

THE STATE OF TEXAS §
COUNTY OF ANDERSON §
CITY OF PALESTINE §

The Financial Oversight Advisory Committee convened in a Regular Meeting on Wednesday, August 22, 2018 at 2:00 p.m., in the City Hall Conference Room, 504 N. Queen Street, Palestine, Texas, with the following people present: Chairman Steve Spencer, Committee Members Steve Jenkins, Jesse George, III, and Adam Harding.

Others present: City Manager Michael Hornes, City Secretary Teresa Herrera, Interim Finance Director Mary Morgan, and Accountant Jim Mahoney.

Committee Member Davis was absent.

Call to Order

With a quorum present, Chairman Spencer called the meeting to order at 2:01 p.m.

Approval of Minutes

Committee Member Jenkins made a motion, seconded by Committee Member George, to approve the July 11, 2018 minutes as presented. Upon vote, motion carried unanimously.

Board Discussion and Action

Provide an update on Incode Software

Mary Morgan provided an update of the Incode Software and changes that were made. She added that mid-September staff will receive in-house Incode training. Discussion was held.

Discussion regarding internal control matters

Mrs. Morgan presented a list of recommended changes:

Cash

- Deposits should be taken daily to the bank.
- Bank Reconciliation should be done daily.
- Credit cards should be reconciled daily to their batches.
- No one in Finance should be a check signer; recommends the City Manager and City Secretary with the Mayor as backup.
- The person(s) performing bank reconciliations should not have the ability to perform the following: 1) wire out funds; 2) create or approve ACHs; and 3) be an online bank administrator.
- All wires or ACH's over a certain limit should have to be approved by someone outside of Finance, such as the City Manager or City Secretary.
- Move all pooled account; give each investment a separate account so that investments are able to be reconciled easily.
- Minimize the number of separate bank accounts.
- Utility Billing trainings on adjustment processes.

General Ledger Structure

- Reduce the number of funds being used by closing and inactivating funds no longer used on a regular basis or for a true necessary purpose and combining sub-funds into the parent funds, such as the Water and Sewer Debt Service Fund into the Water and Sewer Fund.
- Reduce the number of report groupings into truly meaningful groups that management can use.
- Make sure account titles and account numbers are consistent between all funds and have a meaningful title.

Miscellaneous

- Due to and from accounts should be paid back as soon the fund that borrows it has the funds to repay it.

- Due to and from and transfer account should be reconciled monthly.
- Due to and from and transfer accounts should have a one to one match between funds so they can easily be reconciled, no "Other Funds".
- Budgets have to be an internal control and department heads should be held accountable for their budgets.
- Review expenses that are being paid for by the General Fund that should be allocated to the correct fund that use it.
- Training City Staff on correct coding of expenses.

Discussion and possible action regarding bank reconciliations

Mrs. Morgan informed that seven month bank reconciliation ending June 30, 2018 is completed and July bank reconciliation will be completed by the end of the month.

Discussion was held. The committee commended Mrs. Morgan for her leadership skills.

Discussion and possible action regarding Fund Balance

Committee requested fund balance year-to-date report for the next meeting. Committee will look at general fund expenses and revenues. Also, committee will present a preliminary report to Council prepared by Chairman Spencer.

Date and items for next meeting

The next meeting will be on Wednesday, August 22, 2018, 2:00 p.m.

Adjourn

With no other business to come before the Committee, the meeting was adjourned at 3:47 p.m.

PASSED AND APPROVED THIS 12TH DAY OF SEPTEMBER, 2018.



Steve Spencer, Chair

ATTEST:



Teresa Herrera, City Secretary