

Holly J. Powell

*City of Blackfoot Treasurer
& Grant Administrator*

157 N. Broadway
Blackfoot, ID 83221
(208) 785-8600, Dial 9

<http://www.cityofblackfoot.org>



Treasurer 101

Linda Stokes | City Treasurer
216 E Park Street | McCall | ID 83638
Direct: 208.634.2103 | Fax: 208.634.4493



Web: mccall.id.us
Blog: mccallcitysource.com
Social: Facebook.com/cityofmccall


Jennifer Belfield
Finance Director

CITY OF
Ammon
WHERE TOMORROW BEGINS

T: 208-612-4015
F: 208-612-4009
jbelfield@cityofammon.us
2135 South Ammon Road



Excel Demonstration

- ▶ There are many tools at your fingertips. The more you learn about the tools in your toolbox, the better you can utilize them, helping you be more efficient and confident.
- 



Internal Controls

Presented By
Linda Stokes
City Of McCall
lstokes@mccall.id.us



Internal Controls Statutory Requirements

Idaho law fixes responsibility for fiscal oversight and internal controls on the city council.

50-708. EXAMINATION OF ACCOUNTS OF FISCAL OFFICERS

At least once in each quarter of each year, the council shall examine, either in open session or by committee, the accounts and doings of all officers or other person having the care, management or disposition of money's, property or business of the city

50-1017. PRESENTATION OF CLAIMS

All claims against the city shall be approved and maintain an adequate and reasonable system of internal controls . . .

50-1018. PAYMENT OF CLAIMS

Upon approval of claims by the council payment may be ordered by warrant or by electronic means, signed by or authorized by the mayor and clerk or by check . . . signed by the mayor and treasurer . .




Internal Controls

- A process established by city council, management, or other personnel to provide **reasonable assurance** that the following objectives are achieved:
 - ❖ Effectiveness and Efficiency of Operations
 - ❖ Reliability of Financial Reporting
 - ❖ Compliance with Applicable Laws and Regulations
 - ❖ Safeguarding of City Assets



Internal Control Fundamental Concepts


- ❖ Internal control is a process – a means to an end, not an end in itself
- ❖ Internal control is affected by people
- ❖ Internal control can only provide reasonable assurance
- ❖ Internal control is directed towards the achievement of objects



Internal Control

Five Interrelated Components

1. *Control Environment* –represents the city council's attitudes, actions, policies and procedures concerning internal controls. It's the basis for all the other four components and is critically important to the success of internal controls. It is pervasive to all the city's activities. "Tone at the top".
2. *Risk Assessment* – the identification, evaluation, and management of risks, both internal and external, that can prevent the goals of the city from being achieved



Internal Control

Five Interrelated Components


3. *Control Activities* – the means by which internal controls are implemented to reduce the identified risks. The city's policies and procedures which help ensure necessary actions are taken to ensure the city's goals and objectives are met.
4. *Information and Communication* – the nature and quality of information for effective control, the systems used to develop the information, and reports to communicate it effectively. Information must flow up and down, inside and outside, as well as, all across the city.
5. *Monitoring* – assess the quality and effectiveness, and design of operation of controls, and assessment of compliance with policies and procedures to ensure internal controls operate as intended over time



Implementing Internal Controls



Policy and Procedure Manuals

- ❖ Credit Card Policy
 - ❖ Fixed Assets Policy
 - ❖ Cash Handling Policy
 - ❖ Purchasing Policy
 - ❖ Debt Policy
 - ❖ Investment Policy
- 



Examples of Internal Controls

- ❖ Separation of Duties
 - ❖ Authorization
 - ❖ Custody
 - ❖ Record-Keeping
 - ❖ Reconciliations
- ❖ Check approval and signing duties should be separate from check creation
- ❖ Departments code invoices, A/P prepares and Council approves
- ❖ All statements should be mailed to the A/P office (makes theft more difficult to hide)
- ❖ Bond those employees who handle cash



Examples of Internal Controls

- ❖ Cash, check, credit card payments should balance to daily deposit
- ❖ All employees should sign a credit card agreement from prior to receiving a credit card
- ❖ Access to checks restricted
- ❖ Employee mailing check should not be the employee that prints checks
- ❖ Do not cash checks out of receipt drawers
- ❖ Positive pay
- ❖ ACH positive pay



Internal Controls

- ❖ Bank reconciliations prepared by one employee and reviewed by a responsible official (not the preparer)
 - ❖ Bank account reconciled daily
- ❖ Complaints investigated by someone other than the individual who performed the work




Mitigating or Compensating Controls

- ▶ Employees may be assigned incompatible duties
- ▶ Compensating controls **must** be established
- ▶ Compensating control reduces risk of existing or potential control weakness resulting in errors and omissions.
- ▶ Types of compensating controls:
 - ❖ Review reports of detail transactions
 - ❖ Review selected transactions
 - ❖ Take periodic asset counts
 - ❖ Check reconciliations



Questions?



What can get you and your City in trouble???

➔ Deadlines & Publications





Monthly Financial Reporting

- ▶ State Income Tax Withholding is due by the 20th of each month.
- ▶ Monthly Financial Report to City Council
 - ▶ This report can contain any information the council wishes to have. For example, Cash Flow, Balance Sheet, Bank Reconciliation Report, and Income Statements.
 - ▶ This report must be presented to the council no more than 60 days after the conclusion of each month at a regular meeting of the city council. 50-208



Quarterly Financial Reporting

- ▶ The Quarterly Budget Report must be published within 30 days from the end of each quarter, except for the final quarter of the fiscal year which shall be published no later than 30 days from the date of completion of your audit. *50-1011*
 - ▶ At least once in each quarter of each year, the council shall examine by review of the Quarterly Treasurer's Report. This report must be completed not more than 30 days after the end of each calendar quarter. *50-708*
- ▶ Federal Report 941, must be reported at the end of each quarter by the end of the following month. Example: 1st Quarter (Jan-Mar) must be reported by April 30th.



Quarterly Financial Reporting

- ▶ Idaho Unemployment Tax Report, must be reported at the end of each quarter by the end of the following month.
- ▶ State Sales Tax Report, must be reported by the 20th of the following month, after the end of each quarter. Some cities report monthly.



Annual Reporting

- ▶ Notify the county clerk no later than April 30th of each year of the date, time and location of the city budget hearing for the upcoming fiscal year. 63-802A
- ▶ Last day for budget hearing is the first Wednesday in September. 50-1002
- ▶ The last day to certify property tax levy to county commissioners is no later than the Thursday prior to the second Monday in September. 63-803(3)



Annual Reporting



- ▶ Appropriations ordinance must be passed by the council and published once in the official newspaper by the end of September. The ordinance must also be sent to the Secretary of State. 50-1003
 - ▶ Mailing address: Idaho Secretary of State Business Services
P.O. Box 83720
Boise, ID 83720-0080
 - ▶ Email Address: business@sos.idaho.gov
- ▶ State Legislative Services Office (LSO) account information must be updated by the entity every calendar year, no later than December 1st. Entities requiring an audit (expenditures exceeding \$100,000) must upload the audit within 9 months from its fiscal year end. 67-450B <https://legislature.idaho.gov/lso/audit/localgov-audits/>
- ▶ Annual Road & Street Financial report is due by December 31st. 40-708



Publications

- Annual Road and Street Finance Report is published one time as a legal notice between January 1st and January 15th.
- Your City Council must adopt a tentative budget prior to the public hearing. The legal notice of the proposed budget and budget hearing must be published twice, at least 7 days apart, in your official newspaper. 50-1002
- Increasing City Fees more than 5% or establishing a new fee requires a notice of public hearing, which is published for two consecutive weeks preceding the week of the public hearing.