

MAURY COUNTY
TENNESSEE

INTERNAL CONTROLS

DEPARTMENT OF ACCOUNTING
AND BUDGETING

EFFECTIVE
JUNE 30, 2016

Purpose: To document an understanding and assess the internal control of Maury County, Tennessee Department of Accounts and Budgets as it pertains to the following.

- I Whether obligations and costs of the operation are in compliance with applicable law.
- II Whether county funds, property and other assets that are designated/assigned to the Department of Accounts and Budgets are safeguarded against waste, loss, unauthorized use or misappropriation.
- III Whether revenues and expenditures in the county funds are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

The Department of Accounts and Budget consists of a Director, a Senior Accountant, a Grants/Cash Receipts Accountant, a Payroll Accountant, two Accounts Payable/Payroll Technicians and a Secretary.

I Obligations And Costs Of The Operation Are In Compliance With Applicable Law

Ensure that contracts are in place for goods and services that are required by law, review purchasing procedures for non-pay costs to ensure compliance with law, review payroll procedures to ensure that payroll is for legitimate and authorized employee costs only, review emergency purchase procedures for compliance with law, ensure any store cards and credit cards used by the department are in compliance with purchasing policy and law and are safeguarded. Ensure that all debt is issued in accordance with statute.

Process Of Adoption Of Original Annual Budget

Maury County operates under the 1957 Fiscal Acts, Financial Management Under Private Acts, Private Acts of 1963 Chapter 233 which sets the budget process. Additionally, the County Budget Committee annually adopts a written budget calendar to help guide the budget committee through the budget process. Once the original budget is adopted and accepted by the State Division of Local Finance, the county Senior Accountant posts the original budget the office's LGC software. After the original budget is posted by the Senior Accountant in the LGC software, the Director of Accounts and Budgets reviews the posted budget line items with the commission-approved budget to ensure accurate posting of the original budget.

Budget Amendments: When a budget amendment is needed, the department is required to complete a "Budget Amendment Request Form". It is then reviewed by the Director of Accounts and Budgets or Senior Accountant for review. If there are any questions regarding the budget amendment at that time the department is called to clear up any issues. After the budget amendment has been reviewed, corrected and cleared of any issues the budget amendment is given to the County Attorney for a resolution to be prepared and added to the appropriated committee agenda.

Store Credit Cards: As some vendors do not accept county purchase orders, Walmart, Lowe's, Office Depot cards are maintained and kept locked up when not in use in the one of the Accounts Payable clerk's desk. The Accounts Payable/Payroll Technician maintains a sign out sheet so that authorized county officials/employees can check out a card after a purchase order has been issued. The respective county official/department head must review and sign the invoices of all store card purchases made by their department each month before the store card invoice is paid.

Credit Cards: The Maury County Department of Accounts and Budgets has adopted a credit card policy that details procedure for use of county credit cards. The Department of Accounts and Budgets has five credit cards that are kept locked up when not in use in the Accounts Payable clerk's desk when not in use. The Mayor's office has one credit card that is locked up in the Mayor's assistance's desk when not in use. After a purchase order is issued, authorized county officials/employees can sign a credit card out. The respective county official/department head is responsible for reviewing and signing off on the credit card invoice for all purchases made by their department/office monthly. See the county credit card policy for more detail on the internal control process over credit cards.

Payroll: Payroll is authorized each fiscal year through the annual county budget appropriation, and letters of agreement are used for the constitutional officers. The County Director of Accounts and Budgets assists the county officials with completing their letters of agreement if requested. The Director of Accounts and Budgets monitors all county payroll line items during the fiscal year to ensure that payroll costs do not exceed county commission approved amounts, and the authorized amounts in the letters of agreement if applicable, without a budget amendment and/or amendment to the letter of agreement first being approved.

Vacation And Leave Obligations: The county Director of Accounts and Budgets coordinates with the county payroll accountant and the various county departments to ensure all vacation/sick/compensatory time accrued is accounted for accurately, is in compliance with county personnel policies, and is within legal limits (comp time).

Debt Issuance And Management: The county Director of Accounts and Budgets coordinates with the county financial advisor (bonds) and financial institutions (capital outlay notes) to ensure that the county is in compliance with the adopted county debt management policy and state statute. The Director of Accounts and Budgets is responsible for an annual review of the county debt management policy. To guard against the county entering into a capital lease by accident, all leases for equipment (copiers, office equipment) are reviewed by the county attorney prior to signing.

II **Whether County Funds, Property And Other Assets Are Safeguarded Against Waste, Loss Unauthorized Use, Or Misappropriations**

Control Environment: All Department of Accounts and Budget employees have written job descriptions, have criminal background checks performed and are drug tested prior to employment with the county Department of Accounts and Budgets. The Director of Accounts and Budgets sets the tone for the office with a written mission statement that stresses accountability for public funds and compliance with the Private Acts of 1963 Chapter 233 which is posted on the wall of the office and on the department's website. Additionally, the Director of Accounts and Budgets communicates to the staff through annual employee evaluations that integrity, ethical behavior and competence in job skills are expected of county Department of Accounts and Budgets personnel.

Receipting: If checks or cash is received in the Department of Accounts and Budgets, they must be immediately given to the Mayor's office to prepare a demand warrant.

Disbursements: All non-payroll checks are generated on official, pre-numbered checks, and all payroll transactions are done by direct deposit (unless

grandfathered in before the rule was effective). All unused checks are locked up in the Department of Accounts and Budgets.

Bank Accounts: The Mayor and the Director of Accounts and Budgets must sign all disbursements. An electronic signature is used in the process of printing all checks. The Director of Accounts and Budgets reviews all payments for completion of required documentation such as, vendor invoices, packing slips, purchase orders and requisitions. If all documentation is complete the Director of Accounts and Budget initials the county portion of the check for approval.

Payroll: to protect against fraud (ghost employees, unauthorized bonus payments, etc.), all new county employees are required to physically come to the county Human Resource Department to get set up in payroll and sign all required hiring forms such as W-4 and I-9's, the payroll clerk is given that information. Additionally, all county employees that request a change in payroll direct deposit (new bank account) are required to physically come into the Department of Accounts and Budgets to sign the necessary forms. Supervisors of terminated/retiring employees are required to submit a form promptly to the Human Resources Department to end payroll payments. The information is then given to the payroll clerk. If this step is forgotten, the Payroll Accountant will catch this on the next pay period when a time sheet is not submitted.

III Whether Revenues And Expenditures Are Properly Recorded And Accounted For To Permit The Preparation Of Accurate And Reliable Financial and Statistical Reports And To Maintain Accountability Over The Assets

The Senior Accountant performs monthly reconciliations for all funds with the county trustee except the school funds. This reconciliation includes ensuring that revenues and expenditures for the month were coded correctly. The month-end reports are

saved on the V:Drive for the Director to review and approve. Before the books are closed for the month the Director verifies the cash on the balance sheet agrees with the fund reconciliations.

The Senior Accountant posts all budget amendments and the Director and the Senior Accountant review the budget of each fund to ensure the original approved budget and any subsequent budget amendments are posted correctly to the accounting software.

The Director of Accounts and Budgets closes the books each month and closes the year-end no later than August 31 of each year. The Department of Accounts and Budgets has a year-end checklist that includes each report needed by audit (deferred revenue, taxes receivable, interest receivable, cash with clerks and trustee, etc).

The Director of Accounts and Budgets takes prompt action on any identified internal control weakness over accounting and budgeting identified by review of the operations, external annual audits and state/federal monitors.

The Director of Accounts and Budgets and/or the Senior Accountant attend numerous continuing education courses annually that pertain to GASB updates and changes to state law pertaining to accounting and budgets.