

CHARLOTTE TOWN AUDITORS
Minutes of Monday, April 15, 2013, Meeting
At the Charlotte Town Hall

Present: Town Auditors Nancy Wood (chair), Robert Mack, Peter Trono
Others: Selectboard chair Charles Russell, Selectboard Assistant Dean Bloch

Meeting was called to order at 3:05 p.m.

- Minutes of April 8, 2013, meeting were approved on a motion of Robert Mack, second of Nancy Wood, both in favor (Trono arrived a few minutes later)
- Discussion of VLCT “internal controls” checklist and Selectboard’s current practice and possible options for the process of authorizing expenditures/approving payments: Attached is a draft outline summarizing the policy and procedures discussed.
- The time and date of the next meeting were set for 3 p.m., Monday, May 13, 2013.

Meeting was adjourned at 4:20 p.m.

First Draft
Internal Controls
Financial Procedures: Purchasing

Budget Process

- Expenditures approved by Selectboard for each department pre-Town Meeting, overall budget approved by voters at Town Meeting
 - Approved budget entered into NEMRC by Town Treasurer (TT)
- Supplementary/additional spending requests brought to or up by Selectboard during fiscal year, budget line items adjusted within voter approved limits for total
 - TT notified of specific spending authorized

Spending Authorization and Payment Approval Process – Based on Size & Type of Purchase

1. Standard line item periodic operating expenses. Examples: telephone, fuel oil, supplies
 - a. Single vendor, multi-department. Examples: Staples, Patterson, W/CV Telecom
 - i. Department personnel who place the order should have authorization to do so, and the order should be identified with department code or purchase order number that includes department identification.
 - ii. Purchase Order/Form given to TT to be on record for reference when invoices arrive
 - iii. Invoice should identify department ordered for
 - iv. Invoice should be routed directly to TT
 - v. TT prepares payment from invoice and presents to Selectboard for approval
2. Other types of expenditures to be identified by Selectboard requiring pre-approval of invoices by department, committee or Selectboard. Examples: legal, advertising, construction and special projects, unusual large expenditures.
 - a. Single vendor, single department. Example, Library roof, CVFRS Heavy Rescue Truck
 - i. Department personnel who place the order should have authorization to do so, and the order should be identified with department code or purchase order number that includes department identification. Purchase Order/Preauthorization Form should be prepared that identifies account to be booked to and documentation of Selectboard authorization if outside of original budget. Example, date/copy of minutes of Selectboard meeting.
 - ii. Purchase Order/Form given to TT to be on record for reference when invoices arrive
 - iii. Invoice(s) should identify department ordered for
 - iv. Invoice routed first to department for review, verification of receipt of item ordered or work completed and payment authorization.

- v. Approved invoice returned to TT with updated Purchase Order/Form attached. If multiple payments are being made over time, form should include prior payment information, current payment authorized and balance due.
- vi. TT prepares payment from invoice and presents to Selectboard for approval with Purchase Order/Form from department attached
- b. Single vendor, multiple departments. Example, Stitzel legal bills, 7Days advertising.
 - i. Department personnel who place the order should have authorization to do so, and the order should be identified with department code or purchase order number that includes department identification.
 - ii. Invoice should identify department ordered for
 - iii. Invoice routed first to department(s) for review and payment authorization. Purchase Order/Form needed to identify account to be booked to and documentation of Selectboard authorization if outside of original budget. Example, date/copy of minutes of Selectboard meeting.
 - iv. Approved invoice returned to TT with form attached
 - v. TT prepares payment from invoice and presents to Selectboard for approval with authorization form from department
- c. Multi-vendor, single department project. Example, Senior Center lighting, Town Hall window replacement, Town Hall energy grant work.
 - i. When project/purchase approved by Selectboard, Project Purchase Order/Form prepared by department documenting scope of work, vendors expected and total of payments authorized.
 - ii. Project Form given to TT to be on record for reference when invoices arrive
 - iii. Verifications of materials received and returned, work completed, etc., should be documented during progress of work by designated personnel and confirmed with signatures on vendors' receipts
 - iv. Invoice should identify department ordered for and include signed receipts
 - v. Invoice routed first to department for review and payment authorization.
 - vi. Approved invoice returned to TT with copy of original Project Form attached, updated with prior payment information, current payment authorized and balance due for specific vendor and total project.
 - vii. TT prepares payment from invoice and presents to Selectboard for approval with authorization updated project form from department.

Final Approval of Payments by Selectboard (non-payroll)

- 1. TT prints checks and warrant for approved invoices. Attached to warrant are unsigned checks, invoice, check stub and preauthorization forms.

2. TT attaches note to the warrant if there is a concern or question about a specific invoice and circles the item on the warrant.
3. TT provides updated budget to actual financial statement to accompany warrant.
4. Final approval during weeks without a Selectboard meeting
 - a. At least three Selectboard members come to Town Hall to review the warrant and invoices. If member approves all payments, he/she signs the warrant with date of signature.
 - b. If there are concerns or questions that need Selectboard discussion, member circles specific item on warrant and signs approval of other invoices with a note of account to review.
 - c. After 48 hours from third signature, TT stamps authorized on approved invoices, signs checks and distributes.
 - d. Unapproved invoices are held with warrant for discussion at next Selectboard meeting.
5. Final approval during weeks with a Selectboard meeting
 - e. Selectboard members may come to Town Hall to review the warrant and invoices. If member approves all payments, he/she signs the warrant with date of signature.
 - f. Warrant with attachments is reviewed by the board at the meeting, with discussion of items of concern to TT or board members.
 - g. After approval by board, TT stamps authorized on approved invoices, signs checks and distributes.
 - h. Unapproved invoices are dealt with as necessary.

Final Approval of Payroll Payments – needs discussion for appropriate timely payment through direct deposit.

RFP Policy – needs discussion for appropriate levels of bid process.

Nwood 4/17/2013 Draft