal Officer maintains all insurance schedules and reviews them periodically with the Mayor, Village Administrator and Department Heads.

Internal Control Procedures for Tax Collections

All taxes are levied within statutory limitations and for the purposes permitted by the County Auditor.

- Tax receipts are recorded as received and posted to the appropriate fund account.
- Expenditures are controlled using the budget ordinance. All expenditures have a sufficient budgeted revenue or available fund balance to cover the expenditures.
- All budget appropriations in the current year are recorded in the appropriate expenditure account.
- All expenditures are charged against an appropriation account.
- All adjustments are fully documented.
- The Department Heads approve all invoices before payment is made
- The Fiscal Officer prepares all check disbursements.
- The Mayor and Fiscal Officer are signers of the disbursement checks.
- Pre-numbered checks are used for all cash disbursements.

- Voided checks are marked “VOID” across the face of the check so that no one can use them. Voided checks are maintained on file in numerical order with other canceled checks.
- Blank checks are never signed in advance.
- Check signers review documentation supporting the disbursements prior to signing the checks.
- Prior to making disbursements to a vendor, the Village requires the necessary IRS Form W-9 information.
- The Village Council must approve all requests for travel reimbursement for an employee along with supporting documentation.

Internal Control Procedures Specific to Payroll Disbursements

- An individual seeking employment with the Village will complete an application and/or resume~ which will be kept on file with the Fiscal Officer.
- All positions will have a job description outlining the responsibilities along with the following:
 - Hiring authorization.
 - All salary amounts approved by the Village Council.
 - Hours authorized to work.
 - Federal and State withholding forms.
 - Retirement deduction information.
 - Authorization for all other payroll deductions.
- Any changes to an employee’s status should be supported by the appropriate documentation in the employee’s personnel file.
- Payroll checks are handled like other cash disbursements except that a time sheet or card signed by the employee and approved by the Mayor, Village Administrator, or Department Head will be supporting documentation for disbursement.
- Payroll checks for employees are processed by the Fiscal Officer.
- Payroll checks are signed by the Mayor or Fiscal Officer.

The Village maintains Personnel Policies and Handbook.

Internal Control Procedures for Purchasing

- Purchases \$750 or less are not required to submit competitive price quotes.
- The Village’s Department Heads are authorized to purchase small items \$750 or less. Department Heads must submit an invoice or receipt to the Fiscal Officer to request payment.
- All purchases more than \$750 must be made with the use of a purchase order and/or requisition issued by the Fiscal Officer.
- The Village Council shall review all purchases.
- The Fiscal Officer maintains sufficient funds in the Village’s checking account to meet current liabilities.