MUNICIPALITY OF SKAGWAY, ALASKA
RESOLUTION NO. 12-22R

A RESOLUTION OF THE MUNICIPALITY OF SKAGWAY, ALASKA, ADOPTING ACCOUNTING POLICIES AND PROCEDURES.

WHEREAS, the Municipality intends to develop policies and procedures for accounting and finance management; and

WHEREAS, in order to comply with the conditions stated in the Notice of Award for the Health Center Cluster 330 Federal Grant, the Municipality submitted a board-approved corrective action plan to address all findings, questionable costs, reportable conditions, and material weaknesses cited in the most recent Audit Report; and

WHEREAS, within 120 days of the approved corrective action plan dated July 6, 2012, the Municipality is required to provide documentation that this requirement has been implemented. Per the approved corrective action plan policies and procedures will be established to ensure that federal funds are being managed appropriately and for the Municipality to make assurance that these findings will not occur in the future; and

WHEREAS, all conditions placed on the clinic's federal grant must be satisfied in order to receive continued grant funding from the U.S. Health Resources and Services Administration (HRSA).

NOW, THEREFORE, BE IT RESOLVED by the Borough Assembly of the Municipality of Skagway that the Skagway Borough Assembly adopts the attached accounting policies and procedures.

PASSED AND APPROVED this 8th day of November, 2012, by the Assembly of the Municipality of Skagway, Alaska.

Stan Selmer, Mayor

ATTEST:

Emily Deach
Municipal Clerk

(SEAL)

RES # 12-22R **Revision:**   **Prepared by:** Heather Rodig
Effective Date: November 8, 2012   **Approved by:**

Title: **PUR106 ACCOUNTS PAYABLE AND CASH DISBURSEMENTS**

Policy: Internal controls are required to ensure that only valid and authorized payables are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of General Ledger accounts and appropriate timing of payments.

Purpose: To explain the practices for documenting, recording and issuing payments for accounts payable transactions.

Scope: This procedure applies to all purchases including, merchandise and non-merchandise purchases.

Responsibilities:

        Borough Treasurer is responsible for reviewing Accounts Payable material and initialing approval.

        Department Manager/Clinic Administrator is responsible for forwarding all paperwork to accounting for payment.

        Accounts Payable Clerk is responsible for entering & payment of invoices, but only after Department manager has verified that satisfactory completion or delivery of goods or services has been made. She also provides the Finance Committee with a check register for each pay-run.

        Administrative Assistant/Deputy Clerk is responsible for filing and maintaining all agreements and contracts.

        Finance Committee Chair/Member is responsible for providing the Assembly with a check register for approval to pay bills and to sign each voucher.

        Assembly is responsible for approving all voucher payments made by the Municipality.

Background: Properly recording liabilities is generally a three-step process, particularly, for merchandise purchases.

        The first step is to create a purchase order with an estimated cost for purchasing merchandise. It documents the company's understanding of how much each item will cost, per the vendor's terms. This includes estimates for freight and any other charges.

        The second step takes place when the merchandise and vendor's invoice is received. At this point the actual liability is recorded, with any necessary adjustments to the item costs, freight, or other charges.

        The third step involves the preparation, issuance of payment for the goods received, and subsequent filing of all paperwork for easy retrieval.

Procedure:

1.0   DOCUMENTING ACCOUNTS PAYABLE

1.1   The following documents will be forwarded to accounts payable for temporary filing and subsequent matching to form an accounts payable voucher package:

- Purchase Order with purchase requisition if applicable
- Packing Slip with receiving report if applicable
- Vendor invoice

1.2   Once the accounts payable department has received all of the above documents, the following steps will be performed to ensure proper authorization, validity of purchase, receipt of purchased items or services and accuracy of amounts.

- The vendor invoice will be stapled on top of the packing slip followed by the purchase order and requisition.

- The purchase order should be evaluated for proper authorization and the nature of the purchase and pricing as shown on the invoice reviewed for validity.

- The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports. Any discrepancies must be followed-up and resolved prior to commencing with the voucher process.

2.0   RECORDING MERCHANDISE PAYABLES

2.1   Once merchandise has been physically received, and all documentation has been reconciled with any discrepancies resolved, the accounting system must now be updated to record the received goods. The matched documentation required consists of the original invoice, original purchase order and packing slips.

2.2   Upon receipt of the proper documentation from the Department Manager, the Accounts Payable Clerk creates a payables batch in the accounting system and submits the batch to the Borough Treasurer for review prior to posting to the general ledger and recording the liability.

2.3   Posted invoices are filed alphabetically and maintained by the Accounts Payable Clerk until vouchers are processed for payment.

3.0   RECORDING NON-MERCHANDISE PAYABLES

3.1   Non-merchandise expenditures like utilities, rent, insurance, taxes, repairs, professional fees, etc., are generally not recorded through the purchase order routine. However, there may be other documentation, like contracts, requisitions, and other agreements filed and maintained by the Administrative Assistant/Deputy Clerk. Upon receipt of the invoice, the charges should be entered into the payable system and coded to the appropriate expense account.

3.2   The Accounts Payable Clerk creates a payables batch in the accounting system and submits the batch to the Borough Treasurer for review prior to posting to the general ledger and recording the liability.

3.3   Posted invoices are filed alphabetically and maintained by the Accounts Payable
        Clerk until vouchers are processed for payment.

4.0   PAYMENT OF ACCOUNTS PAYABLE

4.1   Pay-runs are done on the Wednesday prior to an Assembly meeting, generally
        every two weeks and printed by the Accounts Payable Clerk.

4.2   Any vendor credits which are amounts owed to the company for returns,
        marketing co-op, or price adjustments, should be applied to amounts currently
        owed to the vendor when determining payment. These are normally received in
        the form of a credit memo or adjusting invoice. These should be entered into the
        system like any other invoice and applied to the next payment being made.

4.3   All posted invoices in the accounting system are paid during a pay-run.

4.4   Once vouchers are run, a photocopy is made for filing purposes.

4.5   The Accounts Payable clerk pulls all Invoices to be paid from the files and
        matches them with the printed vouchers.

4.6   The Finance Committee Members review all vouchers. The Finance Committee
        Chair signs all vouchers. In his absence, another Committee Member may sign
        vouchers.

4.7   Once the vouchers are reviewed by the Assembly and approved for payment, the
        Borough Treasurer signs each voucher and returns all vouchers with back-up to
        the Accounts Payable Clerk. The Borough Clerk may sign vouchers in the
        Borough Treasurer's absence.

4.8   The Accounts Payable Clerk mails out vouchers on each Friday after the
        Assembly meeting and voucher approval.

Revision History:

Revision	Date	Description of changes	Requested By
0	11/08/12	Initial Release	Heather Rodig

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RES # 12-22R **Revision:**   **Prepared by:** Heather Rodig
Effective Date: November 8, 2012   **Approved by:**

Title: **INV102 INVENTORY COUNTS**

Policy: All physical inventory will be periodically counted and reviewed on a
                    frequent basis and under a common set of procedures and controls.
                    Federally funded inventory will be counted biennially as required.

Purpose: To outline the actions to be taken to conduct an accurate physical count of
                    all inventory items in order to verify the accuracy of the inventory ledger.

Scope: This procedure applies to all inventory items including all departments that
                    carry an inventory and federally funded equipment inventory.

Responsibilities:

Department Manager/Clinic Administrator is responsible for the actual
count. The Manager should be knowledgeable about the inventory items to
be counted, the counting procedures used, and the location of all
inventories. The Manager is also responsible for forwarding all paperwork
to accounting to ensure that inventory is documented and accounted for
properly.

Borough Treasurer is responsible for cut-off procedures, ensuring proper
inventory control and recording any necessary inventory adjustments into
the accounting system.

Definitions: Cut-off refers to procedures which ensure that all items counted are owned
                    by the Municipality and available for use.

Procedure:

1.0   INVENTORY TYPES

1.1   There are two main categories of inventory:

- Inventory on hand for use (Water/Sewer parts, Clinic supplies)

- Federally funded equipment inventory (Fire/Police equipment, vehicles, Waste
  Water Treatment Plant equipment, Clinic equipment)

1.2   Generally, a complete physical inventory is taken at year-end for inventory on hand
       for use. The ultimate objective is to arrive at a correct inventory value (correct
       quantity and correct cost) at a particular time. A complete physical inventory of
       federally funded equipment is done biennially (every two years).

2.0   INVENTORY ON HAND FOR USE

2.1   All areas containing inventory should be organized to their optimal standard. All
       items should be organized with like items and clearly labeled for easy identification
       and accurate counting.

2.2   All loose inventory items should be removed from workstations or machines and
       neatly placed or stored into bins, shelves, racks, etc. Identical parts that are used in

multiple locations should (if practical) be combined into one storage area to facilitate ease of record keeping.

After grouping and organizing identical parts (i.e., on shelves or bins), all inventory items should be reasonably separated and identified/labeled to avoid any confusion between similar looking or types of parts.

2.4   All non-inventory, defective or obsolete parts should be clearly segregated from inventory items to be counted. These items should also be visibly marked or indicated to their nature (i.e., "Non-Inventory - Do Not Count", "Defective", etc.).

2.5   The results of the count should be compared to the inventory records and any variances investigated. After resolving any discrepancies, the inventory amounts carried in the computer system should be adjusted to agree with the results of the physical count.

3.0   FEDERALLY FUNDED EQUIPMENT INVENTORY

3.1   Federally funded equipment inventory will be periodically counted and condition reviewed on a regular basis consistent with the federal requirements under which equipment was granted. Federally funded equipment will be counted every two years per federal requirements.

Revision History:

Revision	Date	Description of changes	Requested By
0	11/08/12	Initial Release	Heather Rodig

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RES #12-22R **Revision:**_____   **Prepared by:** Heather Rodig
Effective Date: November 8, 2012   **Approved by:**_____

Title: **CSH108 FEDERAL CASH MANAGEMENT AND DRAWDOWNS**

Policy: Accurate internal control of federal grant receipts will be maintained at all
             times.

Purpose: To establish a standardized procedure for the cash management and
             drawdowns of Federal grants and comply with the requirements for
             Section 330 Grant.

Scope: This procedure applies to all federal drawdowns on the 330 grant by Dahl
             Memorial Clinic.

Responsibilities:

             Clinic Administrator is responsible for initiating a drawdown through the
             Payment Management System (PMS).

             Clinic Administrative Assistant is responsible for faxing notification of a
             drawdown to the Borough Tax Clerk at City Hall.

             Borough Tax Clerk is responsible for recording drawdowns into the Sage
             100 Accounting System.

             Borough Treasurer is responsible for reconciling general ledger (GL)
             accounts and bank statements on a monthly basis.

             Borough Manager is responsible for reviewing and approving GL and
             bank statement reconciliations.

Definitions: Drawdown. An electronic request for grant reimbursement based on the
             annual grant funds available divided into 12 equal monthly payments.
             Drawdowns are posted to the municipal bank via Electronic Funds
             Transfer (EFT) payments.

Procedure:

1.0   RECORDING OF GRANT RECEIPTS

1.1   Drawdown notifications will be faxed to the Borough Tax Clerk at City Hall by
        the Administrative Assistant at Dahl Memorial Clinic on the same day as the
        request is approved.

1.2   The Borough Tax Clerk enters the drawdown into the Sage 100 accounting
        system as a Debit to the General Bank GL account and a Credit to the 330 Grant
        Revenue GL account. A deposit journal is printed and attached to the drawdown
        request. The deposit journal and all backup is stapled together and filed in the
        EFT deposit folder and stored with all municipal deposit records.

1.3   The Borough Treasurer reconciles the bank statements and GL accounts on a
        monthly basis to ensure all drawdowns are accounted for and recorded in the
        proper GL account

1.4   The Borough Treasurer maintains a month, quarter & annual checklist to document these reconciliations. These checklists are filed with the monthly Treasurer's Report.

1.5   Monthly reconciliations and checklists are reviewed and approved by the Borough Manager.

Revision History:

Revision	Date	Description of changes	Requested By
0	11/08/12	Initial Release	Heather Rodig

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