



**NORTH CAROLINA**  
DEPARTMENT OF STATE TREASURER

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STATE AND LOCAL GOVERNMENT FINANCE DIVISION  
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**TO:** Finance Officers of North Carolina Governments and Public Authorities  
**FROM:** Kendra Boyle, Director, Fiscal Management Section  
**SUBJECT:** Internal Controls for a Small Unit of Government  
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## **Introduction**

Internal controls can be defined as a crucial system of policies, procedures, and actions implemented by an organization to ensure the integrity of financial reporting, safeguard assets, promote operational efficiency, and ensure adherence to policies, laws, and regulations. The Local Government Commission encourages local units to review their internal controls on a periodic basis. Internal controls should be reviewed carefully, and their cost effectiveness measured, before being implemented by a local unit. It is also worth noting that internal controls, no matter how well designed and operated, can only provide reasonable assurance that the operations of the governmental entity are followed, that financial reporting is accurate, and that laws and regulations are complied with. Certain limitations are inherent in all internal control systems. The recommendations and procedures outlined in this memo are intended to aid units, especially smaller units, in strengthening their controls. This is not an all-inclusive list but should serve as a good foundation. Another resource that may be helpful is the “[Green Book](#)” released by the U.S. Governmental Accountability Office (U.S. GAO), which has been updated for the 2026 fiscal year to help public officials and leaders better address certain risk areas related to, among other things, fraud, improper payments, and information security.

Elected officials and governmental employees are accountable for resources entrusted to them and for ensuring that programs and services are administered effectively and efficiently. A significant component in fulfilling this responsibility is ensuring that an adequate system of internal controls exists within each governmental unit. Whether a unit of government has strong or weak internal controls directly affects the reliability of its accounting records and financial statements. Strong internal controls aid in the prevention of fraud and the detection of accidental errors in the accounting process. Internal controls provide greater assurance of the accuracy of financial reporting, compliance with laws and regulations, and effective and efficient operations.

One of the most important methods that a unit can use to enhance its internal controls is utilizing proper segregation of duties. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. Without proper segregation of duties, it is impossible to have an effective system of internal control. There are two main advantages to implementing segregation of duties: The first is that fraud is more difficult to perpetrate when proper segregation of duties is in place because it would require collusion of two or more individuals; second, if duties are adequately separated, innocent errors are more likely to be found and corrected.

Extensive segregation of duties is not always possible for smaller units of local government. In such cases, the duties should be separated as much as possible and alternative controls used to compensate for lack of separation. Members of the governing board must be called upon to provide some of these controls; they are generally very familiar with operations and likely to spot unfamiliar vendors and transactions. Due to knowledge of the unit and community, they should be able to determine if explanations for unusual transactions are valid. Appendix A to this memo illustrates how to potentially divide duties (for most functions) with a staff of one or two accounting personnel.

## **General Controls**

General controls can be applied to all areas of a governmental unit:

- a. Written organization plan – A plan of organization should be developed and communicated to all parties involved (governing body, mayor, manager/administrator, finance officer, and anyone else elected or employed). This plan should include (at least):
  - Clear lines of authority and responsibility

- Up-to-date job descriptions
  - Criteria to be observed by employees in initiating transactions (approval authority and amount limitations)
- b. Written financial policies and procedures – Official policies and procedures should be in place that describe in detail the processes for performing all major financial functions such as following preaudit requirements, cash management, fund balance policies, procurement requirements, etc. These should be periodically reviewed and updated as necessary. For guidance and examples, the UNC School of Government maintains a policy manual at [NCFinanceConnect.com](https://www.ncfinanceconnect.com).
- c. Governmental units should employ personnel with the knowledge and experience required to perform satisfactorily the responsibilities assigned to them. This includes continuing education for current employees.
- d. All employees should be required to take annual vacations. Their duties should be performed by another employee during their absence. This will reduce the likelihood of fraud since employees are aware that, at any given time, someone else could perform their duties.
- e. Units should consider implementing a written code of conduct or ethics for unit staff that is communicated to employees in writing and redistributed each year. (This is different from the code of ethics that governing boards are required to adopt for governing board members under [G.S. 160A-86](#)).

### **Board Oversight**

- a. The board is ultimately responsible for overseeing compliance with laws and regulations, as well as the unit's own internal policies. The board should be driving policymaking and setting a general vision for the unit. The manager/administrator and finance officer should then be charged with carrying out the steps necessary to achieve those goals. The board sets the tone at the top.
- b. In smaller units, active participation by the board in key functions is also necessary for good internal controls.
- c. Proper board oversight requires that financial reports be presented to and reviewed by the board each month. These reports, at a minimum, should reflect the budget and actual revenues and expenditures.
- d. The board should receive regular reports from the unit's manager/administrator. These reports should provide an update on the status of projects, concerns, problems, etc. This is an opportunity to make sure that unit leaders are on the same page.
- e. See [Information for Governing Bodies](#) on the LGC website for information regarding training, sample documents and other resources.

### **Controls in Accounting System**

- a. All journals, ledgers, and other accounting records should be kept up to date at all times and should be balanced.
- b. All subsidiary records should be periodically reconciled to the control accounts and should be reconciled in a timely manner.
- c. Duties should be segregated as much as possible between the custody of assets and the recording of the transactions.

- d. Systems should be in place to make sure that the preaudit process ([G.S. 159-28](#)) is functioning properly. There are only three exemptions to the preaudit certification requirement: an obligation approved by the LGC (such as a debt issuance), payroll expenditures, and electronic payments (see “Purchasing and Contracting” below for further discussion). Failure to follow proper preaudit procedures may lead to over-expenditures.
- e. **All expenditures of public money (even those that fall under the exemptions discussed above) must be budgeted.** If budget amendments are necessary, they must be approved before any obligation is incurred. Any and all expenditures made in excess of appropriations should be investigated and resolved immediately.
- f. Each unit should maintain and follow records filing, retention, and disposal policies in compliance with the public records laws ([G.S. Chapter 132](#)) and the guidelines published by the Department of Natural and Cultural Resources (NC DNCR). Detailed information can be found on the NC DNCR website, [records schedules](#).

### **Statutory Controls**

- a. All minutes of the governing body should be maintained in final form in the permanent records of the unit.
- b. All public officials should be familiar with [G.S. 159 Article 3](#), The Local Government Budget and Fiscal Control Act. Finance officers should pay special attention to [G.S. 159-25](#). [Information for Finance Officers](#) on the LGC website may also be a helpful resource.
- c. The unit must develop, adopt, and approve its budget according to [G.S. 159-13](#).
- d. All employees who handle public moneys or have access to inventories must be bonded either individually or under a blanket bond according to [G.S. 159-29](#). **Please be aware that the minimum finance officer bonding requirement has been updated to the greater of the following:**
  - \$50,000, or
  - An amount equal to ten percent (10%) of the unit's annually budgeted funds, up to one million dollars (\$1,000,000)
- e. The unit's tax collector (if applicable) must be individually bonded at an amount set by the governing board.
- f. In some cases, dual appointment of the finance officer as the tax collector is allowed, but only if it is formally approved by the secretary of the LGC ([G.S. 105-349\(e\)](#)) in accordance with the considerations laid out in Title 20 of the NC Administrative Code ([Chapter 03 .0406](#)).
- g. A unit's annual audit (required by [G.S. 159-34](#)) is not just about the numbers. It can also serve as an opportunity for the unit to review its system of internal controls. Auditors work for the unit and their audit work should be viewed as a resource. Units should ask questions about findings and those findings should be viewed as an opportunity to improve controls.
- h. All funds remaining unclaimed after one year must be reported to the State as required by [G.S. Chapter 116B](#) (See G.S. 116B-53(c)(12) and 116B-60). This should be reviewed on a yearly basis, at a minimum.

- i. A complete schedule of insurance coverage and limits should be maintained, showing expiration dates, premiums, and other essential information.

### **Specific Controls**

Specific controls can be applied to the various functions within a unit:

#### **a. Cash Receipts**

- All cash receipts received should be recorded on a Daily Collection Report, noting the name of the payer, date, amount, and the form of payment. All checks should be endorsed and prenumbered receipts prepared for all payments.
- A staff or board member should receive the payments and the Daily Collection Report and prepare the deposit slip in duplicate. Bank deposits should be made in accordance with [G.S. 159-32](#). Ideally, deposits should be taken to the bank by someone other than the person who prepared the deposit. All deposits should be made in official depositories (see “Financial Institutions” below).
- The activity on the duplicate deposit slip (which should show validation by the bank) is compared to the Daily Collection Report to verify that all cash that was received has been deposited. The person performing this task should initial the deposit slip.
- The activity on the Daily Collection Report is recorded in the General Ledger.
- Funds not deposited, such as the cashier’s change drawer or petty cash, should be located in a safe location, such as a safe on the premises, and access to this safe should be controlled.

#### **b. Financial Institutions**

- The governing board should designate an official depository. All deposits should only be in institutions authorized by the governing body of the unit. See [G.S. 159-31](#).
- All money collected or received by an agent of the unit should be deposited daily in an official depository or submitted to a properly licensed and recognized cash collection service, except as exempted by law. See [G.S. 159-32](#).
- The financial institutions that hold the unit’s funds should be instructed to notify the appointed person of any unusual items or transactions occurring on the account, such as insufficient funds notices or checks made payable to cash. The appointed person may be the manager/administrator or a board member but should ideally not be the person who routinely makes the deposits.
- Current signature cards should be maintained on file with the unit’s financial institution at all times. Terminated employees should be removed from signature cards immediately as part of the offboarding process.
- All bank statements should be reconciled promptly upon receipt to help identify any errors or discrepancies. A second person should review and sign off on all bank reconciliations. Any discrepancies should be investigated immediately and acted upon accordingly.

See also: [Internal Control Over Cash Receipts and Deposits](#)

#### **c. Petty Cash**

- If a unit can offer reimbursement to employees in a reasonable time frame, there is no need for a petty cash fund. A unit should carefully evaluate the need for these funds.

- Petty cash funds should be maintained on the imprest basis at the least amount for the fund to be effective. One individual should be responsible for the fund and should maintain sole control over it. It should, however, be reconciled by someone else to ensure proper oversight and segregation of duties.
- Petty cash should only be used to reimburse employees for small purchases. Employees seeking reimbursement should present a receipt that documents what was purchased, the purpose, and the amount, and should sign the receipt in exchange for being reimbursed.
- All petty cash funds should be subject to a surprise cash audit from time to time.

See also: [Internal Control Over Petty Cash](#)

d. Revenues/Billing

- There should be, to the greatest extent possible, a segregation of duties between the collections, billing, and receivable functions.
- All subsidiary records should be reconciled with the control accounts on a monthly basis.
- All delinquent accounts should be periodically reviewed by an appropriate official outside of the collection function.
- Billings for enterprise and other service revenues should be based on usage as determined by accurate and timely information, such as meters for water usage.
- For applicable enterprise revenues, meter readers' assignments should be periodically rotated on a surprise basis.

e. Tax Revenues

- The unit's tax levy must be included in the budget ordinance ([G.S. 159-13\(c\)](#)).
- The unit should take necessary steps to verify that all the property has been included in the levy.
- All taxes must be levied within statutory limitations and for purposes permitted by the statutes ([G.S. 153A-149](#) for counties; [G.S. 160A-209](#) for municipalities).
- The tax scrolls must be adequately maintained and balanced periodically with the control accounts.
- All releases, refunds, and write-offs of taxes must be authorized by the governing board in its minutes as permitted by law ([G.S. 105-325](#)).
- All discoveries should be properly recorded as part of the current year's levy.
- With regards to collection of taxes, units should follow [G.S. 105 Article 26](#). Section 105-373 specifically discusses settlement and relief from collecting (writing off) delinquent taxes.

f. Cash Disbursements

- Prenumbered checks should be used for all disbursements paid by check.
- The unused check supply should be locked up at all times.
- Voided checks should be indicated in the check register. The checks themselves should be sufficiently defaced so that no one else could use them. Voided checks should be maintained on file in numerical order.
- Blank checks should never be signed in advance.

- Checks should never be made payable to cash.
- Checks should be prepared by someone who is not authorized to sign them.
- The finance officer or duly appointed deputy finance officer must certify each disbursement and verify that it is properly budgeted and preaudited.
- Check signers should review supporting documentation for disbursements prior to signing the checks. (Note that in this age of electronic invoicing, original invoices may not be as strong of a control for documentation. One method to mitigate this is to have two independent persons verify that the goods or services were received.)
- All purchase orders (if used), contracts, or checks and warrants should have a properly signed preaudit certificate ([G.S. 159-28](#)).
- If applicable, purchase orders and receiving reports should be initialed by an authorized individual when goods are received and matched to the purchase order. The purchase order will eventually be matched to the invoice for payment.
- Two signatures are required on all checks per [G.S. 159-25\(b\)](#). The second signatory should be someone who does not have access to the accounting records. The governing board may waive the dual signature requirements if the board determines that satisfactory internal controls are in place. Maintaining the two-signature requirement strengthens internal controls.
- All checks should be mailed or distributed by someone other than the person who prepared the checks.
- Disbursements should only be made to authorized vendors.
- All items that are outstanding for a lengthy period of time should be investigated; anything outstanding more than one year must be reported to the State Treasurer. See [Holder Information and Reporting](#) on the Unclaimed Property Division's website.
- All wire or other electronic transfers should be made by persons authorized by the governing body.

g. Cash Disbursements (Specific to Payroll)

- Each employee should have a secure personnel file that includes, at a minimum, the following:
  - hiring authorization
  - salary history
  - hours authorized to work
  - federal and state withholding forms
  - health insurance and retirement deduction information
  - authorization for all other payroll deductions.
- Payroll checks should be handled like other cash disbursements except that a time record will be the supporting documentation (either electronic or hard copy).
- Units should have written personnel policies prohibiting employment practices resulting in nepotism, conflicts of interest, or discrimination.
- In units with appropriate staff, the functions of payroll, additions and deletions to payroll, and timekeeping should be segregated.



h. Accounts Receivable

- There should be, to the greatest extent possible, a segregation of duties between the billing, collections, and maintenance of records functions.
- On a periodic basis (at least monthly), a list of delinquent accounts should be prepared. For utility services, a written “cut-off” policy should be in place to terminate services to all delinquent customers. This policy should be strictly enforced. Utility service fees should not be waived under any circumstance.
- Daily posting of receipts to accounts receivable ledgers should be done by someone other than the staff member responsible for cash receipts.
- Subsidiary ledgers should be reconciled at least monthly with the control ledgers.

i. Investments

- Per [G.S. 159-30\(a\)](#), the finance officer is responsible for managing investments subject to the law and to any additional restrictions and directions the governing board may impose.
- All investments should be in compliance with [G.S. 159-30](#) and reported in the unit’s semi-annual LGC-203 submissions (see [G.S. 159-33](#)).
- A written cash management and investment policy, approved by the governing board, should be on file. [Sample policies](#) are available from NC Finance Connect.
- Electronic access to securities and brokerage accounts should be limited to personnel authorized by the governing board. Any securities physically held by the unit should be maintained under strict dual control.
- Any approvals required by the unit’s written cash management policy for purchases, sales, or other investment activities should be obtained, with written evidence of said approval.
- A system should be in place to ensure that all interest is credited as due for the proper amount and to the proper funds.
- If the unit uses online banking, proper controls need to be maintained in the banking application. Wires and Automated Clearing House (ACH) transactions should require dual authorizations.

j. Accounts Payable and Expenditures

- Expenditures should be properly documented and made in accordance with the authorized budget. For any budgeted fund, all expenditures must be budgeted.
- All budget appropriations should be recorded in the appropriate expenditure account.
- An effective year-end cut-off policy should be in place for all liabilities, including accounts payable.
- All accounts payable subsidiary ledgers should be reconciled to the general ledger on a monthly basis by someone who does not have access to the subsidiary records.
- Any debit balances in accounts payable should be investigated thoroughly.

k. Purchasing and Contracting

- Units should have a written procurement and contracting policy that clearly outlines levels of authorization and approvals necessary for all purchasing and contracting transactions.
- Prenumbered purchase orders should be used for purchases. Voided purchase orders should be recorded as such and maintained on file.



- The preaudit certificate ([G.S. 159-28\(a1\)](#)) should be present on purchase orders and invoices and signed by the finance officer or designated deputy.
- Invoices and other supporting documentation should be thoroughly reviewed prior to the invoice being approved.
- Debit cards should not be used. Electronic funds transfers, credit and/or P-card purchases are sometimes necessary and should follow the unit's established policies. See the LGC website for a [sample credit card policy](#). Electronic funds transfers, Credit and P-card purchases are subject to preaudit requirements. The exemption for electronic transactions mentioned in the "Controls in Accounting System" section of this memo only exempts the unit from affixing a certificate of preaudit. For a more detailed explanation, see [Memo #2018-05](#) on the LGC website or the [Preaudits & Disbursements](#) chapter of the policy manual on NC Finance Connect website.
- Department heads should be provided a detailed list of revenues and expenditures with comparisons to the budget at least monthly.
- Those contracts requiring public bids per [G.S. 143 Article 8](#) (G.S. 143-128 through G.S. 143-133) should be handled as required by the statutes.
- A unit of government might allow, by written policy, board-approved small or routine purchases to be made outside the purchase order or contract control process.
- Accommodation purchases for employees should be expressly prohibited. These include purchases of goods for employees for their personal use from vendors at the unit's contract price.
- The person that sets up new vendors in the accounting system or edits information on existing vendors should not be the same as the person writing the checks.

#### I. Material Inventories

- A unit should inventory and control in its general ledger all major classes of materials and supplies.
- Perpetual inventory systems should be maintained for all major classes of inventory.
- Custodial responsibilities should be clearly defined.
- Inventory should be controlled with physical barriers, such as locked cabinets or storehouses.
- Keys to inventory should be controlled in such a manner that does not inhibit day-to-day operations. For utility departments, the engineer must have a key to the inventory. Ideally, no one else should have a key, so the inventory stays under the strict control of one person. However, a backup key should be maintained under dual control in case the engineer is unexpectedly absent.
- Physical inventory counts should be made once a year at a minimum. The count should be made by an independent staff member(s).
- Records should be maintained showing all additions, withdrawals, and transfers of inventory.
- Significant inventories should be insured against loss.
- Persons having control of inventory should not have access to the accounting records.

#### m. Capital Assets

- Adequate accounting records should be maintained that identify and classify all capital assets, with special attention to capital assets purchased with grant funds.

- Adequate guidelines should be established and followed to distinguish between expensed items and capital additions.
- Physical inventories of capital assets should be taken on an annual basis by independent parties.
- All capital assets should be tagged or identified in the accounting records by a control number, as applicable. Tags should be affixed in a permanent manner.
- All property, buildings, titled equipment and vehicles, and other items should be held in the name of the unit.
- All capital assets purchased, transferred, sold, scrapped, or destroyed should be recorded as such in a timely manner in the accounting system.
- All sales of surplus property should be conducted in accordance with [G.S. 160A Article 12](#) (municipalities) or [G.S. 153A-176](#) (counties).
- Significant inventories should be insured against loss.
- Persons having control of inventory should not have access to the accounting records.

See also: [Internal Control Over Inventory and Capital Assets](#), [Sample Fleet Maintenance Policy](#)

n. Electronic Banking

- Units are encouraged to create and implement comprehensive written policies for electronic banking operations and regularly review them to ensure they remain current.
- Units must maintain adequate segregation of duties so no one individual can control an electronic activity from start to finish.
- Apply dual controls to riskier transactions (such as wire transfers) so that more than one individual approves the transaction. (Wire transfers are particularly risky since they can be transferred almost immediately to anywhere in the world.) Also, there should be restrictions such as maximum dollar amounts allowed, or which vendors are allowed to receive wire transfers.
- Employee access to electronic banking transactions should be limited based on job responsibilities and business need.
- Consider the use of a Positive Pay system. This allows the bank to compare checks presented against a unit's account to a list of checks authorized and issued by the unit. It will uncover instances where the amount has been altered, a counterfeit has been created using a different check number, or the payee's name does not match.
- Employees should be prohibited from sharing login and password information with other employees.
- Ideally, one highly secured computer should be used for electronic banking and for that purpose only. This reduces the risk of malicious software being installed through fake email messages or infected websites.
- Employee access to the electronic banking system should be revoked or modified based on personnel changes. Employees that terminate employment for whatever reason must have passwords deactivated immediately upon termination.

## **Appendix A**

### Division of Duties Between Staff Members

#### **Cash Receipts – One Accounting Position**

| <b>Task</b>                                                                | <b>Performed By</b> |
|----------------------------------------------------------------------------|---------------------|
| Prepare deposit slip                                                       | Mayor/Board Member  |
| Prepare Daily Collection Report                                            | Mayor/Board Member  |
| Make the deposit                                                           | Finance Officer     |
| Compare activity listed on the deposit slip to the Daily Collection Report | Finance Officer     |
| Record activity on Daily Collection Report in the general ledger           | Finance Officer     |
| Properly secure any undeposited funds                                      | Finance Officer     |

#### **Cash Receipts – Two Accounting Positions**

| <b>Task</b>                                                                | <b>Performed By</b>   |
|----------------------------------------------------------------------------|-----------------------|
| Prepare deposit slip                                                       | Mayor/Board Member    |
| Prepare Daily Collection Report                                            | Mayor/Board Member    |
| Make the deposit                                                           | Finance Officer       |
| Compare activity listed on the deposit slip to the Daily Collection Report | Accounting Technician |
| Record activity on Daily Collection Report in the general ledger           | Accounting Technician |
| Properly secure any undeposited funds                                      | Finance Officer       |

#### **Financial Institutions – One Accounting Position**

| <b>Task</b>                                                         | <b>Performed By</b>                                      |
|---------------------------------------------------------------------|----------------------------------------------------------|
| Make sure that deposits are in institutions authorized by the Board | Finance Officer                                          |
| Maintain signature cards                                            | Finance Officer                                          |
| Receive notification of any unusual items or transactions           | Manager/administrator or Board Member (appointed person) |
| Reconcile bank statements                                           | Finance Officer                                          |

#### **Financial Institutions – Two Accounting Positions**

| <b>Task</b>                                                         | <b>Performed By</b>                                      |
|---------------------------------------------------------------------|----------------------------------------------------------|
| Make sure that deposits are in institutions authorized by the Board | Finance Officer                                          |
| Maintain signature cards                                            | Finance Officer                                          |
| Receive notification of any unusual items or transactions           | Manager/administrator or Board Member (appointed person) |
| Reconcile bank statements                                           | Accounting Technician                                    |

### Petty Cash – One Accounting Position

| Task                                                        | Performed By       |
|-------------------------------------------------------------|--------------------|
| Maintain control and responsibility over the fund           | Finance Officer    |
| Verify the documentation used to request any reimbursements | Finance Officer    |
| Perform a surprise cash audit                               | Mayor/Board Member |

### Petty Cash – Two Accounting Positions

| Task                                                        | Performed By          |
|-------------------------------------------------------------|-----------------------|
| Maintain control and responsibility over the fund           | Finance Officer       |
| Verify the documentation used to request any reimbursements | Accounting Technician |
| Perform a surprise cash audit                               | Mayor/Board Member    |

### Revenue/Billings – One Accounting Position

| Task                                                  | Performed By       |
|-------------------------------------------------------|--------------------|
| Prepare bills and review for reasonableness           | Finance Officer    |
| Mail bills                                            | Mayor/Board Member |
| Collect payments                                      | Finance Officer    |
| Prepare deposit slip                                  | Mayor/Board Member |
| Make deposit                                          | Finance Officer    |
| Post payment to the general ledger                    | Mayor/Board Member |
| Reconcile subsidiary ledgers with the control account | Finance Officer    |
| Periodically review delinquent accounts               | Mayor/Board Member |

### Revenue/Billings – Two Accounting Positions

| Task                                                  | Performed By          |
|-------------------------------------------------------|-----------------------|
| Prepare bills and review for reasonableness           | Finance Officer       |
| Mail bills                                            | Mayor/Board Member    |
| Collect payments                                      | Accounting Technician |
| Prepare deposit slip                                  | Finance Officer       |
| Make deposit                                          | Accounting Technician |
| Post payment to the general ledger                    | Finance Officer       |
| Reconcile subsidiary ledgers with the control account | Accounting Technician |
| Periodically review delinquent accounts               | Mayor/Board Member    |

### **Tax Billings (for units that collect their own ad valorem taxes) – One Accounting Position**

| <b>Task</b>                                                                                                                       | <b>Performed By</b> |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Compute and prepare tax bills                                                                                                     | Finance Officer     |
| Reconcile information on tax bill to information received from the County                                                         | Mayor/Board Member  |
| Mail bills                                                                                                                        | Finance Officer     |
| Receive payments                                                                                                                  | Tax Collector       |
| Prepare deposit slip                                                                                                              | Finance Officer     |
| Post payments to the general ledger                                                                                               | Finance Officer     |
| On a sample basis, trace billings to the taxes receivable ledger to see if they have been posted                                  | Finance Officer     |
| On a sample basis, trace deposits into taxes receivable ledger                                                                    | Finance Officer     |
| Prepare a list of delinquent accounts and review. The amount for delinquent accounts should match the amount in taxes receivable. | Tax Collector       |

### **Tax Billings (for units that collect their own ad valorem taxes) – Two Accounting Positions**

| <b>Task</b>                                                                                                                       | <b>Performed By</b>   |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Compute and prepare tax bills                                                                                                     | Finance Officer       |
| Reconcile information on tax bill to information received from the County                                                         | Accounting Technician |
| Mail bills                                                                                                                        | Finance Officer       |
| Receive payments                                                                                                                  | Tax Collector         |
| Prepare deposit slip                                                                                                              | Finance Officer       |
| Post payments to the general ledger                                                                                               | Accounting Technician |
| On a sample basis, trace billings to the taxes receivable ledger to see if they have been posted                                  | Finance Officer       |
| On a sample basis, trace deposits into taxes receivable ledger                                                                    | Accounting Technician |
| Prepare a list of delinquent accounts and review. The amount for delinquent accounts should match the amount in taxes receivable. | Tax Collector         |

### Cash Disbursements (Nonpayroll) – One Accounting Position

| Task                                                                                               | Performed By       |
|----------------------------------------------------------------------------------------------------|--------------------|
| Prepare purchase order (if applicable)                                                             | Finance Officer    |
| Review and approve purchase order and sign preaudit certification                                  | Finance Officer    |
| Compare copy of purchase order to receiving report or to the actual goods received (if applicable) | Finance Officer    |
| Match copy of the purchase order to the invoice (if applicable)                                    | Finance Officer    |
| <b>Review documentation, prepare and sign check</b>                                                | Finance Officer    |
| Second check signer reviews documentation and signs check                                          | Mayor/Board Member |
| Mail check                                                                                         | Mayor/Board Member |

### Cash Disbursements (Nonpayroll) – Two Accounting Positions

| Task                                                                                               | Performed By          |
|----------------------------------------------------------------------------------------------------|-----------------------|
| Prepare purchase order (if applicable)                                                             | Accounting Technician |
| Review and approve purchase order and sign preaudit certification                                  | Finance Officer       |
| Compare copy of purchase order to receiving report or to the actual goods received (if applicable) | Accounting Technician |
| Match copy of the purchase order to the invoice (if applicable)                                    | Accounting Technician |
| <b>Review documentation and prepare check</b>                                                      | Accounting Technician |
| <b>Review documentation and sign check</b>                                                         | Finance Officer       |
| Second check signer reviews documentation and signs check                                          | Mayor/Board Member    |
| Mail check                                                                                         | Finance Officer       |

### **Cash Disbursements (Payroll) – One Accounting Position\***

| <b>Task</b>                                                      | <b>Performed By</b> |
|------------------------------------------------------------------|---------------------|
| Maintain payroll-related personnel files and update as necessary | Finance Officer     |
| Review and approve time sheets (if applicable) and leave records | Finance Officer     |
| Prepare checks                                                   | Finance Officer     |
| Review payroll for reasonableness and sign check                 | Finance Officer     |
| Obtain second check signature                                    | Mayor/Board Member  |
| Distribute checks                                                | Mayor/Board Member  |

\*In addition to the procedures above, the procedures listed in the nonpayroll section for cash disbursements should be carried out as well.

### **Cash Disbursements (Payroll) – Two Accounting Positions\***

| <b>Task</b>                                                      | <b>Performed By</b>   |
|------------------------------------------------------------------|-----------------------|
| Maintain payroll-related personnel files and update as necessary | Finance Officer       |
| Review and approve time sheets (if applicable) and leave records | Finance Officer       |
| Prepare checks                                                   | Accounting Technician |
| Review payroll for reasonableness and sign check                 | Finance Officer       |
| Obtain second check signature                                    | Mayor/Board Member    |
| Distribute checks                                                | Mayor/Board Member    |

\*In addition to the procedures above, the procedures listed in the nonpayroll section for cash disbursements should be carried out as well.

Ready to test your internal controls knowledge and review key points from this memo? [Visit the LGC website](#) to access an optional practice quiz and a list of Memo 2026-04 FAQs.