

**TOWN OF FAYSTON  
866 NORTH FAYSTON ROAD  
NORTH FAYSTON, VT 05660**

Financial Policy and Procedures

Segregation of Duties:

No checks are to be written to petty cash.

Petty cash reconciled and posted by someone other than the person(s) handling the transaction(s) when possible.

Bank statements delivered (unopened) to person who reconciles accounts – Restrict or limit access to online statements to person(s) who reconciles accounts and Selectboard.

Bank reconciliations prepared by someone other than the person who prepares checks.

Bank reconciliations reviewed by someone other than the person reconciling or preparing the checks. Selectboard will review.

Bill payments processed by someone other than the person who signs the checks unless vacation or illness makes this impossible.

Funds transfers between accounts by someone other than the person disbursing funds unless vacation or illness makes this impossible.

Best practices:

Deposits made timely – at least weekly.

Undeposited funds stored securely.

Checks endorsed promptly when received and stored securely.

No checks written to cash.

Petty cash receipts included on board warrant under fees.

Periodically count petty cash by surprise. Selectboard responsibility.

Board warrants supported by original invoices.

Voided checks recorded and tracked.

Funds transfers to be included on Board warrants.

Password protect computer and financial data – password stored securely.

Restrict access to computers, safe & building to appropriate employees and town officials.

Signature stamp, if used, stored securely.

Prohibit loans from cash or cashing of personal checks.

Mail date stamped when received.

Invoices initialed for payment approval by purchaser before being paid.

Daily back up all data files.

#### Month Audit:

Reconcile all cash accounts. Outside person to reconcile all accounts.

Review payroll activity, reports (timesheets) and liability accounts.

Selectboard responsibility.

Review Board warrants. Selectboard responsibility.

Reconcile accounts payable. Selectboard responsibility.

Reconcile current taxes due. Selectboard responsibility.

Close or password audited period at the end of each year.

## Petty Cash Procedure

1. Spread sheet maintained with all cash transactions – hand written entries made by both Town Clerk/Treasurer and Assistant Town Clerk/Treasurer. Everyone is asked if they would like a written receipt – not everyone accepts.
2. Any payments by check are not listed on spreadsheet, but instead are placed in the bank bag with a notation of what account it's for (i.e. permit fee, recording fee, marriage license etc.)
3. Once a week deposits are made – a float of \$100.00 is left in the bank bag. Asst. Treasurer (AT) reconciles the spreadsheet with the cash.
4. Deposit entered into QB by AT, the petty cash is deposited along with other income – such as recording fees, town hall rental etc.
5. Petty cash is never used for payment of receipts – checks are issued for reimbursements to employees/contractors.

## Payroll Procedure

1. Time sheets handed in by Road Foreman, Zoning Administrator and Assistant Clerk (AC) Monday (pay week ends on a Saturday).
2. Head Lister presents time sheet at the end of every month.
3. Asst. Listers present time sheets on a quarterly basis.
4. Paychecks are generated for all hourly and salaried employees by the Assistant Treasurer (AT) on Monday. If AT is unavailable Treasurer (Tres) prepares.
5. **NEW: Warrant to be generated for that day Payroll and to be signed by one Selectboard member (in the event that a Selectman cannot come in to sign the warrant, approval by email is acceptable). The warrant will not include any tax payments made related to that week's payroll. Those payments will be placed on the semiweekly warrant for the Selectmen's meeting with other A/P bills.**
6. Paychecks are given to the Tres to sign (with the exception of the Treasurers pay check, which is signed by the AT).
7. Payroll taxes (Fed Income, Medicare, and Social Security) are paid weekly via EFTPS. Report and Liability payment are generated in QB – numbers are reconciled to be sure the payments match. The payment is scheduled for the Friday of that pay week.
8. On the last payday of the month the Delinquent Tax check is generated. A report is run from the day after the previous Delinquent Tax check was paid to the current day.
9. Other payroll liabilities (Vermont Withholding, VMERS and HSA payroll deductions) are made on the last payday of the month.
10. Overtime hours (Road Crew) are emailed out to the Selectboard when they occur.