



Affiliate *Link*

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Internal Controls to Safeguard Affiliate Group Assets

Services

One of the annual rituals at year-end is the arrival of the independent auditors, performing their tests of the municipality and school districts internal controls. As part of their review, the auditors are looking for adequate documentation of expenditures appropriate approvals, segregation of financial duties, and timely reconciliations to both the bank records and to the financial statements. Having well established and well documented internal control procedures not only helps to insure the fair presentation of the financial statements, but also serve as a deterrent to potential fraudulent activities, mitigating the opportunity for such transactions to occur.

The same is true in terms of the importance of internal control procedures over the assets of affiliate groups—specifically, internal controls over cash

and investment transactions. Whether the affiliate group handles their own financial transactions, or authorizes the LGC to perform some or all of their financial functions, the following procedures should be documented, reviewed and voted upon annually by the affiliate group executive board:

- ✓ A list of the positions (for example, president, vice-president) or the names of the persons authorized to approve expenditures and to approve the issuance of checks.
- ✓ Procedures for approving payments or reimbursements to those individuals authorized to approve expenditures or sign checks. For example, even if authorized to approve expenditures, the affiliate group president should not approve a reimbursement expense to him or herself. Likewise, the treasurer should not sign a check payable to him or herself.
- ✓ An annual review and update of the authorized signature cards for all checking and savings accounts.
- ✓ The dollar threshold above which dual approval for expenditures or dual signatures on checks is required, for example, payments over \$5000.
- ✓ A policy requiring substantiation and documentation for *all* expenses by submittal of original invoices, particularly if credit cards or debit cards are used to conduct transactions. This also includes detailed documentation of expenses associated with travel advances, for example when the association president attends a national conference. In the absence of such documentation, IRS regulations may require the issuance of Form 1099, reporting the travel advance as income to the individual.
- ✓ Adequate segregation of duties to insure that the same person is not responsible for approving a transaction, recording that transaction (writing the check) and then performing the financial reporting and reconciliations involving that transaction. For affiliate groups utilizing the LGC's Affiliate Group Services Program to perform financial transactions, this segregation is accomplished by having three

individuals responsible for the different steps involved in this process.

- ✓ A policy requiring the timely reconciliation of the checking and savings accounts to the monthly bank statements *and* to the financial statements. Such reconciliations are often prepared by the affiliate group treasurer, and should be routinely submitted to the executive board for acceptance.
- ✓ For cash receipt transactions, such as on-site receipt of registration fees or the sale of organization materials/publications, a policy requiring that at least two people be involved in the collection and recording of the revenue. Pre-numbered receipts should be issued with reconciliations to both the revenue received and to the number of attendees or merchandise sold.

Internal controls are an important part of the fiduciary responsibilities assumed by the affiliate group executive board. Documenting these financial controls and ensuring at least an annual review of these procedures, usually at the time a new executive board takes over, or at the time there is a change in board leadership, will help safeguard affiliate group assets. For more information, contact Barbara Reid, LGC Government Finance Advisor, by phone at 800.852.3358, ext. 145 or by e-mail at breid@nhlgc.org.

LGC Affiliate Group Data Sharing Policy

New Hampshire Local Government Center receives numerous requests from other organizations and state agencies to transmit e-mails to specific affiliate groups that may have an interest in certain topics. Although LGC *maintains* the databases of groups like New Hampshire Fire Prevention Society, New Hampshire Building Officials Association, New Hampshire Library Association, Working Dog Foundation and others, the *ownership* of any group's data is solely that of the group. LGC is not authorized, and will not share any group's data (mailing lists, e-mail lists, member information, etc.) without specific permission from a designated board member of the group. All information that LGC may be asked to broadcast or relay to any affiliate group must be approved by the group's president, or designated board member, who would in turn contact LGC directly to authorize distribution of any information.



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Our Mission: To provide programs and services that strengthen the quality of member governments and the ability of their officials and employees to serve the public by being a catalyst for dialogue and action, an advisor on problems, a provider of benefits and risk-management services, an educator/trainer in skills and a resource for information.

Affiliate Link is a quarterly publication of the New Hampshire Local Government Center (LGC) for board members and officers of LGC's affiliate groups. For more information about LGC's Affiliate Group Services Program, contact either Director of Communications Eleanor Baron by phone at 800.852.3358, ext. 137 (e-mail at ebaron@nhlgc.org) or Communications Manager Jeni Eldridge at ext. 118 (e-mail at jeldridge@nhlgc.org). For more information about LGC, visit us online at www.nhlgc.org.

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A New Resource for Human Resources

There are 234 municipalities in the State of New Hampshire. Do you know how many of them have full-time professional human resource managers? Would you believe 16! That means that 93 percent of the municipalities rely on employees in other positions to also perform personnel-related services. It is not uncommon for an employee, usually with other major duties such as an administrative assistant, secretary, or bookkeeper to be given the additional responsibility of handling personnel issues—often without any specific training or support.

Other municipal positions such as town managers, town clerks, health officers, librarians, planners, road agents and welfare administrators all have their own affiliate groups for training and support. Those in human resources, however, are pretty much on their own. This is why efforts are underway to organize a human resources affiliate group designed for anyone working in local government settings—whether full-time, part-time, in a municipality, a school or some other government unit. Everyone working in the public sector shares similar needs for information, support and encouragement in the increasingly complex world of personnel management.

On November 15, 2006, more than 50 individuals attended a special workshop titled *HR Connection: Support and Assistance With Personnel Issues* at the Local Government Center Annual Conference. They heard about plans to organize a New Hampshire association for all those who perform human resource functions in a local government setting. This new group will be an opportunity for human resource professionals, as well as newcomers to the field, to connect for support



and assistance. Forty-six people have already indicated an interest in joining such a group. The first meeting will be held at the Local Government Center on February 15.

Those who attended the workshop in November had the opportunity to ask questions of a panel of human resources professionals: Paula Baumol, Personnel Specialist, City of Laconia; Mark Broth, attorney with Devine, Millimet & Branch, PA; Larry Budreau, Human Resources Director, Town of Derry; Joanne Mann, Human Resources Director, Grafton County; and Suzie Swenson, Director of Human Resources, Londonderry School District SAU 12. Participants submitted questions ahead of time and asked follow-up questions from

the floor. This is the kind of networking that will be provided through the new human resources affiliate group.

Setting up personnel files, administering the Family Leave and Medical Act (FLMA), handling employee discipline, conducting reference and background checks, responding to sexual harassment complaints, managing employee applications and compliance with Department of Labor rules and regulations—these are just some of the topics that the group might want to explore.

Please share this article with staff responsible for personnel-related services in your own organization. If you would like to receive more information regarding this affiliate group or about future meetings, contact Barry Cox, LGC Personnel Services Consultant, by phone at 800.852.3358, ext. 124 or by e-mail at bcox@nhlgc.org.

New Hampshire Local Government Center Affiliate Groups

Fire Instructors and Officers Association of NH
Granite State Rural Water Association
Municipal and Governmental Law Section of the
NH Bar Association

NH Association of Assessing Officials
NH Association of Conservation Commissions
NH Association of Emergency Medical Technicians
NH Association of Fire Chiefs
NH Association of Housing Authorities
NH Association of Regional Planning Commissions
NH Association of School Business Officials
NH Building Officials Association
NH Cemetery Association
NH City and Town Clerks' Association
NH Coalition for Community Media
NH Economic Development Association
NH Excellence in Education
NH Fire Prevention Society
NH Government Finance Officers Association
NH Health Officers Association
NH Library Association
NH Library Trustees Association
NH Local Government Information Network
NH Local Welfare Administrators Association
NH Municipal Management Association
NH Municipal Secretaries Association
NH Planners Association
NH Public Works Association
NH Public Works Mutual Aid Program
NH Public Works Standards and Training Council
NH Recreation and Park Association
NH Road Agents Association
NH State Firemen's Association
NH Tax Collectors' Association
NH Water Pollution Control Association
Northeast Resource Recovery Association
Tri-State Association of School Business Officials
Working Dog Foundation

Organizations listed in red indicate participation in the Affiliate Group Services Program.

LGC Welcomes Newest Affiliate Group: Granite State Rural Water Association

LGC extends a warm welcome to its newest affiliate group, the Granite State Rural Water Association (GSRWA). GSRWA is a nonprofit organization established in 1982 to support water and wastewater systems across the state. It provides services including training, source water protection planning and onsite technical assistance. GSRWA also promotes water conservation and protection through public awareness and community involvement. For more information, visit the GSRWA Web site at www.gsrwa.com/index.html.

LGC 2006 Annual Conference



LGC Affiliate Groups hosted a variety of informative sessions at the LGC 2006 Annual Conference. More than 600 municipal, school and county officials attended the three-day event. Mark your calendar for this year's event: November 7-9, 2007 at the Radisson-Manchester. William Edney of the New Hampshire Building Officials Association (right) poses for a photo with LGC Event Planner Erin Batstone (left) at the Exhibitor Luncheon held on Wednesday.

Did You Know?

LGC will begin laying the groundwork for the 2007 Annual Conference in early February. It's not too early to start thinking about program proposals to submit for the 2007 event. Attendee surveys from the 2006 event indicated a desire for more detailed program descriptions prior to the event. Look for 2007 Conference Session Request forms this spring.