

# **TOWN OF VICTOR**

## **CORRECTIVE ACTION PLAN**

### **2008 INTERNAL CONTROLS OVER FINANCIAL REPORTING**

As of December 14, 2009

#### **1. Preparation of Financial Statements.**

The Town of Victor is actively pursuing the purchase of a new financial accounting package. To date the committee has met with two vendors and will be meeting with one more before year end. The committee will make a recommendation to the board and hopefully begin the conversion process early in January. The estimated time to completely convert and be on the new system should be no more than three months.

#### **2. Financial Manager Vacancy.**

The Town has scheduled a Civil Service Examination for Fiscal Manager. The deadline for applications was December 9, 2009. The examination will be on January 9, 2010 and an eligible list should be established within two months of the exam.

#### **3. Accounting Policies and Procedure Manual.**

The interim financial manager is in the process of researching the best practices for establishing a Comprehensive Accounting Policy and Procedure Manual. During the conversion process all job position duties and procedures to doing the position will be documented and become a part of this manual.

#### **4. Segregation of Duties.**

Although it is difficult with such a small staff to completely segregate duties we feel that again with a new accounting system that the Town Board will have access to many more reports that they do not receive to date. An electronic snapshot of all funds will be made available to them on a monthly basis for their review and comment.

#### **5. Budget Process.**

The implementation of an adequate financial software system will put in place safeguards so as budgeted accounts will not be able to go over budget without approval. The accounting policy manual will address the situations (if any) that budgeted accounts can be overdrawn. The financial software will also address the

proper fund accounting procedures. Each fund will be distinctive and cross posting will not be allowed.

#### **6. Interfund Activities.**

Again the financial software will establish separate distinctive funds with their own general ledger accounts that will not allow interfund activities. Any interfund transfers will be done only at the direction of the Board by either the budget process or subsequent resolutions.

#### **7. Bank Reconciliations.**

Immediately the Town has implemented that a Board member open, review and comment on all bank statements and when satisfied will then sign off on the statement itself. After doing so each bank statement will then be reconciled by the interim financial manager as she is independent of the cash receipt and cash disbursement at this time. After the reconciliation the final reconciliation will then go back to the Board member for review. Also the new financial software will allow for an automated bank reconciliation that will also create more checks and balances as the file would come directly from the bank.

#### **8. Fiduciary Funds Accounting.**

With the implementation of a new financial system the Town will be able to create distinctive accounts for all organizations that the Town acts in a fiduciary capacity for.

#### **9. QuickBooks.**

As stated before a committee has met with two financial software companies and anticipates one more before year end. The committee will then evaluate which company best meets the needs of the Town. After this process the will begin the conversion of certain data to the new system and should be up and running by the beginning of the second quarter of 2010.

#### **10. Payroll.**

The interim fiscal manager for the Town has begun to review all payroll registers to ensure that the functions of the Finance Clerk are being done correctly. A new time sheet is being developed and proper department head signatures will be required. All pay raises occur in the beginning of the year and will be reviewed by the interim finance manager with the first payroll of 2010. As the Town creates their Accounting Policies and Procedures Manual cross training will be done amongst certain staff. The Town also intends on bringing the payroll process into the financial software within a year of its initial purchase. This will allow for more checks and balances as all information will be readily available.

Also all employee files will be review within the next few months to ensure that all personnel files include the necessary information to comply with State and Federal regulations.

#### **11. Capital Assets.**

A Capital Asset policy will be established in 2010. The accounting for these fixed assets will also be purchased within the next year as part of the financial accounting software update. This system will allow for the automation of depreciation as well as providing adequate description to identify the location, type of asset and any other pertinent information related to the asset.

#### **12. Capital Asset Disposition.**

A formal policy for disposition of assets will be established. The board will be aware of any assets that need to be either destroyed or sold. Resolutions should be provided to declare these assets as surplus so as to have a better audit trail of any assets.

#### **13. Segregation of Duties over Cash Receipts.**

The Town will look to change the way by which receipts are handled. The new financial software will include a General Receipts module. This module will allow for more accurate documentation as to the receipts received. Additionally within the next year the Town will look into a computerized collection system for Water Billing and collection of these payments. This will all be outlined in the Accounting Policy and Procedure Manuel and may require some adjustments to comply to with segregation of duties.

#### **14. Revenue Recognition in Water and Parks and Recreation Departments.**

Beginning immediately the Water Department will provide a complete listing of the accounts that are billed on a quarterly basis in order for the receivable to be booked. Secondly as each deposit is made a subsequent report of who was paying and the deposit slip will also be provided. A copy of the receipts from the recreation department will also accompany the deposit slips provided by that department in addition to any billings that are sent out and paid. The integration of water billing to the financial software should take place by 2011.

#### **15. Controls over Information Technology.**

The town continues to review its risk in this area and continues to upgrade as necessary.

**16. Mandatory Vacation Policy.**

A new time sheet submission will take effect in January of 2010. With the signatures of direct supervisors on every time sheet validity of earned time off should be better tracked. The mandatory use of vacation will be reviewed to establish a policy.

**17. Expense Reimbursement Policy.**

The town will immediately begin to have all expense reimbursement forms to be approved by the Town Supervisor or Fiscal Manager for validity and accuracy. An expense reimbursement form will be established as well as a listing of valid reimbursements for ease in reviewing expenditures.