

Town of Clayton



Comprehensive Financial Policy

Adopted January 9, 2013
Revised June 13, 2018

TRANSMITTAL

Submitted herewith is a Comprehensive Financial Policy Document, which incorporates and replaces any financial management policies previously adopted by the Town of Clayton.

These policies should be adopted by the Town Board. When necessary, they should be updated to reflect changes in law or generally accepted accounting principles. These policies may also be updated to enhance the implementation of sound financial practices, in response to changes and events that may affect the Town's financial well-being.

The Town of Clayton believes that the financial policies contained in this document represent the best practices of governmental financial management. Adhering to these policies will help to ensure that we maximize our revenues, minimize our expenditures, preserve the safety of our public funds, and maintain a strong position in the financial community.

The adoption of this Comprehensive Financial Policy Document confirms the Town's commitment to responsible financial management.

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INTERNAL CONTROLS POLICY

The purpose of the Town of Clayton's internal control policy is to establish proper procedures and to safeguard the Town of Clayton's assets. This policy applies to all assets whether they are monetary or physical.

The Town Board, Town Supervisor, Department Heads, and others appointed by the Town Board and its officials must use resources efficiently. By optimal use of those resources placed under our control, and effective management of the resources, the Town can achieve its goals, ensure compliance with all applicable laws and regulations and ensure reliability in financial reporting. Ultimately, the Town must report to the taxpayers who provide the financial resources.

The essential elements of an effective internal control structure include environment, accounting system, and control policies and procedures. Controls can be preventive in nature, detective, automated and manual. The Town's internal controls need to be defined, managed, measurable, repeatable, and ongoing. The Town's controls should be designed to remove as many elements from the fraud triangle (consisting of three conditions generally present when fraud occurs: Incentive/Pressure, Opportunity, and Attitude/ Rationalizations) as reasonable. All controls need to be reviewed periodically.

ROLES:

Town Board: Set the standards for the control environment; maintain ultimate accountability for internal controls and for risk management town-wide; and support the Town's control and risk management activities.

Department Heads: Are directly responsible and accountable for the operations of their department; are responsible for the effectiveness of internal controls and how they relate to the Town's objectives; shall periodically assess risks and the control environment; develop and implement action plans for improvement.

Town Supervisor/Chief Fiscal Officer: Monitors the financial implications of management decisions; provides financial management and guidance in the design of controls; establishes, executes, and monitors internal controls; provides support for risk and control assessment activities; monitors risk exposure and makes recommendations for improvement; validates adequacy and effectiveness of controls; challenges and validates management's control environment assertions.

All of the above roles are considered to be "Management" for the purpose of this Internal Control Policy.

DEFINITIONS:

Fraud Triangle Consists of opportunity, motivation/pressure and rationalization. These are the same factors to consider when looking to prevent fraud.

<i>Deficiency</i>	Exists when the design or operation of a control does not allow management in the normal course of performing assigned functions to prevent or detect misstatement on a timely basis.
<i>Stakeholders</i>	Citizens, customers and taxpayers
<i>Causes of Fraud</i>	Financial stress, addiction, disaffection, pathologies, and opportunity can all be causes for people to commit fraud.
<i>Cost of Fraud</i>	Fraud is expensive not only monetarily but it causes a loss of confidence in the unit, loss of reputation of innocent third parties and cost the perpetrator.
<i>Types of Fraud</i>	There are many types of fraud but some of the common ones include kiting, lapping, bid rigging, payroll fraud, healthcare beneficiary fraud, false claims, double payments, charge-off and disposal fraud.

ELEMENTS:

The essential elements of an effective internal control structure include environment, accounting system, and control policies and procedures. Controls can be preventive in nature, detective, automated and manual. The Town's internal controls need to be defined, managed, measurable, repeatable, and ongoing. The Town's controls should be designed to remove as many elements from the fraud triangle as reasonable. All controls need to be reviewed periodically.

CONTROL ENVIRONMENT:

The control environment is the atmosphere in which people conduct their activities and carry out their control responsibilities. An effective control environment is an environment where competent people understand their responsibilities, the limits to their authority, and are knowledgeable, mindful, and committed to doing what is right and doing it the right way. They are committed to following an organization's policies and procedures and its ethical and behavioral standards. The control environment encompasses technical competence and ethical commitment; it is an intangible factor that is essential to effective internal control.

A governing board and management enhance an organization's control environment when they establish and effectively communicate written policies and procedures, a code of ethics, and standards of conduct. This requires the Town to have a rational and well-defined organizational structure with employee's assigned specific powers and responsibilities for which they are accountable. The assignment of authority and responsibility must be clearly communicated and documented along with clear reporting lines.

It is important for the Town to avoid situations where "everyone is responsible" but "no one is responsible" The Organization needs to have sound personnel policies and practices with well-defined job descriptions and appropriate job qualifications. This can help to ensure that employees are competent for their assigned tasks. Applicants

should be screened with background and reference checks before a job offer is extended. Depending on the position, a driving and credit report may need to be checked. All employees should receive a periodic evaluation and documentation of employee performance along with corrective action if needed. The Town needs to ensure that employee skills remain up-to-date by providing continual training and evaluation. Equal treatment of all employees regardless of position or title is a necessity. The Town will create and maintain a culture of honesty integrity and ethics.

Moreover, a governing board and management enhance the control environment when they behave in an ethical manner-creating a positive "tone at the top"—and when they require that same standard of conduct from everyone in the organization.

RISK ASSESSMENT, IDENTIFYING POTENTIAL RISKS AND COMPENSATING CONTROLS:

After the Town Board and the Town Supervisor have established objectives, the Town's Management Team can identify risks to achieving those objectives, evaluate risks-likelihood and magnitude, prioritize the risks and design control activities to mitigate them. Management should consider the possible risks or exposures. The first would be to recognize the risks that currently exist or that have occurred in the past. Management needs to be complete and remember the rights and obligations of the stakeholders that are allocating the resources to the Town.

It is important that the Town align process-level risks with town-level risks. The risk assessment should be on-going and modified as changes occur in the operating environment. In identifying compensating controls, Management should consider who can authorize a transaction or event and is there a proper recording system and are the proper records being maintained. Additionally, Management must consider the security of assets and records. Is there proper segregation of incompatible duties such as the authorization of a transaction, proper record keeping and who has custody of the assets? Additionally, all processes should be evaluated for inherent risks and potential fraud, whether unintentional or through intentional error.

HIGHER RISK TRANSACTION TYPES:

Below are some types of transactions that **may** pose higher risks:

- Petty cash (if high volumes are processed)
- Assets with Alternative Uses
- Cash Receipts
- Consultant Payments and Other Payments for Services
- Travel Expenditures
- Payments to Non-Vendors
- Equipment Delivered Directly to Department
- Purchase Exemptions (sole source)
- Payroll (rates, changes, terminations)
- Equipment
- Equipment Moved Off-Location
- Software Licensing Issues
- Intellectual Property
- Confidential Information

Grants (meeting terms, not overspending)

These are transaction types that deserve a conscious risk review.

TYPES OF CONTROL:

There are various types of controls that can be implemented. These include detective controls where the Town uncovers problems after the fact or the Town can implement preventative controls where we attempt to stop problems from occurring in the first place. Additional controls can be manual where we consider the competence, experience and diligence of the persons performing the tasks or controls can be automatic through the use of information technology. Controls should also be quantitative and qualitative. These controls would include volume of activity, complexity of activities and exposure to losses.

CONTROL POLICIES AND PROCEDURES TO IMPLEMENT :

- Identify critical processes and establish objectives for those processes.
- Identify risks to achieve objectives and evaluate the likelihood and magnitude of the risks. Consider quantitative and qualitative factors.
- Prioritize the risks and design control activities to mitigate them.
- All transactions must be properly authorized.
- Incompatible duties are segregated. Ideally no one individual should be able to perform record and authorize the transaction.
- The custody of the asset resulting from the transaction needs to be ensured.
- Accounting records and documentation are properly designed and maintained. The persons performing a transaction should not be entering the transactions in the Town's ledger. Periodic backups should be made and the Town's disaster recovery plan should be updated annually at a minimum.
- Access to both assets and records is controlled.
- Accounting data are periodically compared with underlying items they represent. At a minimum there should be periodic reconciliation of ledger accounts to include verifications and analytical review.

These policies and procedures should be in writing stating which individuals have authority to authorize each different type of transaction. The policies and procedures should include documentation of how transactions and events are processed. A narrative "memo" describing how various transactions and events are processed along with who is performing each step of the process should be written. Additionally, the documentation should include what is involved in each step of the process being

performed. Authorization should be obtained in advance and in writing and documentation of authorization should be maintained for later inspection.

SPECIFIC INTERNAL CONTROLS

ACCOUNTS PAYABLE

The Town of Clayton shall follow the Accounts Payables controls as identified below.

AUTHORIZED PERSONNEL:

The Town Supervisor, Finance Officer, Executive Assistant to the Supervisor, Town Clerk, Deputy Town Clerk, Highway Clerk, and others as appointed by the Town Board, shall be authorized to process accounts payable into the Financial Management System for the Town of Clayton.

PROCESSING INVOICES:

The Highway Clerk shall input invoices and supporting documentation related to the Highway Department and the Recreation Park Department into the FMS, once they have been matched and it has been confirmed that all necessary documentation has been received. These invoices and supporting documentation shall be scanned into the FMS. If all documents are not received, the Highway Clerk shall contact the appropriate Department Head and the invoice will not be processed until the necessary documentation is received. The Highway Clerk will turn over invoices and supporting documentation to the Town Clerk for processing by the Friday prior to the week of the Board meeting. The Town Clerk shall follow the same process as outlined for the Highway Clerk for all other accounts payable received for the Town. The Town Clerk will then make certain that all invoices are entered into the FMS; that they are coded; that the invoices and supporting documentation are scanned into the FMS; and that vendors are entered/updated. Any vendor updates will be referred to the Finance Officer for processing.

The office initially receiving the vendor bills can do much to expedite the auditing process and, if necessary, can return documents for proper completion or compliance. Some procedural checks that shall be completed in order to facilitate the final audit and subsequent payments are:

Prove the mathematical accuracy of all computations. This should include verification of extensions and additions and the recalculation of any discount.

Determine that the charges are not duplicates of items already paid; in this respect, recollection of a previous claim from the same vendor with similar charges should prompt further investigation.

Compare the claim with the receiving copy of the purchase order, if a purchase order was used.

See that the claim is properly itemized. A simple rule to remember on itemization is that the claim must contain sufficient detailed information to permit a satisfactory audit by a person who is entirely unfamiliar with the transaction.

Claims for supplies or materials should show such information as the weight or quantity, size, grade, unit price and total, as well as any other data appropriate to the commodity purchased. Claims for multiple deliveries of similar items, such as gasoline or fuel oil, should be supported by delivery slips or tickets signed and verified by the person accepting delivery. These delivery slips or tickets should identify the quantity and/or volume of the commodities actually received, and the equipment, storage, or building into which each delivery was made. If the claim is for personal services based upon the number of hours worked as opposed to a fixed contract price, the claim should indicate the date, number of hours and agreed upon hourly rate.

Claims submitted by an official or employee for reimbursement of expenses should indicate the reason for the travel or expense and the authorization for incurring it. The claim should be properly itemized and supported with appropriate documentation. Receipts for such items as meals, lodging, public transportation, registration fees, parking charges, and Thruway tolls should be attached. If a per diem rate is used for meals, check to make sure that the amount claimed agrees with the allowable rate. When an individual's personal car is used for travel, the claim should include the dates and points of travel, number of miles, and either actual & necessary expenses or the allowable mileage rate. The allowable rate per mile should be the rate established by resolution of the Town Board.

If required by the Town Board, determine whether the Claim has been certified or verified.

Determine whether the official responsible for originating the claim has approved the voucher. Generally, the official responsible for originating the claim would be the applicable department head or some other authorized personnel.

If the unit is purchasing items or services under a state or county contract, the reviewer should have a copy of the contract and verify that the items, price and the vender per claim agree with the specific contract and that the purchase was made within the contract period. In addition, the contract number should appear on the face of the claim. If the purchase requires written or verbal quotes or bidding per the Town of Clayton Procurement Policy, confirm that the proper documentation is provided with the voucher.

Compare prices indicated to those contained in approved contracts on file.

If a claim represents payment on an installment purchase contract, the reviewer should verify that the payment amount agrees with the installment agreement. In addition, the reviewer should verify that the agreement has not expired and that the payment is still due.

Vouchers will then be printed and supporting documentation will be attached.

ACCOUNTS PAYABLE AUDIT:

The Finance Officer will conduct a pre-audit and review and will approve the accounts payable report after verification of contracts, installment payments, note balances, etc. The audit of claims will ascertain that:

- The claim is in proper form required by the Town Board, and that it:
 - is mathematically correct,
 - meets legal requirements,
 - does not include any charges for taxes from which the local government is exempt,
 - includes any discounts to which the local government is entitled,
 - does not include charges previously claimed and paid, and
 - is in agreement with an attached purchase order, if applicable.
- The proposed payment is for a valid and legal purpose.
- The claim was incurred by an authorized official.
- The goods or commodities for which payment is claimed were in fact received or, if for services, that the services were actually rendered.
- The claim amount does not exceed the available appropriation. This verification function may not be necessary during the audit of claims because checking for available appropriations should be performed during the purchasing function.

It should be noted that a claim may be rejected if any of the above conditions are not met. Where or not a claim may be resubmitted for audit and approval will depend on the nature of the deficiency noted during the audit.

PAYMENTS NOT REQUIRING PRIOR AUDIT:

Generally, claims must be pre-audited and approved for payment by the Town Board. Certain payments may be made without being subject to the auditing process. These payments, generally, were approved through some other appropriate process, or were the result of statutory requirements, existing contractual commitments or some other required obligation. They include the following:

- Fixed salaries for compensation for services of officers or employees regularly engaged at agreed wages by the hour, day, week, month, year or other authorized period.
- Principal or interest on indebtedness.
- Amounts becoming due upon lawful contracts for periods exceeding one year.
- Certain social services payments (Social Services Law, Section 86; Town Law, Section 125(2)).

- Where a local government is a participating employer in one or more of the State's retirement systems and is billed by the State Comptroller for member employees under its jurisdiction, the payment is mandatory and not subject to pre-audit requirements (Opns. State Compt. #66-601).

Employee payrolls, including the employer's share of payroll taxes and other withholdings, should be reviewed and approved through the required process. For the other payments that may be made without prior audit, Town personnel should still perform some reasonable verification of functions to ensure that the resulting payments agree with the Town's actual obligation for these payments.

PAYMENTS ALLOWED IN ADVANCE OF AUDIT:

In many cases, the governing board of a municipality, by resolution, may authorize the payment in advance of audit of claims for public utility services, postage, freight, and express charges. Generally, public utility services is defined by various statutes as including electric, gas, water, sewer and telephone services. For towns, Town Law, Section 118(2) also includes fuel oil as a public utility services. All such claims shall be presented for audit at the next regular board meeting. The claimant and/or the officers or employees incurring these claims that were initially approved may be personally liable if they are subsequently rejected. After approval of these claims presented for post-audit, the minutes or records of the Town Board should reflect the actions taken on the claims. This could be accomplished by preparing a separate abstract for these claims or by separately listing them on the next abstract for items subject to pre-audit.

ACCOUNTS PAYABLE REPORT:

The Finance Officer will send the accounts payable report with vouchers and supporting documentation to the Department Heads for review, approval and signatures on the Monday prior to the Board meeting. All necessary corrections will be made on that day. The Finance Officer will make any necessary corrections until the accounts payable report is approved and initialed by the Supervisor. The Finance Officer will then finalize the accounts payable report and provide it to the Clerk along with the Department Head-verified vouchers and supporting documentation by noon on the Tuesday before the Board meeting.

PREPARATION OF MONTHLY ABSTRACT:

The Town Clerk will prepare the monthly Abstract and have the Abstract and vouchers with supporting documentation available for Town Board inspection by noon on the Tuesday before the Board meeting. The Town Clerk will present this Abstract and vouchers with supporting documentation to the Town Board for review and approval at the first monthly business meeting.

PROCESSING ACCOUNTS PAYABLE PAYMENTS:

Once approved by the Town Board, the Finance Officer reviews bank account balances and prepares/implements necessary banking transfers by the Thursday morning after the Board meeting. The Finance Officer will then process the Abstract and post payments in the FMS and print checks, reviewing to ensure correct vendor name, address & amount. The Town Supervisor will then sign the checks.

FINALIZING ACCOUNTS PAYABLE PAYMENTS:

By the Thursday afternoon after the Board meeting, the Town Supervisor's Office will provide the printed checks and vouchers with supporting documentation to the Town Clerk. The Town Clerk will review the checks and verify that they accurately match the vouchers, enter the check numbers on the vouchers and distribute the checks to the vendors. The Town Clerk will then file the vouchers with the check stubs attached. The Finance Officer will then print an updated accounts payable report to show the aging accounts payable and share it with the appropriate department heads and the Town Supervisor.

RECONCILING ACCOUNTS PAYABLE TO THE GENERAL LEDGER:

On the first business day of each month, the Finance Officer will reconcile accounts payable to the general ledger and produce a budget-to-actual report for the Town Board and Department Heads at the monthly business meeting.

ACCOUNTS RECEIVABLES

The Town of Clayton shall follow the accounts receivable controls identified below.

PURPOSE:

Town Management shall design, implement, and maintain safeguards for cash and deposits. Receipts must be recorded accurately and deposited in a timely manner. Accurate recording includes the posting to the general ledger, the maintenance of petty cash, and the processing of deposits.

AUTHORIZED PERSONNEL:

For internal control purposes, only the following officers, employees, and volunteers are authorized to process funds on behalf of the Town of Clayton: Town Supervisor, Executive Assistant to the Supervisor, Town Clerk, Deputy Town Clerk, and those others as appointed by the Town Board.

SPECIFIC ACCOUNTS RECEIVABLE CONTROLS

HANDLING CASH:

- Cash must be secured at all times, whether locked in the cash drawer or a safe.
- Cash is not counted at the counter in front of customers.
- All Town cash registers and drawers are counted and verified each morning by the employee checking out the drawer. This employee is responsible for their cash drawer throughout the day and is required to keep it secure.
- At the end of every day each cash drawer is counted twice; first by the employee responsible for the cash drawer and second by an employee not primarily responsible for the drawer. Both cash counts are logged onto a

worksheet and reconciled to payments received and the starting cash balance. This worksheet is used as support for the bank deposit.

- No more than \$300 will be maintained in the petty cash drawer.
- All petty cash boxes are secured in a safe or locking cabinet when not in use.
- All petty cash boxes are reconciled monthly by an employee whom has no check preparation duties.

RECEIPT OF FUNDS:

- General funds will be received in the Town Clerk's office via mail, through in-person transactions, or from a turnover from Department Heads. Once received, the Town Clerk's Office shall enter cash transactions and those received from Department Heads and print a receipt (or present a pre-numbered, handwritten receipt). When payments are received on account, the Town Clerk shall match the invoice to the invoice in the Financial Management System (FMS) and check the customer's name and address and the amount of the invoice for accuracy. The payment will then be logged into the FMS daily, with payments posted on a daily basis. If not a full payment, a new statement shall be printed with the amount now due and mailed to the customer.
- Each transaction of monies received will have a receipt. Each receipt should have a unique transaction number, a duplicate copy (carbon copy) and will be recorded in a payment journal in numerical order. Receipts should include all pertinent information, clearly indicating the purpose of the funds. The copy should be clear and will be filed with the municipality's records. If an error is made in writing a receipt or if the receipt must be cancelled, write 'VOID' across the receipt and staple the receipt to the office copy and leave in the receipt book. If the receipt has already been removed from the book, match it up with the corresponding copy in the book, and staple the two together and write 'VOID' across the receipt. In either case, ensure 'VOID' is written on both the receipt and the copy.

CHECK PAYMENTS:

- All payments should be made out to the Town of Clayton. Any changes or corrections should be initialed on the face of the instrument.
- Checks returned due to insufficient funds should be processed the day they are advised or received. The Town will charge at least the minimum cost returning the check.

DEPOSITING FUNDS:

- All funds are deposited into the Town's bank account no later than 3 days after \$250 has been collected (per NYS OSC DLGSA), ideally by an employee not

responsible for opening the mail, processing the payments, or reconciling accounts receivable.

- Deposits will be compared to bank receipts, and the bank statement will be reconciled to the general ledger.
- Deposit reports shall be printed daily and verified for accuracy by the Town Clerk. The deposits shall be posted and filed by the Finance Officer.

CREATION OF INVOICES:

- The Town Supervisor, Finance Officer, and Department Heads will develop and maintain a consistent timeline to bill. The due date from the billing date should be at least 30 days.
- The Finance Officer shall create the invoices for the Depauville Sewer, Arena Signs, Trail Park Permits, TIERS Reimbursement, Village of Clayton Reimbursement, Fire District Reimbursement, Ice Contracts, Event Contracts, etc. based on information provided from the Town Clerk's Office, Highway Clerk and other Department Heads.

ADJUSTMENTS:

- Adjustments to bills or accounts receivable balances must be approved in writing or through the accounting system workflow approval process by the Town Supervisor.

REFUNDS:

- Payments received in error or paid in excess of the invoice total will be refunded (with interest where required by law) to the payer by check or secured bank transferred only. No refund will be made if other invoices are outstanding on the account. A reduction in the ratepayer's account will be applied.

OUTSTANDING BALANCES DUE:

- Accounts with an outstanding balance will be sent a letter or called by telephone if any payment or full payment is not received by the due date. Contact will be attempted at least twice if there is no response from the initial contact. If no contact is made after the account overdue status reaches 90 days, the account will be turned over to the Town Supervisor to pursue collections.

RECONCILIATIONS:

- On a weekly basis, the Supervisor's Office will verify monies were properly recorded by reconciling deposit slips to transaction reports. Monthly, the Supervisor's Office will reconcile deposits to bank statements and the Supervisor's

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Office will make necessary adjustments, review the number of adjustments and rationale, and report this information to the Town Supervisor and Town Board. In addition, an external auditor will reconcile bank statements on a monthly basis.

- The Finance Officer will reconcile ledgers and accounts monthly.

MONITORING:

- The Finance Officer will monitor operations, identify control deficiencies, and recommend an action plan to the Town Supervisor and Town Board.

AUDITS

PURPOSE:

The Town's audit policy shall be designed and maintained to ensure compliance with applicable laws and regulations governing employment.

AUTHORIZED PERSONNEL:

For internal control purposes, only the following officers and Employees are authorized to audit funds on behalf of the Town of Clayton: Town Supervisor, Finance Officer, Executive Assistant to the Supervisor, and any other employee so designated by the Town Supervisor and authorized by the Town Board.

SPECIFIC AUDITING CONTROLS:

The Town of Clayton shall conduct auditing of its financial transactions as identified below.

INTERNAL AUDITING.

Internal auditing shall consist of the following:

- Monthly audit of accounts payable prior to payment;
- Weekly audit of deposits slips to transactions report in accounts receivable;
- Monthly bank reconciliations with bank statements;
- Monthly audit of control accounts;
- Monthly audit of current to previous payroll and hours processed/paid to time sheets in payroll;
- Monthly review of employee eligibility for fringe benefits in payroll;
- Audit of capital project accounting;
- Audit of grant accounting;
- Audit of insurance coverage; and
- Audit of fixed assets.

EXTERNAL AUDITING.

External auditing shall be conducted as follows:

- For the first twelve months of the new financial management software, a monthly audit of accounts payable & receivables processes and control accounts will be conducted;

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- For first twelve months of the new financial management software, a bi-weekly audit of payroll.
- On a monthly basis, bank reconciliations will be conducted.
- Annually, preparation support for the annual AUD report will be provided.

In addition, annually the Town Board engages an independent, qualified and licensed Certified Public Accountant to audit the Town's year-end financial statements in accordance with Governmental Audited Standards issued by the Comptroller General of the United States of America as well as standards provided by the NYS Office of the State Comptroller. As part of Governmental Auditing Standards, the auditor must review and test the Town's internal controls and issue a separate opinion on the Town's internal control. Within six months of the fiscal year end the independent auditor presents the results of the audit and final audited basic financial statements to the Town Board for acceptance.

BANK RECONCILIATION

RECONCILIATION OF BANK ACCOUNTS:

A Reconciliation Report will be completed by the Finance Officer on a monthly basis and shared with the Town Board at the monthly business meeting. The reconciliation will consist of the following steps:

1. Begin reconciliation by recording the book balances and the bank balances.
2. If paper checks are received, arrange paid checks in numerical sequence.
3. Compare paid checks with the list of checks outstanding at the end of the previous month.
4. Prepare a list of checks that have not cleared the bank.
5. Complete the reconciliation. Should the balances differ, follow steps 6 to 9.
6. Determine any charges or credits on the bank statements that have not been entered in the accounting records. A general journal entry may be needed to reflect this activity.
7. Trace deposits from the cash receipts journal to the bank statements. List any deposits not credited by the bank.
8. Compare paid checks with checks issued during the month.
9. If it does not balance, start process from step 1 again.

BUDGETING

The Town's annual operating budget is one of the most important documents the Town prepares because it identifies the services that the Town will provide its citizens and the financing plan for the same. The Town considers the budget as a controlled spending plan for the fiscal year. Furthermore, the Town realizes that the fiscal decisions of one fiscal year can have a multi-year fiscal impact; therefore, the Town considers each annual budget to provide the foundation for the Town's financial health for at least a three-year period going forward.

- The Town Supervisor shall submit to the Town Board an annual proposed operating budget within the time frames and in the format established by NYS law.
- The proposed budget shall be balanced.
- For the annual operating budget, the Town shall fund current expenditures with current revenues. To this end, the Town shall not balance the current budget at the expense of meeting future years' expenditures. Furthermore, the Town shall not use debt to fund current operations.
- The Town Supervisor shall estimate revenues both prudently and realistically; s/he shall estimate revenues of a volatile nature conservatively.
- Where applicable, enterprise funds, such as a Sewer Fund, shall reimburse the General Fund for a proportionate share of administrative costs. The Town Supervisor shall include in his proposed budget the basis for this indirect cost allocation.
- In addition to the proposed annual operating budget, the Town Supervisor shall, at the same time it is recommended that he submits the proposed operating budget, submit to the Town Board a five-year Capital Improvements Plan (CIP). The Town Supervisor shall recommend the appropriate funding source for the first year of the proposed five-year CIP, and it shall constitute the proposed capital budget for the ensuing fiscal year. Years two through five of the CIP are a planning document, and the document itself does not authorize or fund the various projects set forth in years two through five of the CIP.
- The Town Supervisor's proposed annual operating budget shall include proposed staffing levels for the ensuing fiscal year for each department, broken down by FTE, PT and seasonal. At no time shall the number of permanent full-time employees on the Town's payroll exceed the number of positions authorized by the Board through its adoption of the annual operating budget.

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- The Town Supervisor shall integrate operational performance measures into the budget process as appropriate.
- The Town Supervisor shall consider alternatives for improving the efficiency and effectiveness of the Town's programs and the productivity of its employees in preparing the proposed operating budget.
- The Town shall not use the undesignated General Fund Balance to finance current operations except in emergencies.
- At the same time that the Town Supervisor submits to the Town Board his proposed annual operating budget and his proposed five-year capital improvements plan, s/he shall make copies available to the public at the Town Hall.
- The Town Board shall consider and adopt the annual operating budget in accordance with the provisions of the NYS law.
- At the first Board meeting of each month and beginning with the first month of the fiscal year, the Town Supervisor shall give the Town Board monthly reports on the status of revenues and expenditures by major categories for the prior month. In addition, the report shall include an accumulated total of revenues collected and expenditures made thus far for the fiscal year.
- As a matter of internal controls, at the first meeting of each month, the Town Supervisor shall present to the Town Board a summary list of all of the expenditures for the prior month.
- In addition to providing the Town Board the monthly budget reports, the Town Supervisor shall provide the Town Board a quarterly report of revenue and expenditure projections through the end of the fiscal year.
- The Town shall follow an aggressive policy of collecting revenues due to the Town.
- The Town Supervisor shall be responsible to the Town Board for the faithful execution of the budget.

PAYROLL

PURPOSE:

The Town's payroll system shall be designed and maintained to ensure that the proper person and amount are paid, that terminated employees are not paid in error, and that changes to the system are properly authorized. Payroll activity shall be recorded accurately to ensure reliable data for financial reporting. The Town Finance Officer shall design, implement, and maintain safeguards to ensure that all payroll expenditures are recorded properly (proper authorizations, budget adherence, time sheet accuracy, Town personnel policy adherence, etc.) and paid in a timely manner. Additional safeguards shall be in place to ensure that all transactions are accurate and complete.

AUTHORIZED PERSONNEL:

For internal control purposes, only the following officers and employees are authorized to process funds for payroll on behalf of the Town of Clayton: Town Supervisor, Deputy Town Supervisor, Finance Officer, Executive Assistant to the Supervisor, and any other employee so designated by the Town Supervisor and authorized by the Town Board.

SPECIFIC PAYROLL CONTROLS:

- The Finance Officer shall ensure that all pay calculations are accurate and paid to actual employees.
- The Finance Officer shall ensure that employees are not overpaid, that pay is not inflated, and that employees are paid for work performed. All salary increases must be properly authorized.
- All payroll expenditures shall be posted to the correct line item.
- All payroll documentation including time sheets and overtime shall be properly approved prior to payroll preparation and reviewed for accuracy. Payroll checks are handled like other cash disbursements except that a time sheet or card signed by the employee and approved by the appropriate supervisor will be supporting documentation for disbursement.
- Payroll checks for employees are processed by the Finance Officer and checks are written using the information obtained from the Department Heads.
- Payroll checks are signed by the Town Supervisor, or his Deputy in his absence.
- Vendor invoices for benefits will be verified by system calculations.
- All payroll and personnel records shall be properly maintained with proper documentation for approved changes in salaries and wages. Changes in salaries and wages shall be properly documented in personnel files.
- All payroll and personnel records will be secure in the Town Clerk's Office.

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- Payroll calculations will be verified by those authorizing the expenditures.
- The Finance Officer will perform a monthly review of budget to actual expenditures and provide reporting to the Town Council.
- There will be a segregation of incompatible duties ensuring that the allocation of wages and salaries is accurate.

The Town maintains an official Personnel Policy (Employee Handbook) that was last adopted by the Town Board on March 11, 2009, and amended from time to time.

PERSONNEL

PURPOSE:

The Town's personnel related policies shall be designed and maintained to ensure compliance with applicable laws and regulations governing employment. Confidentiality shall be maintained while recognizing applicable public records laws.

AUTHORIZED PERSONNEL:

For internal control purposes, only the following officers and Employees are authorized to process employee files on behalf of the Town of Clayton: Town Supervisor, Finance Officer, Human Resources Officer, Executive Assistant to the Supervisor, Town Clerk, Deputy Town Clerk and any other employee so designated by the Town Supervisor and authorized by the Town Board.

SPECIFIC PERSONNEL CONTROLS:

- The Town of Clayton will maintain an up-to-date Employee Handbook for its employees specifying the conditions under which employment may be obtained, retained, or terminated and the specific conditional compensation and benefits offered to its employees, appointees, and elected officials. This Handbook will take into consideration the relevant Union contract for its bargaining employees. All new employees will receive a copy of the Handbook upon hire and all existing employees will receive updates as they become available.
- An individual seeking employment with the Town will complete an official application which will be kept on file with the Town Clerk. Copies may be kept by Department Heads, understanding that these copies are considered official records and are subpoenaable under the law.
- Job descriptions will be designed with areas of responsibility and authority clearly defined and understood upon hire. All positions will have a job description outlining his/her responsibilities along with the following:
 - Hiring Authorization
 - Salary history
 - All salary amounts are approved by the Town Board
 - Hours authorized to work
 - Federal and State withholding forms.
 - Health Insurance and Retirement deduction information.
 - Authorization for all other payroll deductions.
- Any changes in an employee's status should be supported by the appropriate documentation in the employees' personnel file. The Official Hard Copy of the Personnel Files will be kept in the Town Clerk's Office and an electronic copy shall be stored in the financial management software program. Copies may be kept by Department Heads, understanding that these copies are considered official records and are subpoenaable under the law.

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- All changes to employee status, new hires, retirements, etc. are reported to Jefferson County Human Resources by the Human Resource Officer.
- A background and reference check will be performed on all potential employees along with a driver's license and credit check as necessitated by the position by the Human Resource Officer.
- The Town will only hire qualified applicants who have demonstrated evidence of integrity and ethical behavior.
- The Town shall provide and/or allow employees the opportunity for ongoing and relevant training.
- The Town will take appropriate disciplinary action for deviating from policies.
- The Town will maintain a zero tolerance for unethical or dishonest behavior.
- Equal treatment for all employees regardless of position or title will be maintained.
- All employees will receive an initial six-month and annual performance evaluation to be performed by their immediate supervisor, as identified in the table below.

Position	Immediate Supervisor
Assessor	Town Supervisor
Assessor's Assistant	Assessor
Buildings & Grounds Manager	Town Supervisor
Buildings & Grounds Employees	Buildings & Grounds Manager
Code Enforcement Officer	Town Supervisor
Executive Assistant to the Supervisor	Town Supervisor
Finance and Human Resources Officer	Town Supervisor
Highway Superintendent	Elected
Highway Department Employee	Highway Superintendent
Historian	Town Supervisor
Town Clerk & Tax Collector	Elected
Deputy Clerk & Tax Collector	Town Clerk
Town Justice	Elected
Court Clerk	Town Justice
Zoning Enforcement Officer	Town Supervisor
Town Supervisor	Elected
Town Board	Elected

PURCHASING

AUTHORIZED PERSONNEL:

Department Heads shall be responsible for making purchases for their departments. All Department Heads must follow the Town of Clayton Procurement Policy when making departmental purchases.

SPECIFIC PURCHASING CONTROLS:

- A purchase order for items over \$1,000 must be issued with proper authorizations prior to purchase in accordance with the Town's Procurement Policy. No invoice is paid over \$1,000 without an authorized purchase order, with the exception of reoccurring utility bills which have been previously approved to be pre-paid by the Town Board.
- Initiation bid requirements must be satisfied prior to purchase when applicable.
- Sufficient budget availability must be ascertained prior to purchase. Budget Transfer Requests accompanying purchase orders requests must be approved and posted prior to approval of the Purchase Order.
- Invoices must be approved and signed by the related Department Head before they will be processed for payment.
- All vendor payments must be approved by the Town Board in the form of the Abstract submitted at a regularly scheduled Town Board meeting.
- The requisitioning of supplies and services will be initiated in such a manner as to take advantage of discounts for volume, timing, shipping methods, etc.
- All expenditures shall be reflected in the accounting records within the proper line items.
- The Town Clerk shall verify with Department Heads that goods or services were received and shall compare the invoice, receiving report, and purchase order quantities and price.
- Invoices shall be paid from an original only, **not from a copy or statement**. However, for vendors that provide statements, the statement should be reviewed in order to determine that all open invoices are being paid.
- Pre-printed and numbered accounts payable check stock is stored in a locked cabinet. The Town Supervisor and Finance Officer are authorized to retain custody of the key.
- Checks shall be matched to invoices and purchase orders by the Town Clerk's Office prior to being released, ensuring the correct vendor and dollar amount.

- The use of wire transfers is restricted to regularly scheduled bond payments and bond calls and transfers between Town-approved banks. All wire transfers are made by the Finance Officer and reviewed by the Town Supervisor. Any other use of wire transfers must have prior approval in writing by the Town Supervisor.
- The department head must approve all requests for travel reimbursement for an employee along with supporting documentation. The Town Supervisor and/or Town Board approves all travel requests for department heads.
- Receipts for all credit card purchases made with the Town credit card must be submitted to the Town Clerk's Office prior to payment being issued on the account. A Credit Card Authorization Form must accompany each receipt. *Refer to Credit Card Policy and Procedures.*
- The Finance Officer shall monitor all grant funds to ensure that all purchases and payments are in grant compliance to avoid ineligible expenditures.
- The Finance Officer will monitor all purchases and expenditures and monitor exceptions to policies and procedures.
- The Finance Officer prepares all check disbursements.
- The Town Supervisor, or his Deputy in his absence, must sign all check disbursements. Check signers review documentation supporting the disbursements prior to signing the checks.
- 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 cancelled checks.
- Blank checks are never signed in advance.
- All new vendor requests shall contain the mailing address, contact information, and federal tax identification number. No vendors will be entered in the system without the proper tax information.

CREDIT CARD POLICY AND PROCEDURES: *Adopted 6/13/2018*

The Town credit card is only to be used in the following situations:

- Hotel reservations when the only means of reserving a room is with a credit card;
- Transportation reservations when the only means of reservation is with a credit card;
- Emergencies that are of a public safety issue;
- Purchases that CANNOT be made through any other means.

The credit card is not to be used as a normal means of procurement. It can only be used as a last resort where no other method of payment is acceptable. Due diligence in the proper planning of purchasing must still be applied. If a vendor will invoice the Town or if a check can be issued within the normal abstract process, that method must still be used.

****Only department heads can make purchases with the credit card. Please DO NOT give out the credit card or credit card number to your staff. All purchases must be pre-approved by the Accounts Payable office.** Simply charging something to the credit card without prior approval will result in a loss of privilege of using the credit card.

PROCEDURE

Before Purchase:

1. **All purchases must be pre-approved by the Accounts Payable Office.** Since the credit card bill comes to the A/P office for payment it is important that the amount due can be reconciled with the receipts from the departments.
2. Complete the credit card form with the amount, description, account number, and the signature of the department head. This will serve as the payment request form for paying the credit card bill.
3. Fill out the log. If taking physical possession, you will sign the card out and sign it back in.

After Purchase:

1. Submit the original invoice that shows the item purchased and submit the original credit card receipt. This must be submitted within three days of purchase.
2. A copy of the credit card form will go back to the department for tracking and reconciling purposes.

INTERNAL CONTROLS FOR INFORMATION TECHNOLOGY (IT)

SPECIFIC CONTROLS:

- IT will ensure that the content is appropriate and needed information is available to users.
- IT will ensure that the information is timely and available when requested.
- IT will ensure that information is current and the latest available.
- IT will ensure that information is accessible and easily obtained by appropriate parties.
- IT will ensure that a backup of Town data is made daily and at least one copy is maintained offsite.

CAPITAL ASSETS

This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the capital assets, including infrastructure assets that are to be recorded in Town of Clayton's annual financial statements in order to comply with the requirements of GASB Statement No. 34.

This policy also addresses other considerations for recording and depreciating fixed assets in order to comply with the provisions of GASB Statement No. 34.

CAPITAL ASSET DEFINITION

Capital assets are defined as tangible and intangible assets that benefit more than one fiscal period. Examples include: land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure and various intangible assets.

CAPITALIZATION METHOD

All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost cannot be determined (in the absence of supporting contracts, purchase orders or invoices), assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index. Updated conversion tables can be found at:

<http://oregonstate.edu/cla/polisci/faculty-research/sahr/sahr.htm>. Donated assets should be recorded at their fair market value at the time that they are acquired. The cost of the capital asset should include any of the following:

- Additional expenses necessary to place the acquired asset in its intended location (e.g., freight charges).
- Ancillary fees paid to prepare the asset for its intended use (e.g., installation and site preparation charges).
- Capitalized interest (interest expense incurred during asset construction).

The recorded cost of a capital asset should also include the cost of any subsequent additions or improvements. An addition or improvement either enhances a capital asset's value (effectiveness or efficiency) or extends its useful life. The cost of repairs and certain replacement parts should not be included. Maintenance work and repairs are more routine in nature and intended to keep the asset functioning at its current, expected level. For example, periodically resurfacing a road is considered a repair (the cost is not added to the capital asset cost). An example of a replacement part that would not enhance a capital asset's value is a new exhaust muffler on a car. The new part keeps the car functioning at its current, expected level instead of enhancing its value.

CAPITALIZATION THRESHOLDS

The minimum value of an asset for it to be included in capital asset records is **\$3,000** (revised 2017). In addition, the Town establishes the following minimum capitalization thresholds for capitalizing fixed assets:

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Class	Asset	Life (Yrs)	Capitalization Threshold (\$)
Land	Land and Site Improvements	Inexhaustible	(Any value)
Buildings	Buildings	50	100,000
Buildings	Buildings Improvements	50	50,000
Equipment	Passenger Vehicles w/capacity < 10 persons	3	15,000
Equipment	Computer Hardware and Software	5	1,000
Equipment	Construction Machinery >\$15,000<\$30,000	10	15,000
Equipment	Construction Machinery >=\$30,000	15	30,000
Equipment	Misc. Equipment, Furniture, Furnishings	5	1,000
Improvements	Fences, Walls, Trails, etc.	20	5,000
Improvements	Docks	10	5,000
Improvements	Parks & Playgrounds	20	50,000
Improvements	Swimming Pools	15	50,000
Improvements	Underground Fuel Tanks	15	50,000
Infrastructure	Bridges & Tunnels	50	50,000
Infrastructure	Curbs & Sidewalks	25	50,000
Infrastructure	Drainage	50	20,000
Infrastructure	Parking Lots	25	20,000
Infrastructure	Sewers	50	20,000
Infrastructure	Streets – Primary	17	50,000
Infrastructure	Streets – Secondary	25	20,000
Infrastructure	Traffic Signals and Signs	25	50,000

Detailed records shall be maintained for all fixed assets above the established thresholds.

INFRASTRUCTURE ASSETS

Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significant number of years beyond those of most capital assets. Examples of infrastructure assets are: roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Generally, buildings are not considered infrastructure.

In accordance with GASB Statement 34, the Town records, at a minimum, "major" infrastructure assets as defined in Statement 34 that were acquired, constructed or significantly reconstructed, or that received significant improvements after June 30, 1980. Other infrastructure assets may be capitalized as deemed appropriate. The Town does not use the "modified approach" to record infrastructure.

OTHER ASSETS

There may be certain capital assets whose costs are below the capitalization threshold but are still significant enough to record in the inventory records. Detailed records are maintained at the discretion of the Town Supervisor for all items below the capitalization thresholds that should be safeguarded from loss. These items are part of the annual physical inventory discussed below. These items include computer equipment and other technology that fall below the established thresholds and any other assets authorized by the Town Board.

DEPRECIATION AND USEFUL LIFE

The Town Supervisor will assign an estimated useful life to all assets for the purposes of recording depreciation. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented. Depreciation is recorded based on the straight line method using actual month convention and depreciated down to the assets salvage value.

SAFEGUARDING AND CONTROLLING FIXED ASSETS

All machinery and equipment, vehicles, technology and furniture is assigned an asset number and identified with a fixed asset tag. As fixed assets are purchased or disposed of, the department head in custody of that asset is responsible for preparing a fixed asset data sheet, which is then forwarded to the Supervisor's office to ensure proper recording. A physical inventory will be taken annually on or about June 30 and compared to the physical inventory records. The results are forwarded to the Supervisor's office where appropriate adjustments will be made to the fixed asset records.

RECORDKEEPING

Based on GASB 34 changes, as amended, accounting for fixed assets has changed. The "fixed asset" group of accounts no longer exists; it is now referred to as the "Schedule of Non-Current Governmental Assets" and "fixed assets" are now called "Capital Assets".

A distinction should be made between capital assets of proprietary and fiduciary funds and general capital assets. Capital assets of proprietary and fiduciary funds should be recorded in the applicable funds. All other capital assets are general capital assets (assets for governmental funds) and should be recorded in the Schedule of Non-Current Governmental Assets. DO NOT record general capital assets in the governmental funds.

Based on the fund types above, depreciation should be recorded as follows:

- For Proprietary Funds-depreciation should be recorded in the fund.
- For Fiduciary Funds-depreciation should be recorded in the fund.
- For Governmental Funds- for capital assets acquired by government funds, depreciation should not be recorded as expenditures within the applicable funds. Depreciation should not be shown in fund financial statements.

INVENTORY

The importance of maintaining inventory records does not always receive the time and attention of public officials that it deserves. One result has been that numerous local governments have received qualified opinions on their financial statements by auditors, which could affect their ability to acquire substantial savings in interest costs, if the local government needs to borrow money.

Accounting for fixed assets allows the local government the following valuable management tools:

- Establishes a record of capital assets, enabling the Board to easily determine what assets the local government owns and where they are located.
- Fixes responsibility over assets, improving the care employees exercise over assets and diminishing the number of assets "lost" or stolen.
- Identifies financing sources of assets, providing a record of how each asset was financed. This provides useful information for planning future purchases and how they will be financed.
- Providing the Board with useful supplemental information, including:
 - Replacement cost-knowing an asset's cost may help the Board determine approximate replacement cost. Insurance coverage-knowing the value of assets permits the optimum insurance coverage by eliminating over or under insurance coverage and it serves as proof-of-loss if a claim has to be filed.
 - Maintenance cost-knowing what assets a local government has is beneficial in planning a repair and preventative maintenance schedule and providing for the required budgetary appropriation.
 - Useful life-knowing how long an asset is expected to last helps in planning for future replacements and expansion programs.
 - Capital budget-knowing what assets a local government has is very useful in formulating an overall capital improvement program for acquiring and replacing fixed assets and determining how to finance such purchases.

INITIAL INVENTORY PROCEDURE

The Board will designate a Property Control Manager who will be required to assume responsibility for the development of the initial inventory and the subsequent adherence to policies and procedures.

Taking the inventory involves making a physical inspection or otherwise ascertaining the existence of assets and listing them in some systematic manner. Sufficient information about each asset should be recorded on the property card to identify it. This information should also be inputted into the Financial Management System. After the initial inventory has been completed, additional information such as historical cost and source of funds must be ascertained.

IDENTIFICATION NUMBERS

Each piece of equipment and machinery should be assigned a number to identify it. This can be accomplished by using a metal tag, a decal or by stenciling the identification number to each asset. The identification of the capital assets is necessary for internal control purposes. If the local government can identify a particular capital asset by some other method (serial numbers of computers, VIN or engine numbers on trucks or equipment, complete description for real property, etc.) decaling is not required. Numbers shall be assigned to each property record for filing purposes.

PROPERTY RECORDS

The focal point of capital asset accounting is the individual property record. Each piece of property meeting the criteria for inclusion in the capital asset inventory should be described on a separate card. Generally, there are two types of records, the real property record and the personal property record. These cards are kept by the Property Control Manager. Sufficient information should be provided for each property record, including a description of the item, the make and model, serial number, vendor purchased from, the date, amount and voucher number. Also, the location and the identification number should be indicated. The source of funds and any adjustment to the initial cost should be recorded. Some items, such as chairs, are accounted for on a group basis and a single property record card should be prepared for this purpose.

If part of the cost of an item is financed by a trade-in, the gross amount and not the net expenditure should be shown. When an asset has been disposed of, it should be recorded on the property record and the record should be kept.

The fixed asset property cards will be entered and tracked through the Financial Management Software program. The Property Card is found below, and may vary based on the actual asset class.

DUTIES AND RESPONSIBILITIES

The Town Board has certain responsibilities with respect to capital assets. A Property Control Manager should be designated. This person could and probably will already hold another position with the local government. Departmental Asset Custodians should also be designated. Usually the department heads are designated Departmental Custodians with the provision that they may appoint someone to act for them.

The Property Control Manager has overall responsibility for assets of the local government and for the accuracy and usefulness of the assets records. The Property Control Manager should set the detailed rules and regulations with respect to the fixed assets inventory, subject to the approval of the Board. These rules and regulations should be in writing and distributed to the people who will be involved in the inventory of capital assets to ensure accuracy of detailed records and proper accountability for the assets. The Property Control Manager is also responsible for the design and distribution of the records to be used to record capital assets, and for properly explaining these records to the people who will use them. The original and subsequent inventories are also the responsibility of the Property Control Manager.

The Departmental Custodian submits the proper paperwork to the Property Control Manager, including the following:

- Upon receipt of newly purchased facilities, vehicles, equipment, or the completion of a construction project the Departmental Custodian submits a Property Card to the Property Control Manager's Office, who adds the asset to the Fixed Assets log and includes it on the Town's insurance policy.
- Upon disposal of facilities, vehicles, equipment, etc., the Departmental Custodian submits a Property Card to the Property Control Manager's Office,

who denotes the disposal of the asset on the Fixed Assets log and removes it from the Town's insurance policy.

- Departmental Custodians will annually conduct a physical inventory of their department's fixed assets, no later than June 30th of each fiscal year and will submit this inventory to the Property Manager's Office for comparison to the perpetual inventory.

The Property Control Manager has certain checks and balances to determine the accuracy of the information being received as explained below:

- *Addition to Assets*-Periodic crosschecks of the additions to the assets against expenditure printouts or account cards for the .2 (Equipment and Capital Outlay) object of expenditure and capital project expenditures. In addition, copies of all Board proceedings that affect capital assets should be routinely forwarded to the Property Control Manager and they should be used by that office as a crosscheck against the capital asset additions.
- *Deletion from Assets*-Periodic crosschecks of cash receipts per the accounting records for the sale of property and equipment to information received from the departments. Similar procedures can be used to verify trade-ins or items junked or stolen. In addition, copies of Board proceedings should be used as a crosscheck. Any discrepancies should be investigated to determine which information is accurate and why there is a difference.
- *Overall Controls*-As part of any inventory control system, an annual physical inventory will be conducted by the departmental custodians or their representatives. This inventory shall be completed by June 30th of each fiscal year. The results of these inventories should be provided to the Property Control Manager, who will compare them to the perpetual inventory records.

Periodically, the Property Control Manager will conduct or cause to be conducted a physical inventory of each department. Over a three-year period, physical inventories should be performed for all departments. They should not be scheduled in advance but should be done when and where the Property Control Manager determines that they are necessary. Ideally, these could occur during the annual internal audits for each department.

Any discrepancies between actual and recorded capital assets that are discovered during the physical inventories should be fully investigated and the accounting records adjusted accordingly. Such discrepancies may lead to a review and modification of internal controls.

The Property Control Manager should be continuously updating the Property Records, at least once a month, more often if possible.

FUND BALANCE POLICY

The Town of Clayton (the "Town") has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely and to plan the adequate funding of services desired by the public, including the provision and maintenance of public facilities.

An important indicator of the financial stability of the Town is its unreserved fund balance that represents the unassigned and unencumbered balance of the Town's revenues held in the Town's numerous funds.

The Town hereby establishes a minimum un-reserved Fund Balance Policy (the "Fund Balance Policy") that together with other established Town financial policies will serve to guide the Town's budgeting decisions by providing:

- a target Minimum unreserved Fund Balance (the "Minimum Fund Balance") for the Town's principal funds;
- a specific time frame to attain the Minimum Fund Balance; and
- the permitted uses that by their nature are not expected to occur routinely of the Minimum Fund Balance.

The Town shall:

a) strive to attain and maintain in each of the Funds at fiscal year-end the Minimum Fund Balance of 15% (the "Minimum Fund Balance Percentage") of each of the Funds total adopted budgeted expenditures. The Minimum Fund Balance Percentage represents the Town's best estimate at this time of the financial reserves required to meet unexpected variances. The Minimum Fund Balance exclusive of the operating budget contingency established under e) is reserved for the following uses:

- i. cash flow purposes;
- ii. unknown, unbudgeted, and unpredictable events, such as a catastrophic road failure;
- iii. to provide a reserve to fund calls on the Town's resources by the school district, Jefferson County and un-funded mandates imposed on the Town by higher levels of government; and
- iv. to provide a reserve to meet negative budget variances subject to the procedures set forth in d) below;

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- b) not use the Fund Balance for predictable or recurring expenses until the Minimum Fund Balance has been attained;
- c) refrain from the use of the Minimum Fund Balance to reduce the amount of the real property taxes and/or will use the Minimum Fund Balance for one-time capital or emergency expenditures only if:
 - i. there are surplus balances remaining after all reserve and fund allocations are made; or
 - ii. the Town has made a rational analysis with justifying evidence that it has an adequate level of short and long term resources;
- d) use the Minimum Fund Balance to assist the Town in addressing negative actual budget variances subject to:
 - i. First reducing expenditures or increasing revenues in an amount up to 5% of the Town's annual adopted operating budget expenditures and to request a 5% reduction from all outside contracted vendors and consultants.
 - ii. should the Town require additional resources than the 5% provided by (d) (i) to cure the actual budget deficit the Town can use unreserved fund balance on a dollar match basis for each additional dollar of expenditure reduction or revenue enhancement up to an amount that totals 5% of the Town's annual adopted budget expenditures;
 - iii. should the Town require additional resources than the aggregate 10% provided by d) i) and d) ii) the Town can use the remaining Minimum Fund Balance in its entirety but in an amount not to exceed the amount required to cure the operating deficit;
- e) e) establish, in the operating budget, a contingency appropriation reserve line item, as appropriate, of the principal funds, to:
 - iv. provide for non-recurring unforeseen expenditures of an emergency nature;
 - v. provide orderly budgetary adjustments when revenues do not meet projections;
 - vi. provide the local match for public or private grants that may become available during the fiscal year;
 - vii. meet unexpected increases in service delivery costs; and

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- viii. provide for settlement of pending liabilities and for unexpected payment of accrued vacation and sickness liabilities;
- f) develop a structurally balanced five year forecast using projected recurring revenues and recurring expenses from which to project the establishment of a 15% unreserved fund balance for fiscal years beginning after December 31, 2018;
- g) each year starting with the 2013 budget the Town Board shall strive to allocate a minimum of 2% of annual budgeted expenses with the goal of achieving a 15% fund balance by the year 2018 in all three principal funds.

INVESTMENT POLICY

Originally adopted in 1989, revised August 1999, further revised 2012.

SCOPE:

This investment policy applies to all monies and other financial resources available for investment on its own behalf or on behalf of any other entity or individual.

OBJECTIVES:

The primary objectives of the Town of Clayton investment activities are, in priority order:

- to conform with all applicable federal, state and other legal requirements (legality);
- to adequately safeguard principal (safety);
- to provide sufficient liquidity to meet all operating requirements (liquidity); and
- to obtain a reasonable rate of return (yield).

DELEGATION OF AUTHORITY:

The Town of Clayton Board's responsibility for administration of the investment program is delegated to the Town Supervisor who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investments, transaction dates, and other relevant information and shall regulate the activities of subordinate employees.

PRUDENCE:

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Town Board to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

DIVERSIFICATION:

It is the policy of the Town of Clayton to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

DESIGNATION OF DEPOSITARIES:

The banks and trust companies authorized for the deposit of monies up to the following maximum amounts are:

Depository Name	Max Amount	Officer
Community Bank NA	\$2,000,000	Supervisor, Deputy Supervisor
Watertown Municipal Savings Bank	\$2,000,000	Supervisor, Deputy Supervisor
Key Bank of New York	\$2,000,000	Supervisor, Deputy Supervisor
Citizens Bank of Cape Vincent	\$2,000,000	Supervisor, Deputy Supervisor

COLLATERALIZING OF DEPOSITS:

General Municipal Law § 10 requires governing boards to designate one or more banks or trust companies for the deposit of public funds. This requirement to designate depositories only applies to bank accounts for operating purposes and does not pertain to certificates of deposit or time deposits. In accordance with the provisions of General Municipal Law, § 10, all deposits of the Town of Clayton, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

- By a pledge of "eligible securities" with an aggregate "market value", as provided by General Municipal Law, § 10, equal to the aggregate amount of deposits from the categories designated in Appendix A to this section.
- By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
- By an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

SAFEKEEPING AND COLLATERALIZATION:

Ensuring adequate security for deposits, including certificates of deposit and time deposits authorized by GML § 11 is a primary responsibility of the governmental entity. GML § 10 requires that all public deposits, except those that carry the full faith and

credit guarantee of the United States Government, in excess of the amounts insured under the provisions of the Federal Deposit Insurance Act be secured.

Eligible securities used for collateralizing deposits shall be held by the depository bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure local government deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the local government to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the local government, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Town of Clayton or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

PERMITTED INVESTMENTS:

As authorized by General Municipal Law, §11, the Town of Clayton authorizes the Town Supervisor to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts in or issued by a bank or trust company authorized to do business in New York State;
- Certificates of deposit in or issued by a bank or trust company authorized to do business in New York State;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Obligations issued pursuant to LFL §24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Town of Clayton;

- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments;
- Certificates of Participation (COPs) issued pursuant to GML, §109-b;
- Obligations of this local government, but only with any monies in a reserve fund established pursuant to GML, §6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable or redeemable at the option of the Town of Clayton within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Town of Clayton within two years of the date of purchase

While money market accounts with a bank or trust company are permissible, there is no authorization for local governments to invest in money market mutual funds or unit investment trusts.

AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS:

The Town of Clayton shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town of Clayton. Security dealers not affiliated with a bank shall be required to be classified as primary reporting dealers affiliated with the New York Federal Reserve Bank. The Town Supervisor is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

PURCHASE OF INVESTMENTS:

The Town Supervisor is authorized to contract for the purchase of investments:

- Directly, including through a repurchase agreement, from an authorized trading partner.
- By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board.
- By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the local government, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Town of Clayton by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

REPURCHASE AGREEMENTS:

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
- Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- No substitution of securities will be allowed. The custodian shall be a party other than the trading partner

OTHER APPLICABLE STATUTES:

Electronic or Wire Transfers- General Municipal Law, §5-a, expressly authorizes the use of electronic or wire transfers. Whenever an officer of a local government is authorized or directed pursuant to law to disburse or transfer, on behalf of the local government funds, in the custody of the officer, the officer may make the transfer or disbursement by electronic or wire transfer, provided that the governing board of the local government has entered into a written agreement with the bank or trust company in which its funds are deposited:

- Prescribing the manner in which electronic or wire transfers shall be accomplished;
- Identifying by number and name those accounts from which electronic or wire transfers may be made;

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- Identifying which officer(s) are authorized to order the electronic or wire transfer of funds from those accounts; and
- Implementing a security procedure as defined in §4-A201 of the Uniform Commercial Code.

The bank or trust company processing an electronic or wire transfer must provide written confirmation of each such transaction to the officer ordering such transaction no later than the business day following the day on which the funds are transmitted. Said confirmation shall be kept along with the other financial transaction records for that period. The governing board of the local government is required to adopt a system of internal controls for the documentation and reporting of all electronic or wire transfers or disbursements.

Check Images- General Municipal Law §99-b provides that whenever a local government, or its officers or employees, are required by law to receive, retain or produce for audit or examination canceled checks drawn on accounts of the local government, the governing board may authorize receipt, retention or production of alternative documentation in the form of check images supplied by the payor bank or trust company in lieu of the canceled checks. Any such check images must show both sides of each check and shall be considered the equivalent of original canceled checks for purpose of record keeping and audit requirements. Conforming amendments have been made to Town Law, §29(10), 123 and 177, which previously specifically required the submission of canceled checks in compliance with statutory audit requirements.

SCHEDULE OF ELIGIBLE SECURITIES:

(i) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.

(ii) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.

(iii) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance or guaranty.

(iv) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public money.

(v) Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

(vi) Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

(vii) Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

(viii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.

(ix) Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies.

(x) Commercial paper and bankers' acceptances issued by a bank, other than the Bank, rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of not longer than 60 days from the date they are pledged. (xi) Zero coupon obligations of the United States government marketed as "Treasury strips".

PROCUREMENT POLICY

GUIDELINE 1. Every prospective purchase of goods or services shall be evaluated to determine the applicability of GML , Section 103. Every town officer, board, department head or other personnel with the requisite purchasing authority (hereinafter Purchaser) shall estimate in his or her annual budget the cumulative amount of the items of supply or equipment needed in a given fiscal year, including a canvass of other town departments and past history to determine the likely yearly value of the commodity to be acquired. The information gathered and conclusions reached shall be documented and kept with the file or other documentation supporting the purchase activity.

GUIDELINE 2. Except when directed by the town board, no solicitation of verbal or written proposals or quotations shall be required under the following circumstances:

- a) *Purchases of goods or services under \$1,000:* The time and documentation required to purchase through this policy may be more costly than the item in this type of circumstance and would therefore not be in the best interests of the taxpayer;
- b) *Public Works contracts under \$3,000:* The time and documentation required to purchase through this policy may be more costly than the item in this type of circumstance and would therefore not be in the best interests of the taxpayer.
- c) *Acquisition of professional services:* Professional services or services requiring special or technical skill, training or expertise. The individual or company must be chosen based on accountability, reliability, responsibility, skill, education and training, judgment, integrity and moral worth. These qualifications are not necessarily found in the individual or company that offers the lowest price and the nature of these services are such that they do not readily lend themselves to competitive procurement procedures. In determining whether a service fits into this category, the Town Board shall take into consideration the following guidelines: (a) whether the services are subject to State licensing or testing requirements; (b) whether substantial formal education or training is a necessary prerequisite to the performance of the services; and (c) whether the services require a personal relationship between the individual and municipal officials. Professional or technical services shall include but not be limited to the following: services of attorneys; services of physicians; services of engineers; securing insurance coverage; services of accountants; investment management services; printing services involving extensive writing, editing or art work; management of municipally owned property; and computer software or programming services for customized programs, or services involved in substantial modification and customizing of pre-packaged software;
- d) *Emergencies:* Due to the nature of this exception, these goods or services must be purchased immediately because a delay to seek alternate proposals may threaten the life, health, safety or welfare of the residents. This section does not preclude alternate proposals if time permits;

- e) Sole source situations, properly documented;
- f) Goods purchased from agencies for the blind or severely handicapped;
- g) Goods purchased from correctional facilities;
- h) Goods purchased from another governmental agency;
- i) Goods purchased at auction;
- j) Goods purchased under New York State awarded contracts;
- k) Goods purchased under Jefferson County awarded contracts;
- l) Goods purchased under Town of Clayton approved or awarded contracts;
- m) Services provided under Town of Clayton approved or awarded contracts;
- n) Conference Attendance, Travel and Expenses for attendance at various municipal conferences related to job. if itemized and included in the adopted budget (approved in budget process).

The above a through m, should all be properly documented and reasoning noted on purchase orders, vouchers or both.

GUIDELINE 3. All purchases of **a) supplies or equipment which will exceed \$20,000 in the fiscal year** or **b) public works contracts over \$30,000**, shall be formally bid pursuant to GML.

GUIDELINE 4. All estimated purchases of **goods or services**:

- \$20,000 or greater, sealed bid required.
- \$2,501 to \$19,999 require written/fax quotes from 3 vendors.
\$1,000 to \$2,500 require verbal quotes from 3 vendors.
- Less than \$1,000 are left to discretion of the Purchaser
- ***For any purchase over \$1,000 a purchase order is required; it is to be authorized by the department head and the Director of Finance or Supervisor.***
- All estimated **public works contracts** of:
 - \$35,000 or greater, sealed bid required.
 - \$10,001 to \$34,999 require a written RFP and fax/proposals from 3 contractors.
 - \$3,000 to \$10,000 require a written RFP and fax/proposals from 2 contractors.

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- o Less than \$3,000 are left to the discretion of the Purchaser and Town Board approval.

Any written RFP shall describe the desired goods, quantity and the particulars of delivery. The Purchaser shall compile a list of all vendors from whom written/fax/oral quotes have been requested and the written/fax/oral quotes offered. All information and supporting documentation gathered in complying with the procedures of these Guidelines shall be preserved and filed with the Town's Director of Finance.

Procurements	Verbal Quotes		Written Quotes		RFP	Other
	0	3	2	3		
Purchase Contracts Below \$20,000						
-Under \$1,000	X					
-\$1,000 - \$2,500		X				
-\$2,501 - \$19,999				X		
-\$20,000 or more						Sealed Bid Required
Public Works Contracts Below \$35,000						
-Under \$3,000	X					
-\$3,000 - \$10,000			X		X	
-\$10,001-\$34,999				X	X	
-\$35,000 or more						Sealed Bid Required
Emergencies						*A
Insurance						*A
Professional Services					X	
True Leases				X		
Second-Hand Equipment from Other Governments						*A
Sole Source (i.e.: patented or monopoly item)						*A

*A. The methods of solicitations for these types of procurements may vary depending on the circumstances encountered. The policies and procedures should ensure that the procurement and method of seeking competition is in the best interest of the Town of Clayton.

GUIDELINE 5. The lowest responsible proposal or quote shall be awarded and purchase or public works contract unless the Purchaser prepares a written justification providing reasons why it is in the best interest of the town and its taxpayers to make an award to

other than the low bidder. However, the purchaser may make the award to a vendor who has not made the lowest responsible proposal or quote if that vendor uses recycled material and does not exceed the lowest proposal or quote by more than 5%. If a bidder is not deemed responsible, facts supporting that judgment shall also be documented and filed with the record supporting the procurement.

GUIDELINE 6. A good faith effort shall be made to obtain the required number of proposals or quotations. If the Purchaser is unable to obtain the required number of proposals or quotations, the Purchaser shall document the attempt made at obtaining the proposals. In no event shall the inability to obtain the proposals or quotes be a bar to the procurement.

GUIDELINE 7. It is a policy to encourage the purchase and use of recycled materials and products . When any of the Guidelines of this Procurement Policy require that more than one quote or RFP be obtained, at least one should be for recycled materials or products. To the extent permitted under GML, preference should be given to vendors whose products utilize or contain recycled materials and to contracts that utilize recycled materials in public works contracts.

GUIDELINE 8. It is to encourage the purchase of products from Clayton vendors and to encourage the utilization of local contractors for public works contracts. To the extent permitted under GML, local vendors and local contractors should be utilized.

GUIDELINE 9. *Pursuant to Chapter 402 of the Laws of 2007, effective January 1, 2009, as required under Section 104 of the NYS General Municipal Law, the Town is including the names of the municipal officials responsible for purchasing decisions, as follows:*

- Town Supervisor
- Deputy Town Supervisor
- Finance Officer
- Executive Assistant to the Supervisor
- Town Clerk
- Deputy Town Clerk
- Highway Superintendent
- Deputy Highway Superintendent
- Highway Clerk
- Buildings & Grounds Manager

GUIDELINE 10. *Reimbursement for expenses \$15.00 or less – From time to time a department head or employee attends a town business function or makes a minor purchase for which they lost a receipt, did not receive a receipt or forgot to obtain a receipt. Documentation representing what was paid for, how much was paid for it, that it was for town business, and the signature of the claimant verifying such will be acceptable in lieu of a receipt. The Town reserves the right to reject such claim if claims lacking receipts become more frequent, or if it becomes known that receipts are readily available. Receipts should be attached to claims for reimbursement whenever possible; regardless of the dollar amount.*

GUIDELINE 11. This policy shall be reviewed annually by the Town Board at its organizational meeting or as soon thereafter as is reasonably practicable.

GUIDELINE 12. The unintentional failure to comply fully with the provisions of General Municipal Law, section 103 and/or 104 shall not be grounds to void action taken or give rise to a cause of action against the Town of Clayton or any officer or employee thereof.

Revised: *To increase the statutory limits for goods and services which are not required by law to be publicly bid (Section 3)—December 8, 2010, Resolution #51 of 2010.*

Revised: *To include stipulation that bid notices are sent to Town Board and Town Supervisor upon sending to the newspaper for printing and that bids will be opened on the Monday prior to the regularly scheduled Wednesday Town Board meeting, with a decision being made at that Wednesday meeting (Section 1)—October 12, 2011, Resolution #54 of 2011.*

Revised: *To clarify and incorporate into Consolidated Financial Policy 2012.*

REQUEST FOR VERBAL QUOTATION					
TOWN OF CLAYTON					
DATE:					
ITEM NUMBER:		DEPARTMENT HEAD:			
DESCRIPTION:		QUANTITY:			
VENDOR NAME:	TELEPHONE NUMBER:	UNIT PRICE:	AMOUNT:	LOW QUOTE (CIRCLE)	REASON FOR LOWEST QUOTE NOT CHOSEN
Signature and Title:					

OTHER POLICIES

RECORDS RETENTION & BACKUP

The Town maintains all accounting records on site for a period of two years. Records between three and seven years old are kept in storage. Unless otherwise required by law, records older than seven years are destroyed.

The Town maintains all employee files and payroll records on site for a period of two years. Records older than two years are kept in storage.

Access to files, data, records, and computer access to information on the servers is based on an employee's specific duties and needs. Unauthorized access to data and records is not allowed.

Town computer servers and files should be backed-up nightly. The daily backup tapes should be transported offsite and secured on a daily basis.

COMMUNICATION AND INFORMATION

Accessibility of financial information to all levels of the organization helps to ensure correct and complete recording of financial transactions.

The Town Supervisor, Town Board, Department Heads, and the Finance Officer have access to viewing and reporting within the financial accounting system and are encouraged to review their department's income, expenses, and budget report.

Within 30 days from the end of each fiscal quarter the Finance Officer prepares a financial report including a year to date budget report and balance sheets for each fund. This report is distributed to the Town Supervisor, Department Heads, and Town Board Members.

Questions regarding items within the current financial reports are first directed to the Finance Officer. If questions or concerns continue to exist after being discussed with the Finance Officer they should be directed to the Town Supervisor.

MONITORING OF CONTROLS AND CONTINUOUS IMPROVEMENT

The Supervisor's Office actively monitors activities and follows up on situations or transactions that come to the Town Supervisor that are an anomaly. By backtracking with operating departments on small, possibly insignificant issues, operating department employees realize that the Town operates with tight internal controls.

The Town's Internal Auditor audits, on a continuing basis, various transactions and processes for compliance to the Town's Internal Control Policy and other applicable Town policies and procedures based upon vulnerability assessments.

The Town's Internal Auditor makes findings and recommendations for continuous improvement of internal controls to the Finance Director.

Findings and recommendations may also come from the Town's independent auditor, Department Heads, or other Town staff.

The Town Supervisor reviews all recommendations regarding internal control and, if agreed upon, incorporates the recommendations into the Town's Internal Control Policy subject to Town Board approval.

PERIODIC REVIEW

This Comprehensive Financial Policy Document, and each of the policies contained within, shall be reviewed by the City Council at least annually.

The foregoing Policy is hereby adopted by the Town Board and the Town Supervisor of the Town of Clayton, New York, this ___ day of _____ and is effective as of this date until amended or repealed.