

**Client Name: Schoharie County IDA**

**Year End: 6/30/2020**

***Instructions:***

For each of the following cycles outlined below (Cash, Support, Program Service Fees, Revenue and Receivables, Investments and Derivatives, A/P and Purchases, and Payroll and Employee Benefits), please prepare a detailed description that more fully describes each of the major accounting cycles. Included for each cycle is a drafted example for you to use as a starting point. The example narrative will need to be modified to best describe what occurs at your Company. If you have previously written a narrative documenting your internal controls, you may copy the relevant sections into the form and delete the sample narrative that have been provided.

**CASH CONTROL ACTIVITIES**

***Cash Receipts***

Cash is received from loan payments at the Company's at 349 Mineral Springs Road, Cobleskill, NY 12043. Mail is opened by Ron Filmer, and a listing of daily receipts for loans is made by Sarah Nickle. All receipts are immediately marked "for deposit only". The cash receipts are deposited weekly in the appropriate account at NBT or Bank of Richmondville. The posting of cash receipts to revenue or accounts receivable is done by Lyn Lawyer, CPA. The postings are done promptly and accurately recorded as to customer account, amount and period. The daily cash receipts is compared to postings to customer accounts and deposits made by Sarah Nickle, office assistant. Any adjustments to cash accounts are approved by Ronald S Filmer Jr., Chief Executive Officer. Cash held on site is stored in a locked drawer and kept independent of mail receipts.

***Cash Disbursements***

All cash disbursements are made by check. Checks require two signatures. Checks are prenumbered and the sequence is accounted for regularly. All blank checks are kept in a secure location. All cash disbursement records are matched against accounts payable/open invoice files by Lyn Lawyer, CPA. Cash disbursements/invoices are initialed by Ron upon reviewing of backup before signing of the check.

Checks are prepared only after proper matching of supporting documentation. Supporting documentation is canceled and marked with the check number when a check is prepared. The check signer reviews all supporting documentation. All bank wires are secure as a result of the use of passwords for those authorized to make transfers, and bank callback verifications for telephone transfers exceeding \$5,000.

***Bank Account Reconciliations***

Bank accounts are reconciled regularly by Lyn Lawyer, CPA and reconciliations are reviewed by Ronald J Filmer, Jr., Ex Director. All reconciling items are appropriate and supported. All bank statements are mailed to the organization. Reconciliations are initialed by Lyn Lawyer, CPA completion and Ronald S Filer Jr., Chief Executive Officer upon review.

***Journal entries***

Non-standard journal entries are recorded in the general ledger by Lyn Lawyer, CPA only after the entries are approved and initialed by Ronald S Filmer, Jr., Chief Executive Officer.

**SUPPORT, PROGRAM SERVICE FEES, REVENUE AND RECEIVABLE CONTROL ACTIVITIES**

***Program Service Receivables***

Invoices are prepared as necessary by Lyn Lawyer, CPA. All invoices are numbered and issued in sequential order and the credit policies for each customer are adhered to when the invoices are prepared. Invoices are posted to the accounting system quarterly. The individual(s) charged with the billing duties have no responsibility for accounts receivable.

***Trial Balance***

The accounts receivable aging is maintained separately from the general ledger. The aging is reconciled monthly by Lyn Lawyer, CPA. The program services fee revenues recorded are compared with budget regularly by Ronald S Filmer, Jr., CEO and any significant deviations from budget are investigated and explained.

***Allowance for Doubtful Accounts***

***Program Services fee write-offs:***

All write-offs to customer/student accounts are approved by The Board of Directors. The accounts receivable aging is reviewed monthly by Ronald S Filmer, Jr., CEO. Accounts are deemed possibly uncollectible and written off to the allowance for doubtful accounts when they meet the following criteria: Completely up to board.

**EXPENSES FOR PROGRAM AND SUPPORTING SERVICES AND ACCOUNTS PAYABLE AND PURCHASES CONTROL ACTIVITIES**

***Purchasing (Other than Inventory)***

Purchasing is done by any of the office personnel and is separate from the accounts payable and receiving functions. The company maintains an approved vendor listing. Individuals with the right to approve and authorize purchases are Ronald S Filmer, Jr., CEO.

***Receiving, Recording Payable and Expense***

When the ordered items are received, they are inspected for condition and counted by the person that ordered them. The individual(s) responsible for receiving may have responsibility for purchasing or accounts payable.

The invoices subsequently received from vendors are matched up to the purchase orders or receiving reports and compared for quantities received, product ordered, pricing and clerical accuracy. For any goods that are returned the shipping documents are maintained and reviewed and matched to vendor credit memos.

The payables are recorded in the accounts payable ledger by Lyn Lawyer, CPA. Purchase orders and receiving documents are controlled by Sarah Nickle, office assistant so that liabilities can be properly recorded for goods or services that have been received but not yet invoiced.

The payables are paid weekly by Lyn Lawyer, CPA. The checks are reviewed by Ronald S Filmer, Jr., CEO and signed by Ronald S Filmer, Jr., CEO. All checks need two signatures.

#### ***Trial Balance***

The accounts payable aging is maintained separately from the general ledger. The aging is reconciled monthly by Lyn Lawyer, CPA. Monthly vendor statements are reviewed and reconciled to the accounts payable trial balance. Lyn Lawyer, CPA and Ronald S Filmer, Jr., CEO reviews the monthly financial statements and compares the balances in expense accounts to budgeted amounts and any significant deviations from expectations are investigated and explained.

#### ***Accruals***

For those goods or services for which invoices are not received accruals are recorded in the accounting system by Lyn Lawyer, CPA and reviewed monthly by Ronald S Filmer, Jr., CEO.

### **PAYROLL AND EMPLOYEE BENEFITS CONTROL ACTIVITIES**

#### ***Payroll***

Staff is paid bi-weekly or monthly out of the General Operating account. Staff is never paid in cash. Employees submit time records by using time sheets and those records are reviewed by Ronald S Filmer, Jr., CEO for completeness and accuracy. There is not any vacation, sick or holiday compensation. The individuals responsible for approving time are not responsible for processing or recording payroll. There are no employees that are paid commissions.

When new employees are hired, they complete the appropriate paperwork including withholding forms and authorizations for payroll deductions that are maintained in personnel files by Ronald S Filmer, Jr., CEO. When employees are terminated, they are removed from the payroll system by Ronald S Filmer, Jr., CEO. When there are raises or changes in pay rates, they are documented by Ronald S Filmer, Jr., CEO, approved by the Board of Directors. All changes in personnel data are reported promptly so they can be properly taken care of in the payroll database.

The timely remittance of payroll taxes and of the payroll tax returns is done by Paychex, payroll service.

#### ***Employee Benefits***

There are no benefits provided to staff such as health insurance, retirement plans or fringe benefits.

#### ***Trial Balance***

Ronald S Filmer, Jr., CEO reviews the monthly financial statements and compares the balances in the payroll and any significant deviations from expectations are investigated and explained.