

RESOLUTION 21-11

A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF WHITE HOUSE, TENNESSEE, APPROVING CERTAIN AMENDMENTS AND REVISIONS TO THE INTERNAL CONTROL MANUAL.

WHEREAS, in 2015 and effective June 30, 2016 the Tennessee General Assembly enacted Chapter No. 112 (HB0187/SB0413) which amends *T.C.A. 9-18-102* and required local governments to establish internal controls; and

WHEREAS, the Board of Mayor and Aldermen wishes to provide reasonable assurance that assets are safeguarded against misappropriation and unauthorized use, and that obligations are met timely and all transactions are properly recorded and accounted for, and that accurate and reliable financial reports are prepared; and

WHEREAS, the Board of Mayor and Aldermen passed Resolution 16-07 establishing the Internal Control Manual; and

WHEREAS, the Board of Mayor and Aldermen wish to amend the current Internal Control Manual; and

NOW, THEREFORE, the Board of Mayor and Aldermen of the City of White House do hereby resolve that the Internal Controls Manual is hereby amended by changing and updating the City of White House Internal Controls Manual.

This resolution shall be effective upon passage.

Adopted this 17th day of June 2021.



Michael Arnold, Mayor

ATTEST:



Derek Watson, City Recorder

City of White House



Internal Control Manual

Manual Revised ~~June 19, 2020~~ **June 18, 2021**

Control Activities

Overview

This section is where the detailed procedures will be documented. The objectives, policies and implemented procedures will be described for each of the significant areas identified in the Risk Assessment section.

General Collections/ACHs

Objectives

- a) Collections are complete, timely, and accurate.
- b) Collections are safeguarded.
- c) Collections should be recorded accurately and timely in the accounting system.

Policies

1. A receipt will be issued for each collection made.
2. Each cashier will have their own assigned cash drawer.
3. The cashier signs the cash report at the end of the day and the Accounting Specialist or Assistant Finance Director verifies the cash report and signs before preparing the daily deposit.
4. No checks will be cashed from the cash drawers.
5. All Finance Office cash drawers will be closed out and counted daily.
6. All funds will be deposited daily.
7. Any monies collected outside the Finance Office must be received before ~~4:00 pm~~ **8:00 am** the following business day.
8. There will be no checks or cash left out of a deposit. If there is a question as to how it should be processed, it will be deposited as miscellaneous revenue in the General Fund to be resolved later.
9. All cash drawers are locked when unattended.
10. All Finance Office cash drawers are locked in the vault while offices are closed.
11. Access to the vault is always restricted.
12. Deposit bag is secured until the ~~police officer arrives to escort the Finance associate~~ **armed courier service arrives to pick up the deposit and deliver** to the bank.
13. Cash and checks should never be left unattended in the open.
14. Employees are prohibited from commingling city assets with personal assets.
15. Clerks will use the chart of accounts when receipting and the chart of accounts codes will be reviewed with cashiers on a regular basis.
16. Finance Office daily collection reports are included with the deposit and stored in the vault at the end of each business day.
17. At the beginning of each day the Accounting Specialist or Assistant Finance Director retrieves all of the previous business day's Finance Office daily collection reports and deposits from the vault and completes the deposit process and posts to the general ledger.
18. All accounting system updates and changes are discussed with office staff and appropriate changes made if necessary.
19. Reconciliations are performed ~~monthly~~ **weekly** by the Assistant Finance Director.
20. Clerks will compare the amount due and verify the correct amount of a payment is applied to the correct customer
21. Clerks should receipt payments (either by paper or electronically) as soon as the payment is received.
22. All funds must be deposited at the bank within three business days
23. **Credit/Debit cards shall be accepted as payments with certain stipulations.**

Procedures

- The City Finance Office has 3 clerks (AP/Court Clerk, Accounting Clerk/Customer Service Representative, & Tax Clerk). The AP/Court Clerk collects court payments. The Accounting Clerk/Customer Service Representative collects utility payments. The Tax Clerk collects property tax payments as well as other miscellaneous payments to the city. Each of these clerks or another member of the Finance Office can receipt payments for the other on a temporary “as-needed” basis determined by workload demand as long as the person helping the clerk is using their own cash drawer.
- Cash drawers are assigned to each clerk as well as the Utility Billing Specialist and Assistant Finance Director.
- Clerks immediately stamp all checks “For Deposit Only” and issue pre-numbered receipts for all collections. The receipt will contain the following: date, amount of payment, payer’s name, receipt purpose, payment method and cashier identifier. A copy of the receipt is offered to every in-person customer, and retained in the software system. If requested, receipts will be provided for mailed payments.
- Cash is not to be left unattended at any point.
- The cashiering software keeps receipts and related software generated reports daily for all Finance Office collections.
- The Clerks have revenue codes for collections and enters those codes in the accounting software; if there are changes to those codes the Accounting Specialist, Assistant Finance Director, or Finance Director will notify the Clerks.
- Each clerk will count down their cash drawer at the beginning of the day, before opening their window.
- The Accounting Specialist, Assistant Finance Director, or Finance Director will count down all Finance Office cash drawers used that day at the end of the business day.
- In the event a cash drawer is out of balance, the daily deposit will be made accurately and the cash drawer will remain out of balance for 1 business day in an attempt to find a resolution for the discrepancy. If the discrepancy still exists after this time, the Assistant Finance Director or Finance Director will request any overages to be deposited to the “Other Revenues” account or any shortages \$50 or less to be reimbursed to the drawer from petty cash (if short more than \$50 a check request must be completed and Accounts Payable will issue a check during the next weekly check run and the check will be cashed during the next bank deposit trip and the cash returned to the short cash drawer.
- If a cash drawer remains out of balance by more than \$10 for 1 business day after the drawer was initially discovered to be out of balance, the employee who is assigned the cash drawer will be subject to disciplinary procedures as described in the personnel manual.
- Daily cash reports and bank deposit records are given to the Accounting Specialist or Assistant Finance Director.
- A police officer is notified and escorts the Tax Clerk to the bank to make the deposit.
- The Assistant Finance Director or Accounting Specialist will reconcile the daily cash reports and deposit slips on weekly basis, and reconcile deposits slips and bank statements on a monthly basis.

(starting with the most recent returned payment) and will remain restricted to cash, card, or money order only payments until the customer submits a written request to be allowed to make other non-cash forms of payment and is approved by the Assistant Finance Director or Finance Director.

- Automatic monthly utility ACH debit payment customers who have 2 returned ACH payments in a 60-day period (or 3 returned ACH payments in a 12-month period or 1 returned ACH payment for a closed account) will be removed from the automatic monthly utility ACH debit payment program.
- Automatic monthly utility ACH debit payment customers who are removed from the program for insufficient funds returned payments will be required to make other forms payment for the next 24 months (starting with the most recent returned payment). After the 24-month period the customer may reapply for the automatic monthly utility ACH debit payment program.
- Automatic monthly utility ACH debit payment customers who are removed from the program for closed account returned payments may reapply for the automatic monthly utility ACH debit payment program with a different bank account.
- The Assistant Finance Director can substitute for any Finance Office clerk and can perform the deposit process in place of the Accounting Specialist. However nobody is permitted to perform the deposit process for any batches that they also receipted as the clerk.
- The Finance Director can also perform the deposit process in situations where the Accounting Specialist and Assistant Finance Director are not available or not permitted to perform the deposit process.
- **Credit/Debit cards shall be accepted for any payment to the City whereas the total billed charges/fees/levies do not exceed \$999.99**
- **All merchant credit/debit card transaction fees and city-managed online transaction fees (for acceptable card transactions as previously indicated) shall be absorbed by the City as operating costs and not directly charged to the pavor**

City Court

Objectives

- a) Citations will be entered timely and correctly into the court system.

Policies

1. The Court Clerk will accurately enter all citations into system prior to scheduled court date.
2. Police administration keeps all voided citations. See police administration policies for further information.
3. The Court Clerk will file all citations in order by number in an easily accessible location.

Procedures

- The Clerks can allow up to 30 days continuation to defendants after the defendant's case has been adjudicated
- The Court Clerk or Accounting Clerk/**Customer Service Representative** will enter citations when received from police administration
- The Court Clerk or Accounting Clerk/**Customer Service Representative** will make sure all citations are entered into system and sorted by court time prior to the beginning of the first session on the court date
- The Court Clerk or Accounting Clerk/**Customer Service Representative** will call the police administration office to confirm citation information if there is a misunderstanding when entering a citation into the system
- The Court Clerk will file citations by number once they are disposed in a place where they can be easily retrieved

Property Tax Collections

Objectives

- a) Billing data and adjustments are complete, timely, and accurate.

Policies

1. All property tax bills will be generated simultaneously as soon as tax information is available.

Procedures

- The Tax Clerk or Finance Director will upload tax bill data as soon as both Sumner and Robertson Counties make the tax data available and formatted correctly.
- The Tax Clerk will send tax data to the third party bill printer once the tax information is available.
- The third party bill printer will send out bills as soon as they are generated and ready.
- The third party bill printer will mail out bills in a single or multiple batches.

Utility Billings and Collections

Objectives

- a) Billing transactions and adjustments are complete and accurate.
- b) Billing transactions, account opening and closings, adjustments, and account correspondence will be conducted in a timely manner.

Policies

1. Billing will be reconciled against reports each month.
2. Billing will be completed before the 5th of each month.
3. Service orders will be completed.

Procedures

- The Accounting Clerk/Customer Service Representative and Utility Billing Specialist will collect payments on a daily basis and on high volume days may be assisted by other Finance Office staff.
- Receipts and related software generated reports will be kept from all transactions, either electronic or paper format.
- Billing will be completed and file sent to bill printer before the 5th of each month.
- Adjustments will be made on a minimum monthly basis or more as needed.
- **Adjusted back bill charges may be split into 12 even amounts and each amount will be due no later than the due date for each bill over the course of the subsequent 12 months**
- When necessary, correspondence will be mailed out about account transactions.
- The due date for bills each month will be at least 14 days from the billing date.
- Customer accounts with a past due balance and no payment activity for 90 days or a past due balance exceeding \$500 for 30 days will be eligible for services to be disconnected and eligible to be turned over to collections.
- If a delinquent account remains eligible at the beginning of the day (e.g. 7:15am) the following business day AFTER the disconnect date, the Utility Billing Specialist, Assistant Finance Director, or Finance Director will prepare a list of eligible accounts to be disconnected and send to the Wastewater Department to perform disconnections. All accounts remaining eligible at the beginning of this day will be responsible for paying all charges/deposits related the delinquent even if the delinquent customer's service is not physically disconnected.
- Once a delinquent customer's services have been disconnected, the only way to re-establish service is through the utility application process (as described in this manual) at which point the required minimum payment consists of the following: an amount that reduces the past due account **balance below \$500**, plus the existing user **application fee**, and an **additional** moderate risk customer deposit as defined in municipal code 18-302. If an account remains in disconnect status after future due dates, those amounts will be added to the past due balance and are subject to \$500 threshold for the current disconnection.
- Delinquent customers who are disconnected will be turned over to collections when their final bill becomes past due.
- On a monthly basis, at least 10 calendar days before the potential disconnect date letters will be mailed to customers whose accounts will be eligible for the delinquent disconnection process.
- If delinquent accounts remain eligible for the disconnection process 5 calendar days before the disconnection date, the software system will attempt to call the phone number(s) on file for the account

to notify the customer of the potential disconnection. If the phone call attempt is unsuccessful, the disconnection process will still continue as scheduled.

- During the correspondence for the disconnection process (and utility application process), the corresponding Finance Office associate will make every attempt to ensure all customer contact information is correct including mailing address and phone number(s).
- Personal checks will not be accepted as payment for any customer who is disconnected for delinquency and paying the charges/deposit associated with reestablishing service. However the City will accept cash, card, or money order.
- Under extraordinary circumstances the Assistant Finance Director, Finance Director, or City Administrator can postpone disconnections.
- If a disconnection has occurred as a result of an administrative error the following people are authorized to request the reconnection: ANY Utility Billing Staff, the Public Services Director, the Finance Director or Assistant, City Administrator, Wastewater Superintendent, or Collections Supervisor.
- All service orders will be completed by either Finance or Public Services department staff and entered in the system.
- Utility applications will be entered into the system and receipted within one business day of receiving payment and all related documentation.
- When submitting ~~an~~ a utility application, customers will be required to submit proof of occupancy that the customer will soon be (if not already) the legal occupant of the property. Acceptable proof of occupancy for a renter is a rental/lease agreement. If there is no rental/lease agreement, the customer can complete a "Proof of Occupancy" form that must list the property owner information as well as responsible occupant information and must be signed by the property owner(s) responsible occupant(s) and notarized. Acceptable proof of occupancy for a property owner is current property tax record, deed, or the closing disclosure to purchase the property.
- New accounts where the customer is not the property owner must have a landlord account associated with the account. If the property owner has not yet completed the landlord utility application, it must be submitted prior to establishing new service.
- **In situations where an active utility account is in the name of a recently deceased person(s) and no other living persons' names are listed as responsible for the account, the City will waive all application fees and deposits for the application process and transfer the existing balance to the new responsible party after the new party completes a utility application and submits proof of occupancy in accordance with that procedure.**
- Landlord accounts serve as the primary responsible billed party while the property is vacant (including between occupants.)
- Requested account closing will be entered and completed as requested.
- Account adjustments will be reviewed and made upon approval when requests are turned in by customer, or a billing error has occurred.
- Pool fill adjustment requests must be submitted within 120 days of the pool fill and can only be submitted once per calendar year.
- To qualify for a water leak adjustment to a sewer bill, the leak must exceed the average usage (gallons of water) by 100% or greater. One leak adjustment is allowed per calendar year. A leak adjustment

General Disbursements/Drafts

Objectives

- a) Disbursements are for a valid city purpose and necessary.
- b) Disbursements are timely.
- c) Disbursements are accurately coded and recorded in the accounting system.
- d) Disbursements are legally appropriated.

Policies

1. The city has adopted purchasing policies that comply with state law.
2. Various levels of authority have been assigned.
3. Purchase orders and packing slips/invoices are matched and sent to the Accounts Payable (AP) Clerk for payment as soon as possible.
4. Checks are processed and mailed once per week to ensure invoices are paid timely.
5. All checks require two signatures.
6. No check shall be printed without appropriate documentation.
7. The Finance Office uses a computerized accounts payable system.
8. All purchase orders are coded by purchaser and verified by Purchasing and the AP clerk.
9. Invoices are entered in the accounts payable system weekly.
10. Budget availability is verified by the software when processing accounts payable invoices.

Procedures

- Reference the adopted City Purchasing Manual for procedures and other details related to purchasing
- The Finance Director or Assistant Finance Director approves the weekly check run before checks are printed.
- Typically checks are printed every Wednesday for all invoices that are approved before noon on Tuesday (the checks are printed with the appropriate authorized signatures on them.)
- Typically checks are mailed every Thursday.
- After checks are printed, the AP Clerk copies the checks and attaches the copies to the corresponding invoices, PO's, and any receiving documents submitted to the AP Clerk.
- After checks are printed, copied, and attached to supporting documentation, the Accounting Clerk/**Customer Service Representative** verifies vendor name, check number, and amount of every check with the check register report and scans every document attached to each check copy.
- The city uses a computerized system for tracking purchase orders, encumbrances, and invoices.
- The purchaser receives the goods/services and approves the shipping documents or invoice to be paid.
- The AP Clerk processes invoices that have been approved in the system and the system liquidates that portion (or all) of the PO and the system changes the amount from an encumbrance to an expense/expenditure (or relinquishes the balance back to the available budget if liquidated.)
- The accounting software verifies budget availability via the purchasing function and invoice processing function.