

# **ACCOUNTING DEPARTMENT OVERVIEW**

## **Organization**

The accounting department consists of five (5) staff who manage and process financial information for the City of Neodesha. The positions comprising the accounting department of the City of Neodesha (City), and the abbreviations of each position used throughout this manual, are as follows:

- City Clerk (CC)
- Assistant City Clerk (ACC)
- Billing Supervisor (UBS)
- City Collector (COL)
- Accounts Clerk (ACL)

## **Responsibilities**

The primary responsibilities of the accounting department consist of:

- General Ledger
- Budgeting
- Cash and Investment Management
- Asset Management
- Grants and Contracts Administration
- Purchasing
- Accounts Receivable and Billing
- Cash Receipts
- Accounts Payable
- Cash Disbursements
- Payroll and Benefits
- Financial Statement Processing
- External Reporting of Financial Information
- Bank Reconciliation
- Compliance with Government Reporting Requirements
- Annual Audit
- Lease
- Insurance

# **BUSINESS CONDUCT**

## **Practice of Ethical Behavior**

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of the City of Neodesha depend to a very large extent on the following considerations.

Each employee must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where

no existing regulation provides a guideline. It is each employee's responsibility to apply common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with the City of Neodesha policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known with the Organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each employee should be able to answer "yes" to all of these questions before taking action.

Each Director, Manager and supervisor is responsible for the ethical business behavior of his/her subordinates. Directors, Managers and supervisors must weight carefully all courses of action suggested in ethical as well as economic terms, and base their final decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.

### **Compliance with Laws, Regulations and Organization Policies**

The City of Neodesha does not tolerate the willful violation or circumvention of any Federal, State, Local or foreign law by an employee during the course of that person's employment; nor does the City tolerate the disregard or circumvention of the City's policy or engagement in unscrupulous dealings.

Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

Implementation of the provision of this policy is one of the standards by which the performance of all levels of employees will be measured.

### **Disciplinary Action**

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the City or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any Director, Manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

## **FRAUD POLICY**

### **Scope**

This policy applies to any fraud or suspected fraud involving employees, officers or directors, as well as members, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with the City of Neodesha. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relations with the City.

### **Policy**

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the City Clerk or, alternatively, to the City Administrator, who coordinates all investigations.

### **Actions Constituting Fraud**

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act
2. Forgery or alteration of any document or account belonging to the City of Neodesha
3. Forgery or alteration of a check, bank draft, or any other financial document
4. Misappropriation of funds, securities, supplies, equipment, or other assets of the City of Neodesha
5. Impropriety in the handling or reporting of money or financial transactions
6. Disclosing confidential and proprietary information to outside parties
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the City of Neodesha
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
9. Any similar or related irregularity

## **Other Irregularities**

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the departmental management and the City Administrator.

If there is a question as to whether an action constitutes fraud, contact the City Clerk or the City Administrator for guidance.

## **SECURITY**

### **Accounting Department**

A lock will be maintained on the door leading into the City's Accounting Department. This door shall be closed and locked in the evening and whenever the Accounting Department is vacant. The key to this lock will be provided to all accounting personnel, the City Administrator and the Assistant to the City Administrator. The lock will be changed whenever any of these individuals leave the employment of the City.

### **Storage of Back-Up Files**

It is the policy of the City of Neodesha to maintain back-up copies of electronic data files off-site in a secure, fire-protected environment. Access to back-up files shall be limited to individuals authorized by management.

## **RECORD RETENTION**

### **Policy**

It is the policy of the City of Neodesha to retain records as required by law and to destroy them when appropriate. The destruction of records must be approved by the City Clerk and logged into the City's Records Log. The formal records retention policy of the City is as follows:

Accident reports/claims (settled cases)	7 years
Accounts payable ledgers and schedules	7 years
Accounts receivable ledgers and schedules	7 years
Audit reports	Permanently
Bank reconciliations	3 years
Bank statements	3 years
Chart of Accounts	Permanently
Cancelled Checks	7 years
Contracts, mortgages, notes and leases:	
Expired	7 years
Still in effect	Permanently
Correspondence	
General	2 years
Legal and important matters only	Permanently

Routine with customers and/or vendors	2 years
Deeds, mortgages and bills of sales	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	3 years
Employment applications	3 years
Expense analyses/expense distribution schedule	7 years
Financial statements:	
Year end	Permanently
Other	Optional
Garnishments	7 years
General ledgers/year end trial balance	Permanently
Insurance policies (expired)	3 years
Insurance records (policies, claims, etc.)	Permanently
Internal audit reports	3 years +
Internal reports	3 years
Inventories of products, materials and supplies	7 years
Invoices (to customers, from vendors)	7 years
Journals	Permanently
Minute books of directors, bylaws and charters	Permanently
Notes receivable ledgers and schedules	7 years
Payroll records and summaries	7 years
Personnel records (terminated)	7 years
Petty cash vouchers	3 years
Physical inventory tags	3 years
Property records (incl. depreciation schedules)	Permanently
Purchase Orders:	
Purchasing department copy	7 years
Other copies	1 year
Receiving sheets	1 year
Retirement and pension records	Permanently
Requisitions	1 year
Sales records	7 years
Subsidiary ledgers	7 years
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	Permanently
Time sheets/cards	7 years
Trademark registrations and copyrights	Permanently
Training Manuals	Permanently
Voucher register and schedules	7 years
Withholding tax statements	7 years

## **CASH RECEIPTS**

### **Timeliness of Bank Deposits**

It is the policy of the City of Neodesha that utility bank deposits be made on a daily basis. Deposits of miscellaneous cash will be made weekly.

### **Payment Discounts**

To the extent practical, it is the policy of the City of Neodesha to take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

## **CASH DISBURSEMENTS (CHECK-WRITING) POLICIES**

### **Check Preparation**

It is the policy of the City of Neodesha to print vendor checks and expense reimbursement checks on a bi-weekly basis. Checks shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business entertainment policies.
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by vendors.
3. Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services.
4. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks.
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer.
6. Checks shall be utilized in numerical order (unused checks are stored in a locked safe in the accounting department)
7. Checks shall never be made payable to "bearer" or "cash".
8. Checks shall never be signed prior to being prepared.
9. Upon preparation of a check, vendor invoices and other supporting documentation shall immediately be canceled in order to prevent subsequent reuse.
10. Petty cash reimbursement vouchers shall be processed for each Commission Meeting unless the total is less than \$500.00. However, a Petty Cash voucher must be processed at least monthly.

### **Record-Keeping Associated with Independent Contractors**

The Assistant City Clerk shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of

all vendors to whom a Form 1099 is required to be issued at year-end. Payments to such vendors shall be accumulated over the course of a calendar year.