



## Internal Controls for the Town of Clay City, Indiana

### *Purpose*

The purpose of this document is to establish comprehensive internal controls to ensure transparency, accountability, and efficiency in the operations of the Town of Clay City, Indiana. These controls encompass utilities, water, sewer, and street departments, as well as the roles and responsibilities of the utility clerk, town hall operations, and the town council.

## I. Utilities Department

### **Utility Clerk Responsibilities:**

- Ensure accurate billing and collection for utility services.
- Maintain and repair utility infrastructure.
- Monitor utility usage and report discrepancies.

### **Controls:**

- **Segregation of Duties:**
  - Billing, collection, and account reconciliation must be reported to the Town Council monthly.
- **Meter Readings:**
  - Monthly meter readings must be documented and verified by a second individual.
- **Collections:**
  - All payments must be logged daily, and receipts provided.
  - Bank deposits should be made within 24 hours of receipt.
- **Audits:**
  - Monthly reconciliation of utility accounts by an independent party.

- **Dispute Resolution:**
  - A formal process for handling billing disputes must be in place and documented.

## II. Water Department

### Responsibilities:

- Provide safe and clean water to residents.
- Maintain water treatment facilities and distribution systems.

### Controls:

- **Quality Testing:**
  - Conduct regular water quality tests in compliance with state and federal regulations.
  - Results must be documented and reviewed by the council.
- **Inventory Management:**
  - Maintain a log of chemicals and equipment used for water treatment.
  - Conduct quarterly inventory audits.
- **Emergency Protocols:**
  - Document response plans for water contamination or system failures.

## III. Sewer Department

### Responsibilities:

- Maintain and operate the town's wastewater treatment facilities.
- Ensure compliance with environmental regulations.

### Controls:

- **Compliance Monitoring:**
  - Conduct regular inspections to ensure adherence to discharge permits.
- **Maintenance Logs:**
  - Keep detailed records of equipment maintenance and repairs.
- **Expenditure Approval:**

- All purchases over \$50 must be approved by the Town Council.

## IV. Street Department

### Responsibilities:

- Maintain roads, sidewalks, and public spaces.
- Manage snow removal and street cleaning.
- Maintain and replace signs to ensure compliance with state and county requirements.

### Controls:

- **Work Orders:**
  - Document all maintenance requests and completed work.
- **Budget Oversight:**
  - Monthly review of expenses against the approved budget.
- **Equipment Use:**
  - Maintain a log of equipment usage and fuel consumption.

## V. Utility Clerk

### Responsibilities:

- Manage utility billing and customer service.
- Record and reconcile payments.

### Controls:

- **Access Restrictions:**
  - Limit access to billing software to authorized personnel only.
- **Payment Handling:**
  - Payments must be recorded immediately and deposited daily.
- **Reconciliation:**
  - Monthly reconciliation of utility accounts with bank statements.

## VI. Town Hall Operations

### Responsibilities:

- Serve as the administrative hub for town activities.
- Maintain official records and provide public information.

### Controls:

- **Document Management:**
  - Secure storage for sensitive documents with restricted access.
- **Public Access:**
  - Establish hours for public access to records and town hall services.
- **Expense Approval:**
  - Require dual signatures for checks and financial transactions.

## VII. Checks and Balances

### Controls:

- **Dual Authorization:**
  - Require two signatures for all financial transactions.
- **Monthly Reports:**
  - Department heads must submit monthly reports to the Town Council.
- **Audits:**
  - Conduct annual external audits of all financial records.

## VIII. Protocols

### Emergency Protocols:

- Document and distribute emergency procedures for natural disasters, infrastructure failures, and public health emergencies.

### Incident Reporting:

- All incidents must be reported to the Town Council within 24 hours.

## IX. Authority and Chain of Command

### Town Council:

- **President:** Primary decision-maker and spokesperson for the town.
- **Vice President:** Assumes responsibilities in the absence of the president.
- **Council Members:** Provide oversight and approval for major decisions.

### Clerk/Treasurer Internal Controls:

#### 1. Cash Handling and Management:

- a. Segregation of Duties: The Clerk/Treasurer shall not have sole responsibility for cash receipt, deposit, and reconciliation.
- b. Daily Cash Balancing: Cash drawers and registers must be balanced at the end of each business day. Any discrepancies must be promptly investigated and reported to the Town Council and Clerk/Treasurer.
- c. Secure Storage: Cash and checks must be stored securely when not in use. Only authorized personnel should have access.
- d. Reconciliation of Cash: Cash balances should be reconciled daily with receipts and deposits.

#### 2. Investments:

- a. Investment Policy: The Town Council must approve a formal investment policy.
- b. Segregation of Duties: The Clerk/Treasurer should not have sole authority to execute investment transactions.
- c. Periodic Investment Reviews: Quarterly reports on investments must be submitted to the Town Council.

#### 3. Receipts:

- a. Immediate Recording: All receipts must be recorded immediately, with a receipt provided to the payee.
- b. Deposit Requirements: All receipts must be deposited in the town's bank account within 24 hours.

#### 4. Disbursements:

- a. Authorization: All disbursements must be approved in advance by the Clerk/Treasurer.
- b. Dual Signatures: Require two authorized signatures for all checks.

#### 5. Financial Close and Reporting:

- a. Monthly Financial Close: Reconcile all bank accounts monthly.

- b. Independent Audit: Conduct annual external audits of the town's financial statements.

## **X. Financial Safety Protocols**

### **Cash Handling:**

- **Secure Storage:** Cash and checks must be stored securely.
- **Restricted Access:** Only authorized personnel may handle cash.

### **Bank Deposits:**

- Deposits must be made daily by two individuals.

### **Electronic Payments:**

- **Authorization:** Require written approval for all electronic fund transfers.

### **Financial Reporting:**

- Prepare monthly reports for the Town Council.

## **XI. Implementation and Review**

- **Training:** Provide annual training on internal controls and ethical standards.
- **Review:** Internal controls must be reviewed annually by the Town Council.

## **XII. Full Transparency Requirement**

- **Department Reporting:** All departments must submit detailed monthly reports to the Town Council.
- **Quarterly Reviews:** The Town Council will conduct quarterly reviews with each department.

## Approval

### Acknowledgment of Policy

I, the undersigned, have read and understood the Internal Controls for the Town of Clay City, Indiana. By signing below, I indicate my support or opposition to the adoption of this policy.

Name	Date	Title	Signature	Support/ Oppose