

TOWN OF LITCHFIELD

FINANCIAL RECONCILIATION POLICY

Reviewed by BOS April 8, 2019

PURPOSE

The intent of this policy is to describe the methodology for ensuring that the monies of the Town of Litchfield are appropriately accounted and balanced on a regular basis.

OVERVIEW

Adherence to this policy will ensure that the practices utilized by town officials are transparent to the public and protect the taxpayer from fraud. This policy shall apply to all accounts owned by the Town of Litchfield. Ex. Escrow, Impact Fees, Special Details, General Fund, etc. This policy shall apply to the Treasurer, Tax Collector/Town Clerk, Finance Office, Town Administrator and the Board of Selectmen;

RESPONSIBILITIES

It is the responsibility of the Treasurer and the Town Clerk/Tax Collector to:

1. Adhere to the requirements of the laws of the State of New Hampshire
2. Maintain up to date accounts of the funds owned by the Town
3. Perform the requirements of this reconciliation procedure monthly and to provide the results of that work to the Finance Office.
4. To provide to the Board of Selectmen, any financial information as may from time to time be requested

It is the responsibility of the Finance Office to:

1. Adhere to the requirements of the laws of the State of New Hampshire;
2. Maintain up to date ledgers of the funds owned by the town;
3. Perform the requirements of this reconciliation procedure monthly, running the ledger report and providing the Town Administrator and Board of Selectmen with the results of that work;
4. To prepare a summary report comparing the reconciliation of the Treasurer and Tax Collector/Town Clerk accounts against the Finance office summary record of department deposits. This report must document the differences between results as well as documentary investigation and conclusion/explanation of those differences
5. Make available the electronic copies of supporting documentation for verification and review of the independent reconciliation reports

It is the responsibility of the Board of Selectmen and/or the Town Administrator to

1. Review monthly the reports of the Treasurer and Tax Collector/Town Clerk with the Board of Selectmen's Finance Office for the comparison and receipt of their independent reconciliation results;
2. Use the electronic copies of supporting documentation for verification and review of the independent reconciliation reports.
3. To review within 30 calendar days of the month's close, the summary report signed by all parties (Treasurer, Tax Collector/Town Clerk, Finance Office and Town Administrator) for Selectmen approval;

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PROCEDURE

The Treasurer and Tax Collector/Town Clerk will reconcile their accounts on a monthly basis. To perform this reconciliation the Treasurer and Tax Collector/Town Clerk shall maintain a listing of individual account balances to reconcile against the bank statements as well as a summary total accounting of all funds

1. Update the bank accounts for financial instruments for the accrued interests by bringing the account books to the bank or by utilizing the bank statements received
2. Update the Treasurer's or Tax Collector/Town Clerk's individual account records and the summary total records from the previously reconciled monthly balance adjusting the totals by;
 - a. adding monthly receipts
 - b. adding monthly received interests (Treasurer)
 - c. deducting disbursements
 - d. adding uncashed prior issued checks
 - e. account for transfers (both in and out)
3. The Treasurer and Tax Collector/Town Clerk will provide to the Finance Office within 20 days of the prior month's close;
 - a. the signed, individual and summary account balances calculated above;
 - b. Photocopies of the bank statements or financial instrument reports showing interest received for the period (Treasurer);
 - c. listing of any uncashed checks
4. The Treasurer will provide to the Finance Office within 10 days of the prior month's close the;
 - a. listing by account of received interest;
 - b. listing of any uncashed prior issued checks;
 - c. listing of any fees deducted by account;
 - d. listing of any transactions unknown to the Finance Office with an explanation;

The Finance Office shall reconcile the Town's ledgers on a monthly basis. To perform this reconciliation the Finance Office shall update the town's ledgers by;

1. add in the accounts received from the various town organizations;
2. deduct any reimbursements;
3. add into the accounts any interests shown for the period from the bank or financial instrument statements received from the Treasurer;
4. add into accounts any uncashed checks as shown from the paperwork submitted by the Treasurer;

The Board of Selectmen retains the authority to review any and all primary financial documents of the Town and the ability to request copies of or audit these documents at any time. Records of the reconciliation shall be maintained by the Treasurer, Tax Collector/Town Clerk and the Board of Selectmen's office for a period of 3 years or as required by the laws of the State of New Hampshire.

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REVIEW

This policy will be reviewed annually by the Board of Selectmen.

Approved July 8, 2012

Reviewed April 27, 2015

Reviewed May 23, 2016

Reviewed May 22, 2017

Reviewed April 8, 2019
