Township of Lower Makefield
Internal Control Memo
December 31, 2020

Names and Positions

Township Manager
Assistant Finance Director
Accountant
Accounts Payable Supervisor
Part Time Accountant

Software:

- Tyler Technologies (Munis) version 11.3. Have had software since 2000
- Payroll software: ADP
- Golf Club – QuickBooks, Point of Sale Credit Card Processor
- Thomas Technologies – Capital Asset Software

Data is backed up to the cloud nightly and all authorized users have their own username and passwords.

Bank Reconciliations:

Bank statements arrive by mail each month and are delivered and opened in the Finance Dept.

KEY CONTROLS FOR BANK RECONCILIATIONS

1. Bank reconciliation are completed monthly by Finance staff and reviewed by the Finance Director
2. Bank reconciliations are reconciled to general ledger monthly.

Petty Cash:

There is roughly $300 in petty cash which is kept in locked drawer in Finance office. When petty cash needs to be replenished, receipts are coded, totaled and put onto check request. The check request form along with the receipts is then reviewed and approved and becomes part of the cash disbursement process.

KEY CONTROLS FOR PETTY CASH

1. Petty cash is kept in a locked safe in the finance office
2. Various staff are involved in disbursing petty cash, as well as in reviewing and approving the issuance of a petty cash reimbursement.

Credit Cards:

The township has four credit cards assigned to four specific Department Heads. Those departments maintain all of credit card receipts for their Department Head to approve and then forward to Accounts Payable in the finance department. These receipts are matched to the monthly credit card statement. Then a check request is prepared and submitted for review and approval to pay by check.

KEY CONTROLS FOR CREDIT CARDS

1. Receipts must be submitted for all credit card transactions and approved by the Department Head
2. An employee, who does not have access to credit cards, reviews the receipts against the statements and prepares the check request

Capital Assets/Depreciation:

Fixed assets schedules are updated at the end of the year. After a review of the capital purchases/equipment accounts, all the fixed asset additions are entered on the Finance fixed asset software program. During the annual audit, if any additional assets were missed, these will also be added to the software. The updated fixed asset schedules as well as depreciation calculations are reviewed and verified by management and external auditors. Department heads should also review and notify Finance when there are changes since they are responsible for the purchases and disposal of fixed assets within their departments.

KEY CONTROLS FOR CAPITAL ASSETS/DEPRECIATION

1. Updates for all fixed asset additions and deletions are entered by Finance personnel and reviewed by management and auditors at year end
2. The individual monitoring fixed assets is different from the individual who initiates the purchasing process.

Receipts, Accounts Receivable and Revenues:

Most Township receipts are in the form of checks, ACH deposits, or credit card. Cash is occasionally collected for permits, parks and rec fees, alarm fees for police. Receipts that are collected within the individual departments at the Township will submit them to the Finance Department, along with a cash deposit summary, as well as the checks and/or cash. This should occur daily or at least several times a week. All receipts are prepared for deposit and then posted to the accounting software program by different staff members.

KEY CONTROLS FOR RECEIPTS, ACCOUNTS RECEIVABLE AND REVENUES

1. Each department collects receipts, prepares summary reports and sends to Finance Department
2. These receipts are reviewed for accuracy deposited, posted and reconciled to the bank statement by different Finance staff personnel.

Cash Disbursements, Accounts Payable and Expenses:

When a disbursement is required, check requests are filled out by an employee. This request will include the employee name, the date, department, reason, amount requested, the vendor to be paid, the expense account number to charge and it should be attached to the invoice, PO or other required documentation. The check request must be approved by the department head and then sent to the finance department. All requests for payments will be reviewed and processed in the Finance department. Checks are prepared twice a month (the 1st and 3rd Mondays). With each check run, a warrant report, and all the checks, along with the backup documentation, will then need to be reviewed, and approved by the Township Manager along with the Board of Supervisors. Checks under $100 will only require one signature from the Twp. Manager. If over $100, a second signature is required from the Treasurer on Board of Supervisors.

KEY CONTROLS FOR CASH DISBURSEMENTS, ACCOUNTS PAYABLE AND EXPENSES

1. There are numerous levels of payment approvals required before checks are prepared.
2. Check requests, invoices, and any other necessary documentation must be approved, signed and be attached with each check prepared
3. Two signatures are required on every check over $100.00. One from the Township manager and one from an elected official.

Financial Reporting

A Treasurer's Financial Report is prepared every month and reviewed by the Township Manager as well as by the Board of Supervisors.

Budgeting

Budgets are prepared in accordance with generally accepted accounting principles. The Budget is presented about a month before the Board of Supervisors will need to approve it. It is posted on line and presented at the public meetings. Once approved, it will be adopted in December.

Net Position and Fund Balance

Board approves committed funds on an annual basis and Township Manager determines assigned fund balances. This is all done through the Budget process. All parties involved are aware of the standards as set forth in GASB 54 and verify the financial statements are presented in accordance with those standards. Finance Manager monitors and informs the Board about fund balance and net asset levels.

Interfund Transfers

Interfund transfers must be approved by the Board. An interfund transfer will be presented along with the monthly Warrant and Treasurer's Reports.

Community Pool

Counterpoint System – Anyone who signs up for the pool (online, mail it in or can do it in person at Pool Department Office). This generates who pays by cash, check or credit card for annual memberships. Must have a membership no daily passes (but guest passes are allowed). Summary for the day along with checks, CC transactions, cash goes to Finance Department (CC will be matched to CC statement at end of month).