

CHAPTER FOUR: ORGANIZATION, FUNCTIONS AND GENERAL PROVISIONS

SUBCHAPTER 4.04: Bank Signature, Transfer Authority, Internal Control

4.04.010 Check-Signing Authority

All checks on the Town's depository accounts (Payroll and Accounts Payable) shall require two signatures. One signature shall be the Mayor or Vice Mayor; and the second signature shall be either the City Manager, or the Chief of Police.

As authorized the process of applying signatures may be an electronic process, provided there are internal controls in place which control the review and approval of payments prior to the release of the checks.

4.04.020 Transfer Authority

Town Funds may be invested in a public agency pool as authorized by the adopted Investment Policy. Transfers from these accounts to City Operating Accounts (Accounts Payable and Payroll) are typically administrative in nature and arranged based on cash flow needs to meet payment obligations.

Two of the following officials may transfer funds to or from an investment account: City Manager, Police Chief, Mayor and Vice-Mayor.

For recurring transfers for electronic payment of Town obligations such as Automated Clearing House – ACH Debits to City Bank Accounts, the initial set-up of the Transfer shall require two signatures, however, on-going payments may be initiated and completed administratively. Transactions completed in this manner shall still be reported to the City Council the same as a "Check Transaction."

Records of all transfers shall be retained in the Town Financial Records and reconciled with statements on a regular basis.

4.04.030 Internal Controls

(a) The City Manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town of Colma are protected from loss, theft or misuse. Details of the internal controls system shall be documented and shall be reviewed and updated annually. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

(b) The internal controls structure shall address the following points:

- 1) Control of collusion
- 2) Separation of transaction authority from accounting and recordkeeping

- 3) Clear delegation of authority to subordinate staff members
- 4) Confirmation of transactions for investments and wire transfers
- 5) Dual authorization of wire transfers
- 6) If investments are authorized outside of the public agency investment pools (LAIF and SMCIF) development of wire transfer agreement with a third-party custodian shall be established.

Accordingly, the City Manager shall establish a process to periodically conduct an independent review by an external auditor to assure compliance with policies and procedures or alternatively, compliance should be assured through the Town's annual independent audit.