

# Recommended Policies to Manage Your Municipality/District

Division of Local Government and School Accountability



---

---

---

---

---

---

---

---

Policies guide decision-making

Procedures drive actions



---

---

---

---

---

---

---

---

## Key Differences

- Policies
  - Formulated by the board or by top management
  - Flexible
  - Provide requirements in broad terms
- Procedures
  - Executed by lower level management and staff
  - Step by step
  - Provide detailed sequences



---

---

---

---

---

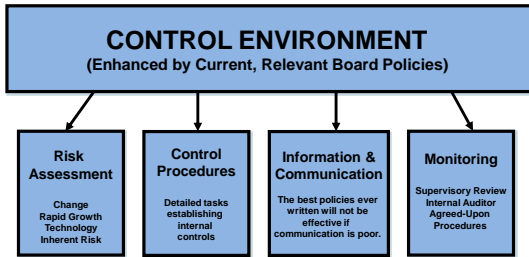
---

---

---

## Making the Connection: Policies and Internal Controls

Internal Control Framework




---

---

---

---

---

---

---

---

---

---

## Required Board Policies

- Code of Ethics – General Municipal Law §806
- Deposits and Investments – General Municipal Law §39
- Procurement – General Municipal Law §104(b)
- Workplace Violence Prevention – Labor Law, Article 2 §27-b
- Sexual Harassment Prevention – Executive Law, Article 15
- Breach Notification – State Technology Law §208
  - Board Review/Update Annually/Communicate

---

---

---

---

---

---

---

---

---

---

## Assess Your Risks – Adopt Policies – Establish Control Procedures

Typical Risk Areas

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Cash</li> <li>• Cell Phones</li> <li>• Confidential / Sensitive Information (Paper and Digital)</li> <li>• Credit Cards</li> <li>• Equipment Use</li> <li>• Financial Reporting</li> </ul> | <ul style="list-style-type: none"> <li>• Fund Balance</li> <li>• Fuel Controls</li> <li>• Internet Usage</li> <li>• Network Security</li> <li>• Travel and Conference Expenses</li> <li>• Wire Transfer/Online Banking</li> </ul> |
|---|---|

---

---

---

---

---

---

---

---

---

---

## Recommended Policies

- Cash Receipts
- Vehicle Use
- Cell Phone/ Electronic Devices
- Computer and Internet Use
- Private, Personal and Sensitive Information
- Credit Card Use
- Capital (Fixed) Assets
- Gasoline and Fuel Usage

Board Review / Update Annually / Communicate

---

---

---

---

---

---

---

---

---

---

## Cash Receipts

- Policy
  - Assignment of responsibility
  - Location of collections
  - Issuance of duplicate receipts
  - Safeguards for undeposited monies
  - Deposit timely and intact
  - Reconciliation responsibilities
  - Record keeping requirements and responsibility

---

---

---

---

---

---

---

---

---

---

## Cash Receipts

- Procedures
  - Standardized forms
  - Maintain list of bonded individuals
  - Segregation of duties
  - Deposit procedures
  - Reconciliation procedures
  - Record keeping procedures
  - Audit procedures
    - What happens if a discrepancy is identified?

---

---

---

---

---

---

---

---

---

---

## Vehicle Use

- Policy
  - Appropriate use (e.g., for official business); municipal and personal vehicle use
  - Sanctions exist and will be enforced
- Procedures
  - Assignment of vehicles
  - Maintenance and care
  - Reporting accidents and responsibility for tickets
  - Applying for reimbursable expenses

---

---

---

---

---

---

---

---

## Cell Phone/ Electronic Devices

- Policy
  - Pre-approval authorization process/ Justification
  - Allowable plans and hardware
  - Guidelines for personal use
  - Loss reporting
  - Annual inventory and inspection
- Procedures
  - Loss reporting and hardware/use interruptions
  - Bill review and unallowable expense recapture
  - Auditing procedures

---

---

---

---

---

---

---

---

## Computer and Internet Use

- Recommended Policies
  - Internet, Email, and Personal Computer Use
    - Acceptable use
    - Consequences for inappropriate use
  - Password Security
    - Complexity and frequency of changes
  - Wireless Security Policy
    - Allowable devices and security
  - Mobile Computing and Storage Device Policy
    - Allowable devices and security
  - Online Banking

---

---

---

---

---

---

---

---

## Personal, Private and Sensitive Information (PPSI)

- Policy
  - Identify and/or define the types of PPSI
  - Include elements for classifying the information into access/security levels
  - Security requirements for access/security levels
  - Responsibility for maintaining standards and enforcing compliance
- Procedures
  - Tie into procedures for breaches of security
  - Inventory of data
  - Data Security Audits

---

---

---

---

---

---

---

---

## Credit Cards

- Policy
  - Require Board authorization before credit cards are obtained
    - Centralize responsibility for opening accounts
    - Designate credit limits
  - Provide guidelines on appropriate use
    - For legitimate business purposes
    - Must not circumvent purchasing policies
    - Guidelines for allowable purchases by phone, fax and internet
  - Require original documentation to support charges
  - Designate responsibility for monitoring credit card usage
  - Provide for recovery of inappropriate charges
  - Outline notification process for lost or stolen cards; employee terminations
  - Custody of credit cards

---

---

---

---

---

---

---

---

## Credit Cards

- Procedures
  - Maintain list of approved users, account numbers, expiration dates
  - Issue cards in the name of specific individuals to establish accountability
  - Impose card restrictions – no cash back, transaction limits
  - Monitor usage and report results to CEO or Board
  - Claims auditing official or body knowledgeable in policy requirements

---

---

---

---

---

---

---

---

## Capital Assets

- Policy
  - Identify major types of equipment and person responsible for physically safeguarding them.
  - Establish a dollar threshold below which equipment will not be inventoried.
  - Describe the types of inventory records that should be maintained and person responsible.
  - Require physical control over assets and maintenance of records be divided among different departments when possible.
  - Require conducting inventories to compare records to actual assets.
  - Safeguard equipment from misuse or theft

---

---

---

---

---

---

---

---

## Capital Assets

- Procedures
  - Mark or label all equipment
  - Safeguard highly portable equipment in limited access areas
  - Equipment inventory records should contain descriptions, quantities, locations, dates of purchase and original cost
  - Assign a non-custodial individual to prep and maintain inventory records
  - Authorize and document retirement and/or disposal of equipment prior to the actual disposal
  - Design procedures specifically to control consumable commodities
  - Provide for an annual physical inventory

---

---

---

---

---

---

---

---

## Gasoline and Fuel Usage

- Policy
  - Authorized personnel and vehicles
  - Authorized third parties/ contractual arrangements
  - Safety and security of fuel locations
  - Security of access keys
  - Enforcement of business use only
- Procedures
  - Billing procedures for third parties/ departments
  - Inventory/ reconciliations
  - Storage Audits

---

---

---

---

---

---

---

---

## A well-written, comprehensive policy and procedure manual can be an effective management tool

- Clarifies management objectives and directives
- Reduces uncertainties
- Enhances continuity of policies and procedures
- Increases effectiveness of internal controls
- Assists in the external audit process
- Reduces opportunities for fraud and misconduct



---

---

---

---

---

---

---

---

## Resources

- Ethics – multiple resources
- Seeking Competition in Procurement
- Investing and Protecting Public Funds
- Travel and Conference Expense Management
- Information Technology Security
- Cash Management Technology
- Capital Assets
- Credit Card Accountability
- Managing Your Travel and Conference Expenses

[www.osc.state.ny.us/localgov/pubs/index.htm](http://www.osc.state.ny.us/localgov/pubs/index.htm)



---

---

---

---

---

---

---

---

## Thank You



Division of Local Government and School Accountability  
[localtraining@osc.ny.gov](mailto:localtraining@osc.ny.gov)



---

---

---

---

---

---

---

---