

Internal Control: A Framework for Compliance in the Finance Office

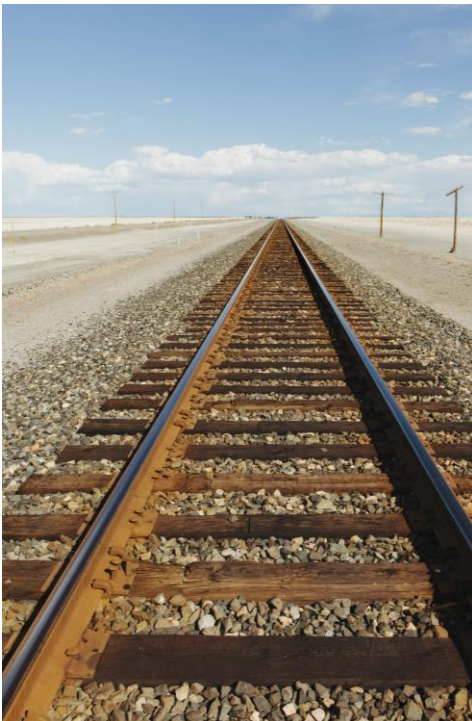
Unit Assistance List
Training

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Agenda

- Part 1: Fraud
- Part 2: Internal control framework
- Part 4: Implementing internal controls

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How Does Fraud Occur?



Opportunity: The only element over which a local government has significant control

How might your local government have unintentionally opened the door to fraud?

- Understaffed
- Untrained staff
- Lack of enforcement of laws, policies, procedures
- Inefficient firewalls
- Lack of financial literacy among elected officials
- Culture of blind trust





Internal Control

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What is Internal Control?

An integral process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance the agency's objectives will be met.

G.S. 143D-3



Policies, procedures, and techniques that add value and minimize risks.

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Two Frameworks of Internal Control



COSO Internal Control-Integrated Framework



GAO Standards for Internal Control in the Federal Government "Green Book"

Recipients of federal awards must establish internal controls – and the controls “should” follow guidance in the COSO Framework or the Green Book.
2 C.F.R. 200.303

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Internal Control Framework



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#1 Control Environment

“Tone at the Top”

Who is responsible for internal control?

Governing board and management demonstrate a commitment to integrity and ethical values

Governing board exercises oversight responsibility for the internal control system

Management establishes structure, responsibility, and authority for the internal control process

****The LGC** may inquire into and investigate the internal control procedures of a local government...and may require any modifications in internal control procedures. G.S. 159-25(c).



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Signs of a Strong Control Environment

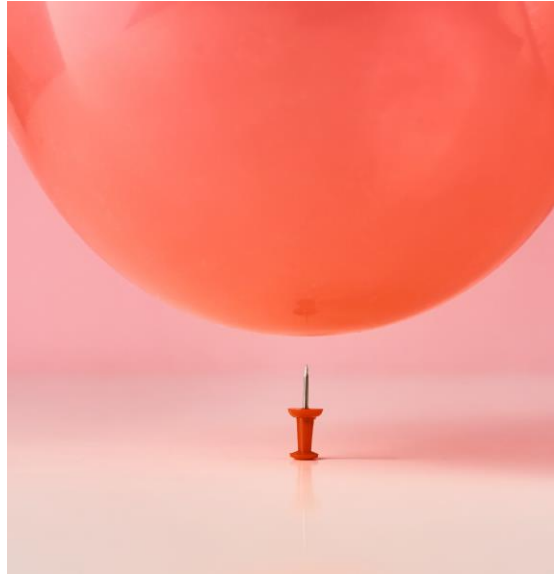
- Ethical standards are established and communicated
- Regular interaction between the governing board and management
- Workflow processes are clear
- Updated policies and procedures
- Staff is trained and competent
- Audit findings are resolved



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#2: Risk Assessment

The possibility that an event will occur and adversely affect the achievement of objectives.



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Risk Assessment Process

1. Identify objectives
2. Identify risks
3. Assess the impacts of the risk
4. Document



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Identify objectives and risks for each department, financial process, and major program

- Financial Reporting
- Budget Reporting
- Cash Receipts
- Accounts Receivable
- Purchasing/Accounts Payable
- Human Resources/Payroll
- Inventory Cycle
- Capital Assess
- Computer Security
- Investments

Question	Yes	No	N/A	Comments
General				
What are our primary objectives?				
What events or conditions can prevent us from achieving these objectives?				
Which of our assets are most liquid or desirable and, therefore, in most need of protection?				
Are there certain personnel who pose a fraud risk?				
What are our most complex activities or programs?				
What potential legal liabilities can result from our operations?				
Do we have sufficient insurance? Are employees sufficiently bonded?				
Where do we spend most of our money?				
What changes do we see on the horizon?				
Cash Collection and Billed Receivables				
Where is cash collected?				
Are employees responsible for collecting cash and preparing bank deposits different from those who record cash transactions in the accounting records?				
Can unauthorized employees access cash prior to deposit?				
Are receipts recorded in the accounting system in a timely manner?				
Disbursements				
Is there a clearly defined approval process for all disbursements?				
Are all disbursements properly documented?				
Is there responsibility for acknowledging the receipt of goods and services requested from those receiving claims and				

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Assess Risk

- **Likelihood.** Rate the possibility that the risk may occur.
- **Impact.** Rate the severity of the risk should it occur.

Likelihood × Impact = Risk Priority

After rating each risk for likelihood & impact, multiply to identify which risks are highest priority to control for.

		Risk Priority				
		5	4	3	2	1
Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Impact				

Priority Rank Scale	
Low	1 to 4
Moderate	5 to 9
High	10 to 19
Very High	20+

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Function	Objectives	Risks	Priority
Cash Receipts	<p>All transactions are promptly and accurately recorded in adequate detail.</p> <p>General ledger reconciled with bank statement balances.</p>	<p>A/P clerk makes frequent errors.</p> <p>No secondary review process so errors go undetected.</p> <p>No clear process for reconciliation.</p>	4 (likelihood) x 6 (impact) =24

Likelihood × Impact = Risk Priority

After rating each risk for likelihood & impact, multiply to identify which risks are highest priority to control for.

		Risk Priority				
		5	4	3	2	1
Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Impact				

Priority Rank Scale	
Low	1 to 4
Moderate	5 to 9
High	10 to 19
Very High	20+

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Prioritize Mitigating High-Risk Areas

	Risk Description	Likelihood Rating	Impact Rating	Priority Rating	Priority Description	Control?
7						<input checked="" type="checkbox"/>
8	Entry of accounts payable data is duplicative or inaccurate.	3	4	12	High	
9	Only the business manager knows how to conduct payroll and is authorized to review and approve payments.	5	4	20	Very High	
10	Personnel spend too much time on personal internet use resulting in lost productivity.	3	1	3	Low	
11	Unauthorized individuals may gain access to facilities.	3	3	9	Moderate	
12				0	Low	
13				0	Low	

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#3: Control Activities

The policies, procedures, and techniques implemented to help prevent identified risks from occurring or detecting them if they do.

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Function	Objectives	Risks	Priority	Control Activity
Cash Receipts	All collections are properly identified, control totals developed, and collections promptly deposited intact.	Failure to record cash receipts; withholding or delaying the recording of cash receipts.	Likelihood 4 Impact 4 = 16 on risk scale	
Financial Reporting	Budget versus actual reporting is provided on a timely basis and explanations are provided for significant deviations.	Department managers unaware of the status of their budget. Unbudgeted actual transactions may not be reported.	Likelihood 3 Impact 5 = 15	
Accounts Receivable	Billings, adjustments, and collections are properly recorded in individual receivable accounts.	Errors in transaction postings to detail or control accounts not detected in a timely manner.	Likelihood 2 Impact 3 = 6 on risk scale	

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Control Activities

Types of controls:

- Preventative
- Detective



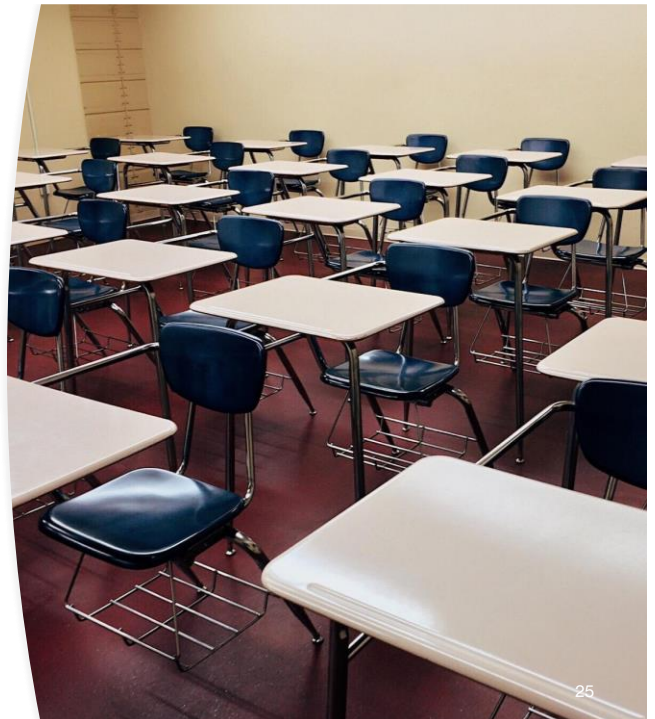
Control Activity “Toolkit”

- Policies and Procedures
- Segregation of Duties
- Authorizations/Approvals
- Documentation
- Account Reconciliation
- Physical Controls
- IT Controls
- Staff Training

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Policies & Procedures: What’s the Difference?

- Policies: broad guidelines for the entire lifecycle of activities
- Procedures: practical, step-by-step processes that employees must follow to execute the principles outlined in procurement policies



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Accounting & financial reporting
 Fund balance
 Cash management
 Preaudit and disbursement
 Accounts receivable
 Accounts payable

- HR/Payroll
- Code of Conduct
- Capital
- Procurement
- Investments

Does your unit have updated policies and procedures?

Establish policies and procedures for financial operations

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Welcome to
NC Finance Connect

N.C. Local Government Finance Policy Manual

This policy manual is a resource for North Carolina local governments and public authorities, helping them navigate budgeting, financial management, contracting, accounting, reporting, and auditing regulations. It provides concise summaries and analysis of the Local Government Budget and Fiscal Control Act and other finance laws, along with practical tools for implementation—such as sample ordinances, templates, LGC memos, blog posts, and video tutorials. We are launching this new resource with the first six chapters. We will add the remaining chapters and lots of other associated resources over the next year.

1 Intro to Local Government Budget and Fiscal Control Act →	11 Internal Controls (forthcoming) →
2 Budgeting →	12 Purchasing and Contracting (forthcoming) →

Special Topics

Helene Response
 Read Now

American Rescue Plan Act (ARP) Grants
 Read Now

Model Policies Available

<https://ncfinanceconnect.com>

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Segregate Incompatible Duties

Assign more than one person to perform incompatible functions.

Authorization

Custody

Recording Transactions

Reconciliation



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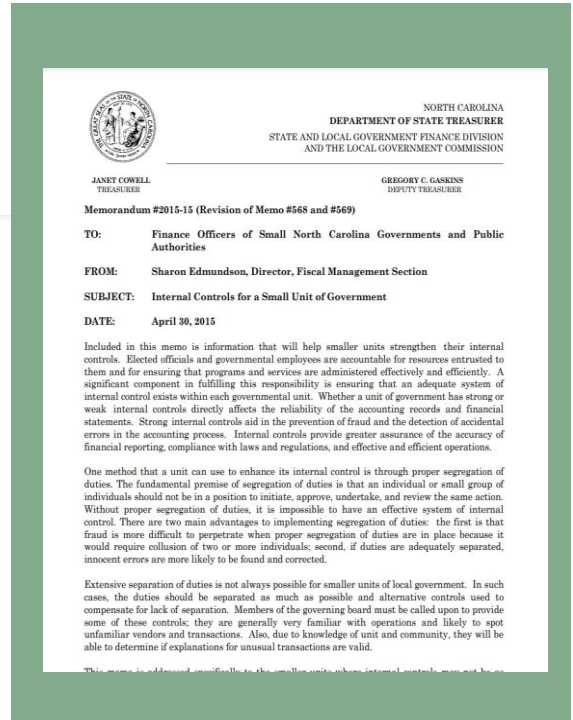
	Authorization	Custody	Record-keeping	Reconciliation
Signing of checks	Joe			
Mailing of checks		Lisa		
Approval of debit memos	Joe			
Approval of access to master vendor files	Joe			
Sub-ledger and account reconciliation				Lynn
Approval of Journal entries	Joe			
Recording of Journal Entries			Lynn	
Posting of Debit Memos			Lynn	

Which of Lynn’s duties are incompatible?

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Compensating Controls for Small Units

- Board member spot-checks transactions and reviews supporting documents
- Board member reconciles accounts.
- Rotate duties!



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Which of the following is an example of a compensating control?

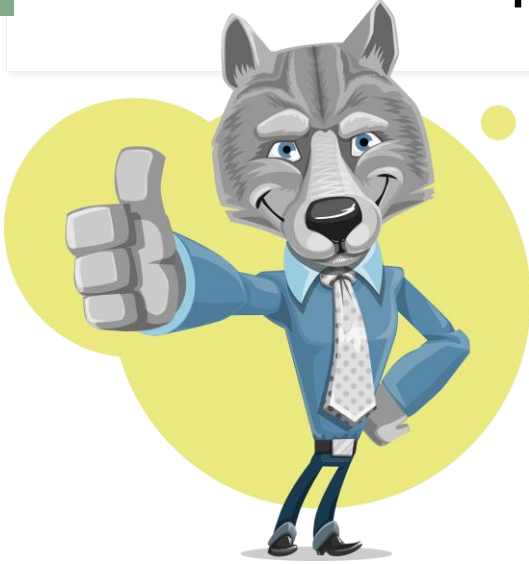
- The employee's supervisor approved a time sheet of hours worked.
- The clerk prepares a check and the manager and finance officer sign it.
- A board member reconciles bank statements with the general ledger each month.

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Authorization & Approvals



Transactions are to be authorized and executed only by persons acting within the scope of their authority.

Authorization should be clearly communicated to managers and employees.

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Documentation & Record Retention

- Establish record-keeping system to ensure that accounting records and supporting documentation is retained for the time required by law.
- Use standard forms, templates, and contracts

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Physical & IT Controls

- Restrict access to cash, inventory, and buildings
- Install necessary firewalls
- Terminate system access after an employee leaves
- Require passwords to be changed periodically



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A network diagram with white human figures connected by lines on a dark background. The figures are arranged in a grid-like pattern, and lines connect them to form a network. The background is dark, and the figures are white, making them stand out. The lines are thin and black, connecting the figures in a complex web.

#4: Information and Communication

Internal control responsibilities must be communicated

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Information & Communication

- For internal controls to be effective, information must flow up, down, and across the organization

Communication explains:

Policies and procedures

Specific goals and objectives

Importance of Internal Controls

Expectations for behaviors

Channels of communication

Communication must be:

Appropriate

Accurate

Timely

Accessible

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#5 Monitoring

- The agency selects, develops, and performs ongoing evaluations to ascertain whether internal controls are present and functioning.
- Employees communicate internal control deficiencies promptly to parties responsible for taking corrective action



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Exercise

Which internal control component is most important?

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

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A hand holding a magnifying glass over a document with a bar chart and a line graph, symbolizing analysis and internal controls.

Part II:
Implementing Internal Controls

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Establish Controls for all Financial Functions

Budgeting

Cash Management

Accounts Receivable

Accounts Payable

Obligating and Disbursing Funds

Purchasing

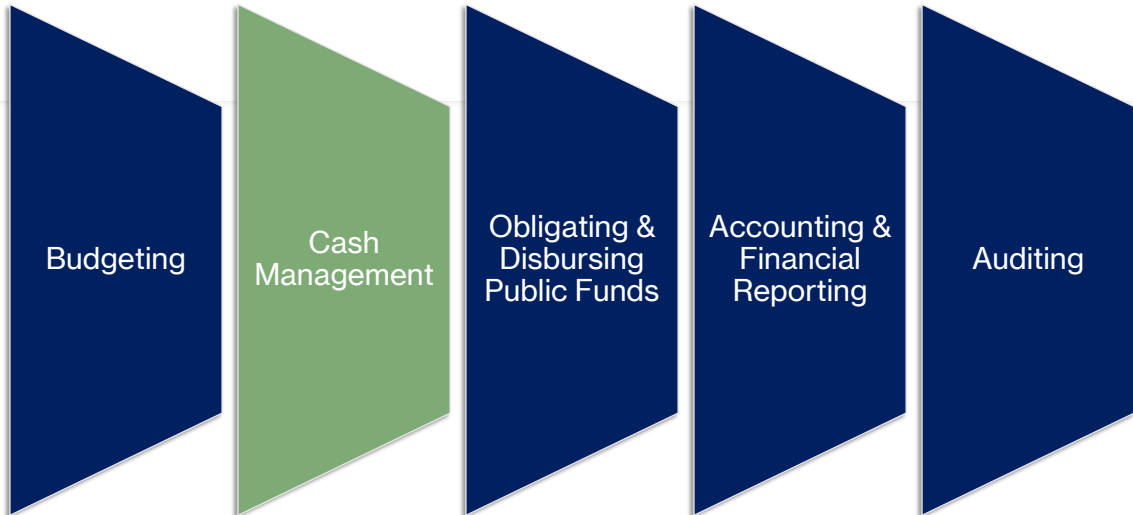
Payroll

Control Activities "Toolkit"

- Written Policies/Procedures
- Segregation of Duties
- Authorizations/Approvals
- Reconciliations
- Documentation/Record Retention
- Physical Controls
- IT Controls
- Reconciliation
- Training

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Statutory Internal Controls



The Local Government Budget & Fiscal Control Act- G.S. 159, Art. 3

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Daily Deposits: G.S. 159-32

All moneys “collected or received” by an “officer or employee” of local government or public authority must be deposited daily “with the finance officer or in an official depository” or submitted to a “properly licensed and recognized cash collection service.”

However, if the governing board gives its approval, deposits “shall be required only when the moneys on hand amount to five hundred dollars (\$500.00) or greater.”

Board may authorize up to \$500 exception per unit

Deposits “shall” be reported to the finance officer by means of a duplicate deposit slip

Finance officer must “audit” collections at least once annually

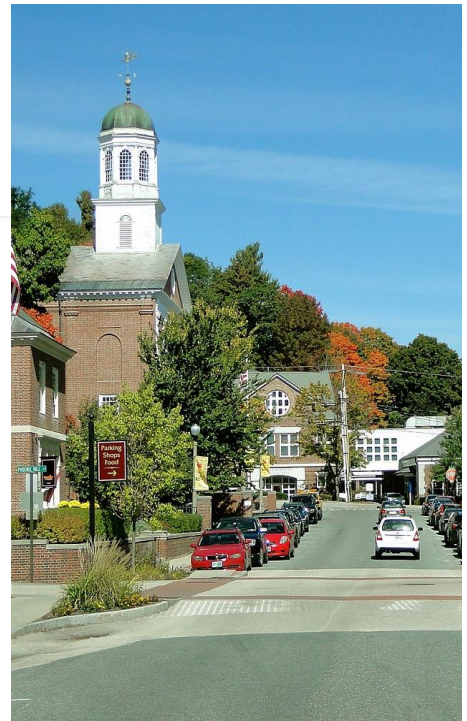
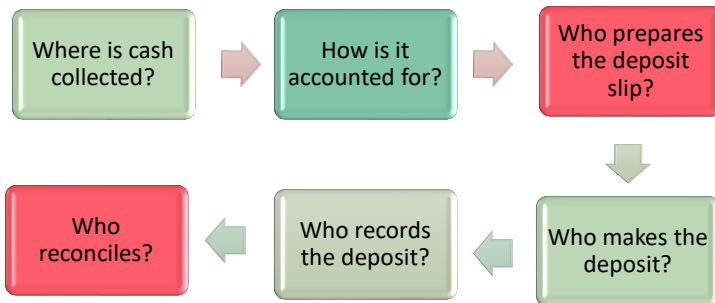
Exceptions:

- vending machine proceeds (if collected by 3rd party);
- sealed bid deposits (not opened); and
- cash seized by law enforcement as evidence of a crime

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Cash Receipts Process

All moneys “collected or received” must be deposited daily with the finance officer or in an official depository.



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Cash Receipts

Risks

Objectives

1. Collections are accurately recorded in the Daily Collection Report.
2. Receipts prepared for transactions
3. Journal entry made daily to update records
4. Access to cash is restricted

- Outdated cash receipt policy
- Clerk prepares the Daily Collection Report, deposits funds, and updates accounting records with the daily deposit amount
- Copies of receipts not retained
- Deposits made weekly, even if cash-on-hand exceeds \$500
- No reconciliation process
- Cashboxes do not lock

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Cash Receipts Policy



Acceptance

Cash receipts recorded in Daily Collection Report, noting name, date, amount, and form of payment. Prenumbered receipt issued.



Deposit

Deposit slip prepared in duplicate.
Deposits made daily
The bank shall validate the duplicate deposit slip, which is returned to the unit.



Recording

The validated deposit slip is compared to the amount in the Daily Collection Report.
The deposit is recorded to the General Ledger.



Reconciliation

The general ledger is reconciled against account balances on a monthly basis.

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Cash Receipts Procedure

Example

General Collection Process

- The **Town Hall Administrative Assistant** receives all cash, (i.e., tax payments, permits, parks and recreation fees, etc.) and records all of those cash transactions on a Daily Collection Report.
- The **Town Clerk** prepares two copies of the deposit slip and deposits the cash daily in accordance with G.S. 159-32 to XYZ Bank. The bank verifies the deposit amount on the second deposit slip.
- The **Town Clerk** updates the General Ledger.
- The **Finance Officer** reconciles the Daily Collection Report, deposits, and the general ledger weekly.

Departmental Collection Process

Development permit fees are collected in the Planning Department and all money collected is turned over to the **Town Hall Administrative Assistant** on a daily basis. The money is verified for accuracy and deposited along with all other cash. (Now the general collection process takes over).



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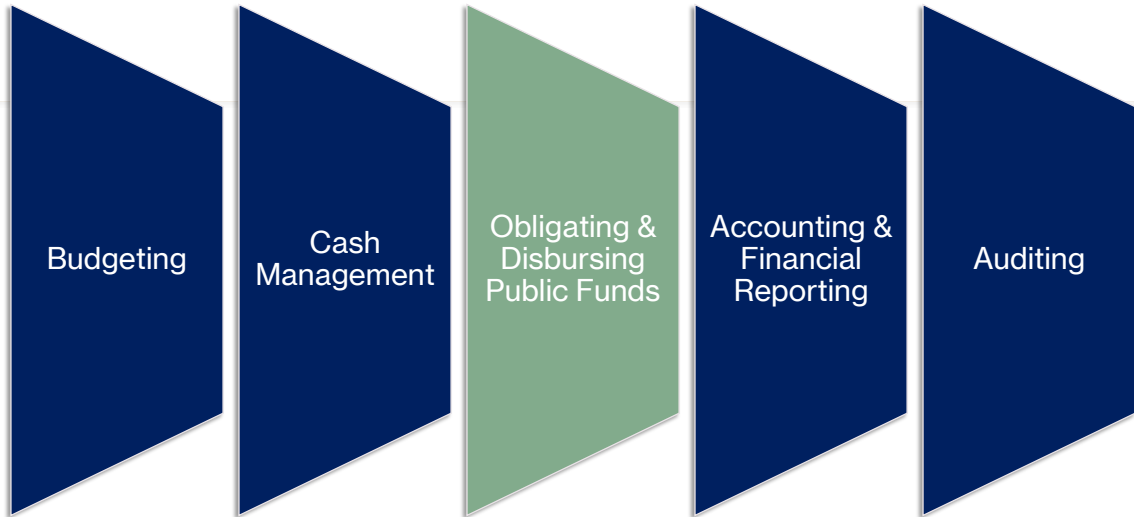
Cash Receipts Controls

Control Activities

Policy/Procedures	<ul style="list-style-type: none"> • Detail the full collection and deposit process in written policies and procedures
Segregate duties	<ul style="list-style-type: none"> • Separate collections, deposit, A/R recording, & reconciliation duties
Documentation	<ul style="list-style-type: none"> • Maintain Daily Collection Report; provide prenumbered receipts, prepare deposit slips in duplicate and have bank verify each deposit
IT system access	<ul style="list-style-type: none"> • Only authorized persons eligible to record transactions
Physical controls	<ul style="list-style-type: none"> • Ensure cash boxes are locked; one employee per cash box
Reconciliation	<ul style="list-style-type: none"> • Reconcile bank statement with general ledger monthly
Staff training	<ul style="list-style-type: none"> • Ensure staff responsible for collections are trained on the process

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Statutory Internal Controls



The Local Government Budget & Fiscal Control Act- G.S. 159, Art. 3

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Preaudit Process: 159-28

- No obligation may be incurred in a fund included in the **annual budget ordinance** unless:
 - the ordinance includes an appropriation authorizing the obligation,
 - and an unencumbered balance remains in the appropriation sufficient to pay the sums obligated by the transaction for the current fiscal year.
- No obligation may be incurred for a **capital project or a grant project ordinance** unless:
 - the project ordinance includes an appropriation authorizing the obligation, and
 - an unencumbered balance remains in the appropriation sufficient to pay the sums obligated by the transaction. (i.e., must preaudit full amount).
- If an obligation is reduced to writing (e.g., purchase order, contract, agreement), the writing shall "include on its face" a certificate attesting that the instrument has been preaudited. The certificate shall be signed by the finance officer, or any deputy finance officer approved for this purpose.

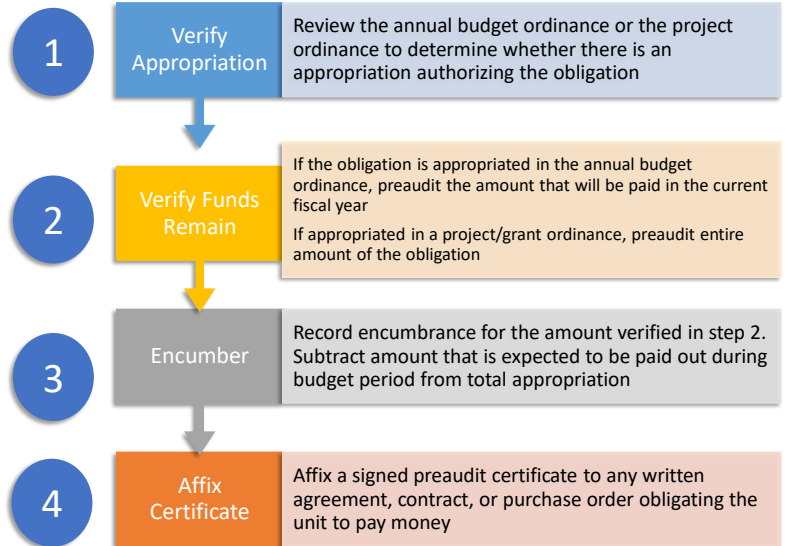
"This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act." _____ s/ FO or Deputy



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Preaudit process for POs, contracts, and other written agreements

Finance officer or duly appointed deputy shall:



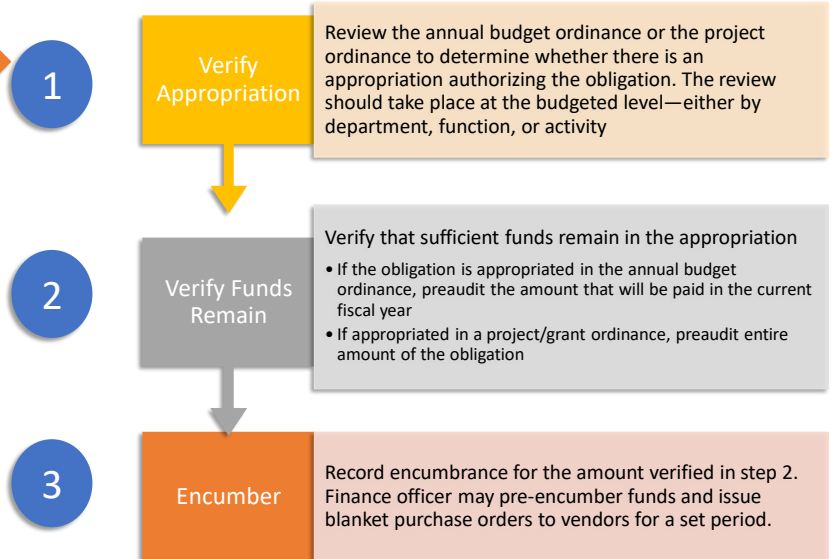
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Preaudit Process: Electronic Transactions

Finance officer or duly appointed deputy FO shall:

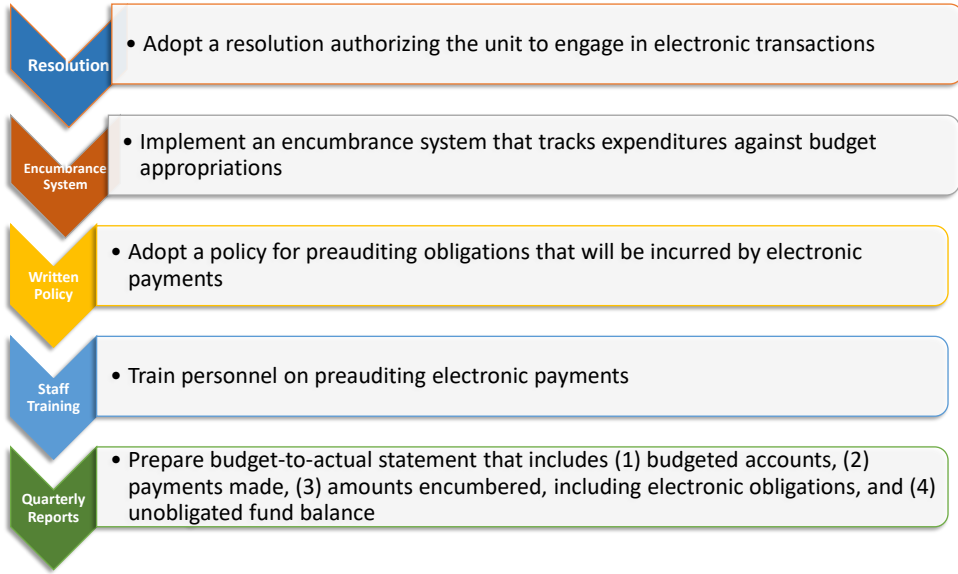
Electronic Transactions

- charge cards
- credit cards
- debit cards
- gas cards
- PCards
- ACH payments



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Exemption from Preaudit Certificate for Electronic Transactions



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The Auditor’s Perspective: Failure to preaudit may result in budget violations.

Expenditures Over Budget in Parks Dept. by \$112,072

Section II. Findings Related to the Audit of the Basic Financial Statements

Significant Deficiencies:

Finding 2022-1: Expenditures Over Budget

Criteria : Pursuant to G.S. 159-28(a); "No obligations may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay sums obligated for the current fiscal year".

Condition : Expenditures were incurred in the recreation department of the General Fund in excess of budgeted amounts by \$112,072.

Effect : Obligations could be incurred for unauthorized amounts.

Cause : Expenditures exceeded budget amount due to an approved budget amendment being recorded incorrectly.

Recommendation : Management needs to monitor more closely the budget to actual reports to ensure compliance.

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Police department is running low on office supplies. The admin submits a purchase order for \$1,000. Before the PO is approved, the finance officer preaudits the request.

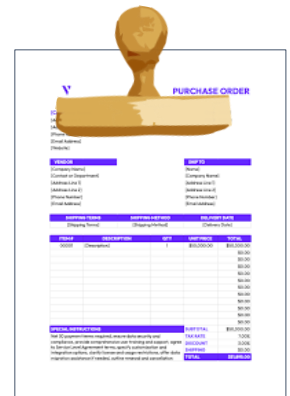


Describe the preaudit process.

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Purchase request for \$1000 in office supplies – Requires PO

Police Department							
Date	Acct. Code	Expenditure Items	Adopted Budget	Budget as Currently Amended (09/28/2023)	Encumbrances	Expenditures	Remaining Balance
10/1/2023		Full-Time Salaries	\$328,000.00	\$328,000.00	\$328,000.00	\$82,000.00	\$-
10/1/2023		Part-Time Salaries	\$66,000.00	\$66,000.00	\$66,000.00	\$16,500.00	\$-
10/1/2023		Group Insurance & Benefits	\$15,000.00	\$15,000.00	\$15,000.00	\$2,845.00	\$-
10/1/2023		FICA	\$24,750.00	\$24,750.00	\$24,750.00	\$6,187.50	\$-
10/1/2023		Retirement	\$13,000.00	\$13,000.00	\$13,000.00	\$3,250.00	\$-
10/1/2023		Utility- Water	\$5,500.00	\$5,500.00	\$5,500.00	\$1,375.00	\$-
10/1/2023		Utility- Electricity	\$9,000.00	\$9,000.00	\$9,000.00	\$2,250.00	\$-
10/1/2023		Utility- Phone	\$4,000.00	\$4,000.00	\$4,000.00	\$1,000.00	\$-
10/1/2023		Dues & Subscriptions	\$400.00	\$400.00	\$400.00	\$100.00	\$-
10/9/2023		Training & Meeting Meals	\$6,250.00	\$6,250.00	\$520.00	\$1,042.00	\$4,688.00
10/1/2023		Office Supplies	\$2,100.00	\$2,100.00	\$175.00	\$350.00	\$1,575.00
10/6/2023		Professional Development Initiatives	\$3,000.00	\$3,000.00	\$250.00	\$475.00	\$2,275.00
10/8/2023		Building Maintenance	\$1,000.00	\$1,000.00	\$84.00	\$200.00	\$716.00
10/15/2023		Employee Appreciation	\$2,500.00	\$2,500.00	\$209.00	\$375.00	\$1,916.00
10/10/2023		Uniform Purchase & Maintenance	\$9,500.00	\$9,500.00	\$800.00	\$1,980.00	\$6,720.00
10/16/2023		Vehicle Gas & Oil	\$25,000.00	\$25,000.00	\$2,048.00	\$4,000.00	\$18,952.00
10/12/2023		Community Outreach & Programming	\$10,000.00	\$10,000.00	\$875.00	\$1,800.00	\$7,325.00
			\$525,000.00	\$525,000.00	\$470,611.00	\$125,729.50	\$44,167.00



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If No Preaudit.....

Contract/agreement/order is VOID and cannot be enforced

Finance officer may be personally liable for sums committed when:

- No preaudit
- false preaudit certificate

Violation of G.S. 159-28 may result in a Class 3 misdemeanor

Before Money is Disbursed...

(After Invoice or Bill is Submitted)


The same exemption applies for electronic disbursements

Disbursement Process G.S. 159-28(b)

Finance Officer (or Deputy Finance Officer) must:

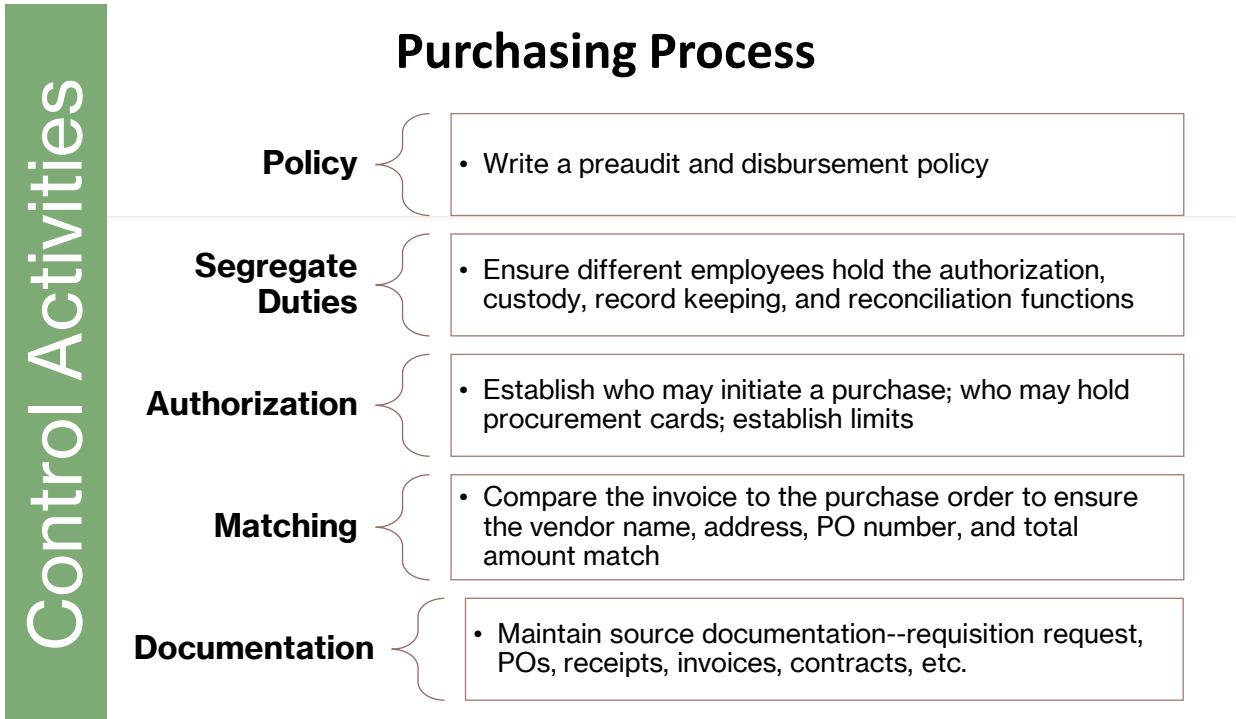
1. Determine the amount payable; **AND**
2. Verify there is (still) an appropriation in budget ordinance or project ordinance for amount due; **AND**
3. Check to see if (1) an encumbrance has been previously created, or (2) if an unencumbered balance remains sufficient cover amount due; **AND**
4. Affix a signed disbursement certificate to the form of payment

Disbursement Certificate

 <p>Local Unit 1000 BlueSky Drive Anywhere, NC 27000</p>	My Bank 123 Bank Road	No. 1003 67-76590
	Date 12/31/2012	
Pay To The Order Of <u>John Smith</u>	\$ 100.00	
<u>One Hundred and 00/100</u>	Dollars	
<p style="text-align: center;">"This disbursement has been approved as required by the Local Government Budget and Fiscal Control Act."</p>		
Memo:	_____	
⑆000001003⑆ ⑆123456789⑆ ⑆0123456789⑆		

Dual Signature Requirement: Each check or draft shall be signed by the finance officer, or a properly designated deputy finance officer, and countersigned by another official designated for this purpose by the governing board.

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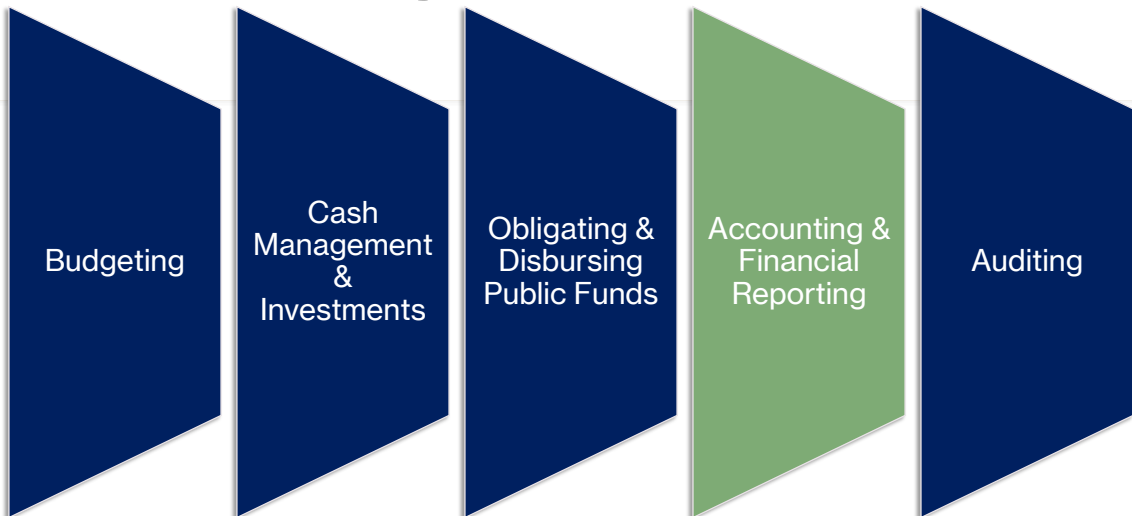
Control Activities

Disbursement Controls

- Check Controls:**
 - The person who *prepares* the check should be separate from the persons who *sign* the checks
 - Require two signatures on all checks per G.S. 159-25(b)
 - Identify process for reissuing checks
- Management Review**
 - Select a sample of invoices and verify work was completed, payments have been duly authorized and approved, and each vendor is a legitimate third-party
- Physical Controls**
 - Restrict access to checks by storing them in a locked area
- Positive Pay**
 - Bank matches the date, check number, dollar amount, and account number of each check presented against a list provided by the company to protect against forged

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Statutory Internal Controls



The Local Government Budget & Fiscal Control Act- G.S. 159, Art. 3

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— Establish Month-End Review Processes

- Task list
- Bank reconciliation
- Budget-to-actual reports



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	Closing Procedures	Responsible	Completed
1	Make the Following Entries:		
	✓ Postage		
	✓ Fuel Usage		
	✓ Fuel Variance		
	✓ Fleet Inventory		
	Capital Projects Fund Cash		
	Parking Tickets to Revenue		
	Fire District Revenue		
	P&I Fines to MCS (if any)		
	Misc Receivables to Revenue (if any)		
	Property Taxes		
	Interest Allocation (worksheet)		
	Pcard Reconciliation		
2	Send Invoices/Statements:		
	Fuel Invoice		
	Parking Tickets Statement		
	P&I Fines Statement		
	Miscellaneous (if any) Statement		
3	Reconcile Bank Accounts		
4	Reconcile Property Tax Reports		
5	Balance Reconciliations:		
	Accounts Payable		
	Due to County Schools (fines)		

#1. Task List

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#2. Bank Reconciliation



- **Step 1:** Get the unadjusted bank statement balance & and unadjusted general ledger account balance
- **Step 2:** Find the “cleared” transactions
- **Step 3:** Adjust bank statement balance
- **Step 4:** Adjust ledger balance
- **Step 5:** Determine if the ending balance match – investigate discrepancies
- **Step 6:** Update journal entries

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BANK RECONCILIATION

AS AT MMM-DD-YYYY

BANK STATEMENT	\$	GENERAL LEDGER	\$
UNADJUSTED CLOSING BALANCE	X/(X)	UNADJUSTED CLOSING BALANCE	X/(X)
TIMING DIFFERENCES			
ADD DEPOSITS IN TRANSIT	X	OMISSIONS	
DEDUCT OUTSTANDING CHECKS	(X)	ADD UNPOSTED FUNDS	X
<small>AKA. UNRECORDED DEPOSIT</small>		ADD INTEREST RECEIVED	X
ADD/DEDUCT BANK ERRORS	X/(X)	DEDUCT BANK FEES	(X)
		DEDUCT BOUNCED CHECKS	(X)
ADJUSTED CLOSING BALANCE	X/(X)	ADD/DEDUCT JOURNAL ERRORS	X/(X)
		ADJUSTED CLOSING BALANCE	X/(X)
UNRECONCILED AMOUNT = \$0.00			

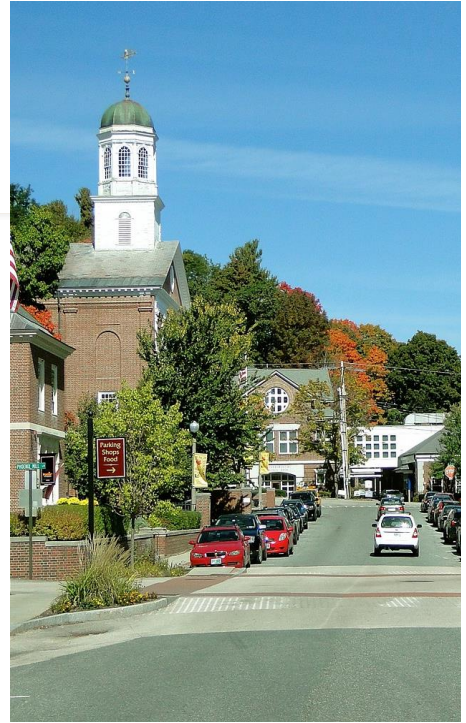
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Exercise

Bank Statement – \$100,000 ending balance

General ledger – \$86,000 ending balance

- Add or subtract missing transactions to see if you can get an unreconciled amount of \$0



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Require Secondary Approval

	Add/Deduct Journal Errors	\$	-
	General Ledger Adjusted Balance	\$	-
BANK RECONCILIATION BALANCE			
Reconciliation Balance			
	Bank Statement Adjusted Balance	\$	-
	General Ledger Adjusted Balance	- \$	-
		\$	-
Prepared by (print)		Reviewed by (print)	
Title :	_____	Title :	_____
Signature (preparer)	_____	Signature (reviewer)	_____
Date :	_____	Date :	_____

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#3. Budget-to-Actual Reports

Monthly
Financial
Reporting
Overview

- Complete within 5-10 days after last day of the prior month
- Share with governing board
- Reports should focus on financial data that helps answer questions:
 - Are our revenue collections on target?
 - How are we spending funds?
 - Can we continue to meet current obligations?
 - Are we maintaining a balanced budget?

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Operating Statements: Revenues

General Fund

Revenue Source	Annual Budget Estimate	Current Month Collection	Actual YTD	% Collected	Variance (over/under)	Prior Year Actual and/or % Collected
Ad Valorem						
Sales Tax						
Permits & fees						

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Revenues

OLD WELL BUDGET & INTERIM FINANCE REPORT: OCTOBER 2023

To be reviewed by the governing board on: Friday, October 29, 2023

OCTOBER 2023							
REVENUES OPERATING STATEMENT							
Revenue Sources	Annual Budget Appropriation	Current Month Collection	Actual YTD	% Realized	Prior Year Actual-to-Date	Prior year % Realized	
GENERAL FUND							
Current Year's Real Property Taxes	\$ 815,000.00	\$ 67,916.67	\$ 196,420.00	24.10%	\$ 225,043.00	28.40%	
Current Year's Motor Vehicle Taxes	\$ 265,000.00	\$ 22,083.33	\$ 34,912.00	13.17%	\$ 29,468.00	24.60%	
Prior Year's Real Property Taxes	\$ 18,000.00	\$ 1,500.00	\$ 4,515.00	25.08%	\$ 5,195.00	28.14%	
Penalties and Interest on Taxes	\$ 8,000.00	\$ 666.67	\$ 2,300.00	28.75%	\$ 1,585.00	27.30%	
Franchise Taxes	\$ 120,000.00	\$ 10,000.00	\$ 21,635.00	18.03%	\$ 19,171.00	24.50%	
Local Option Sales Tax	\$ 355,000.00	\$ 29,583.33	\$ 94,369.00	26.58%	\$ 84,278.00	25.84%	
Permits & Fees	\$ 45,000.00	\$ 3,750.00	\$ 9,462.00	21.03%	\$ 8,704.00	28.90%	
Powell Bill Funds	\$ 65,000.00	\$ 5,416.67	\$ 16,250.00	25.00%	\$ 16,085.00	23.15%	
Other Revenue	\$ 268,000.00	\$ 22,333.33	\$ 72,560.00	27.07%	\$ 65,000.00	27.90%	
Interest on Investments	\$ 14,000.00	\$ 1,166.67	\$ 3,748.00	26.77%	\$ 2,643.00	29.40%	
Appropriated Fund Balance	\$ 170,000.00	\$ 14,166.67	\$ 46,579.00	27.40%	\$ 57,815.00	32.75%	
GENERAL FUND TOTAL	\$ 2,143,000.00	\$ 178,583.33	\$ 502,750.00	23.46%	\$ 514,987.00	27.35%	
WATER FUND							
Water Usage Charges	\$ 604,500.00	\$ 50,375.00	\$ 157,460.00	26.05%	\$ 145,875.00	21.00%	
Taps and Connection Fees	\$ 1,000.00	\$ 85.00	\$ 295.00	29.50%	\$ 116.00	26.50%	
WATER FUND TOTAL	\$ 605,500.00	\$ 50,460.00	\$ 157,755.00	26.05%	\$ 145,991.00	21.40%	
SEWER FUND							
Sewer Usage Charges	\$ 724,000.00	\$ 60,333.33	\$ 192,600.00	26.60%	\$ 184,000.00	25.60%	
Taps and Connection Fees	\$ 1,000.00	\$ 158.00	\$ 215.00	21.50%	\$ 213.00	21.45%	
Other Revenue	\$ 6,000.00	\$ 758.00	\$ 1,450.00	24.17%	\$ 1,680.00	25.70%	
SEWER FUND TOTAL	\$ 731,000.00	\$ 61,249.33	\$ 194,265.00	26.58%	\$ 185,893.00	24.90%	

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Operating Statements: Expenditures

General Fund

Department	Appropriation	Expenditures	Encumbrances	Unencumbered Balance	YTD Expenditures and Encumbrances as % of Appropriations
Governing Board	\$35,000	\$3,616	\$24,095	\$8,917	
Library	\$145,000	\$28,117	\$130,300	\$11,450	

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Expenditures

OLD WELL BUDGET & INTERIM FINANCE REPORT: OCTOBER 2023
 To be reviewed by the governing board on: Friday, October 29, 2023

OCTOBER 2023 EXPENDITURES OPERATING STATEMENT									
Department/Function	Fiscal Year Budget	Encumbrances YTD	Expenditures YTD	Unencumbered Balance (appropriation minus expenditures and encumbrances)	YTD Expenditures as % of Appropriations	YTD Expenditures and Encumbrances as % of Appropriations	Prior YTD Expenditures and Encumbrances as % of Appropriation		
GENERAL FUND									
Governing Board	\$ 35,000.00	\$ 24,095.00	\$ 3,616.00	\$ 8,917.00	10.33%	74.52%	61.00%		
Government Administration	\$ 353,000.00	\$ 298,148.00	\$ 84,555.00	\$ 43,547.00	23.95%	87.66%	87.00%		
Police	\$ 525,000.00	\$ 470,611.00	\$ 125,729.50	\$ 44,167.00	23.95%	91.59%	64.00%		
Fire	\$ 240,000.00	\$ 206,970.00	\$ 40,298.00	\$ 26,880.00	16.79%	88.80%	74.00%		
Rescue	\$ 300,000.00	\$ 254,724.00	\$ 49,866.00	\$ 37,155.00	16.62%	87.62%	71.00%		
Streets (Public Works)	\$ 180,000.00	\$ 148,984.58	\$ 30,000.00	\$ 25,376.25	16.67%	85.90%	86.00%		
Parks and Recreation	\$ 25,000.00	\$ 20,400.00	\$ 5,625.00	\$ 3,975.00	22.50%	84.10%	81.00%		
Planning and Zoning	\$ 150,000.00	\$ 97,566.67	\$ 32,733.33	\$ 15,150.00	21.82%	89.90%	90.00%		
Library	\$ 145,000.00	\$ 130,300.00	\$ 28,117.00	\$ 11,450.00	19.39%	92.10%	68.00%		
Debt Service	\$ 90,000.00	\$ 90,000.00	\$ 22,500.00	\$ -	25.00%	100.00%	88.00%		
Contingency Appropriation	\$ 100,000.00	\$ -	\$ -	\$ 100,000.00	0.00%	0.00%	77.00%		
GENERAL FUND TOTAL	\$ 2,143,000.00	\$ 1,741,799.25	\$ 423,039.83	\$ 316,617.25	19.74%	85.23%	83.00%		
WATER FUND									
Water Operation	\$ 480,000.00	\$ 430,041.67	\$ 115,458.33	\$ 40,875.00	24.05%	91.48%	89.00%		
Water Maintenance	\$ 125,500.00	\$ 10,458.33	\$ 20,916.67	\$ 94,125.00	16.67%	25.00%	35.00%		
WATER FUND TOTAL	\$ 605,500.00	\$ 440,500.00	\$ 136,375.00	\$ 135,000.00	22.52%	77.70%	75.50%		
SEWER FUND									
Sewer Operations Department	\$ 390,000.00	\$ 280,962.50	\$ 65,000.00	\$ 89,212.50	16.67%	77.13%	80.00%		
Sewer Maintenance Department	\$ 153,000.00	\$ 12,750.00	\$ 25,500.00	\$ 114,750.00	16.67%	25.00%	73.00%		
Debt Service	\$ 183,000.00	\$ 183,000.00	\$ 30,500.00	\$ -	16.67%	100.00%	83.00%		
Contingency	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	0.00%	0.00%	77.00%		
SEWER FUND TOTAL	\$ 731,000.00	\$ 476,712.50	\$ 121,000.00	\$ 208,962.50	16.55%	71.41%	78.00%		

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Financial Management System

Identify all moneys received and expended

Produce accurate, current, and complete financial reporting

Maintain records that identify the source and application of funds

Compare actual expenses with budgeted expenses

Finance records must track

- Authorizations
- Obligations
- Expenditures
- Program Income

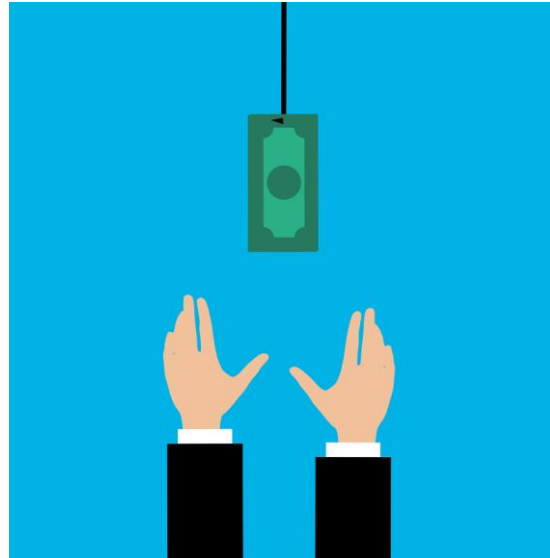
Maintain source documentation

- Paid invoices
- Payrolls
- Time and attendance records
- Subaward agreements
- Contracts
- Documentation of the history of a procurement

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KEY TAKEAWAYS

- Update policies and procedures
- Ensure duties are segregated
- Establish clear lines of authority
- Periodically rotate duties
- Establish review and approval processes
- Reconcile accounts



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