

City of Winooski

Internal Controls and Risk Management Policy

Purpose Statement:

The City of Winooski is committed to integrity and ethical values in the course of operations. Fraud can have a serious impact to the finances of any organization. Establishing good internal controls is one way to minimize the opportunity for fraud and show prudence in the management and protection of public funds. A well-designed and properly maintained internal control system which documents accounting policies and procedures enhances both accountability and consistency. The purpose of this policy is to establish the most practical internal control system and to assure the integrity, transparency, and accuracy of the financial reporting thereby enabling interested parties to have confidence in the financial position of the City and make sound financial decisions.

Definitions:

Fraud: an intentional deception to misappropriate assets or to manipulate data for personal gain.

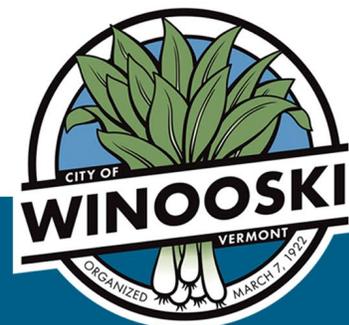
Internal Controls: rules and procedures implemented by an entity to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud.

Applicable Standards:

1 V.S.A. § 317a
24 V.S.A. § 1571(d)

Statement:

Through adopted policies and procedures control over the financial conduct and performance of the city's accounting practice will assure compliance with generally accepted accounting standards and principles in the performance of all financial transactions conducted in City operations. The City of Winooski shall adopt a set of internal controls in compliance with the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Such controls will be designed to prevent the misuse of public funds, resources, and records. No acts of fraud regardless of the dollar amount involved will be tolerated.



Control Environment

The City Manager and Finance Director are responsible for the financial environment of the City. Finance staff will be required to complete training necessary to remain up to date with newly implemented standards and authoritative guidance and meaningfully take responsibility for internal controls. Every attempt should be made to ensure that such training is provided consistently even when the government experiences fiscal stress or tough economic times. Elected officials and City Leadership are committed to attracting, developing, and retaining competent individuals to work in the City through good hiring practices and training. Individuals will be held accountable for their actions and maintaining the controls put in place.

Risk Assessment

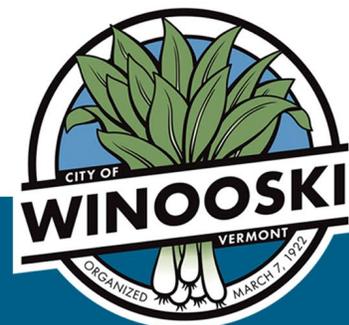
The City will conduct a risk assessment no less than every four years. This process is intended to identify, analyze, and assess risks of mistake, misrepresentation, fraud, or embezzlement that may occur during the course of operations. Once risks have been identified officials will determine what specific corrective actions are necessary to eliminate, mitigate, or detect associated risk to an acceptable level in a timely manner. This process and corrective measures implemented will be documented in a written report by the Finance Director and provided to the City Treasurer for review and presentation to City Council at a regularly scheduled meeting.

Control Activities

The City of Winooski shall adopt a set of procedures that outlines how the policies of the City will be put into action. These procedures will be designed to include internal controls intended to prevent the misuse of public funds, fraud, misappropriation, or misleading financial reporting. The financial staff for the City shall be responsible for the development these procedures in accordance with generally accepted accounting principles and established best practice.

Information and Communication

All policies and procedures will be documented in a written manual. These policies and procedures are the responsibility of the Finance Director with monitoring by the City Treasurer and City Manager. Established procedures will ensure that internal controls are in place to support the reliability and integrity of financial information and reporting that is communicated to the Council and public when making decisions and can serve as a useful training tool for staff. Copies of accounting policies and procedures will be accessible to any interested party by posting to the City website and maintaining a physical copy in a central



location. Employees responsible in any way for internal controls will receive information and training necessary to fulfill their responsibilities within three months of their date of hire.

Monitoring

The emergence of new technologies, the issuance of new standards, economic shifts, and legislative changes ensure that the financial environment is evolving over time; therefore, the implementation of controls will not be assumed to be sufficient or resolve risks permanently. The systems should be periodically evaluated to ensure that measures put in place are adequately designed to achieve their intended purpose, are being followed, and continue to function effectively.

Whistleblower

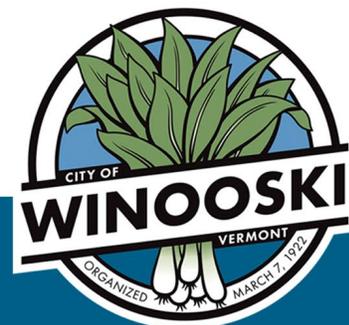
The City will encourage and facilitate reporting of potential violations of policy, fraud or abuse, or questionable account practices. Employees, officials, or members of the public who witness or suspect violation of policy or fraud may file a complaint with the Finance Director, City Treasurer, City Manager, Mayor, Human Resources Manager, or direct supervisor. The City will also make available the option of a confidential, anonymous reporting method. The availability of these mechanisms should be routinely advertised and individuals who may have relevant information should be encouraged to provide it to the City. Investigation of complaints shall be completed in a timely manner and an account of such an investigation shall be maintained in City records.

Employees who file a report alleging violation of City policy are protected by federal and state whistleblower protection laws, and as such shall not be discharged, demoted, suspended, threatened, harassed, or discriminated against in any manner for raising reasonable questions of misconduct. However; deliberate false reports of misconduct may be grounds for disciplinary action. The City will not permit harassment, threatening, or discrimination against individuals by City employees due to allegations of policy violations made in good faith.

Failure by any member of the City Staff or elected officials to comply with this policy and related procedures may result in discipline in accordance with the City Charter, the personnel manual, or the governing collective bargaining agreement.

References:

COSO Internal Control Integrated Framework Principles
GFOA Internal Control and Management Involvement Best Practice
GFOA Internal Control Environment Best Practice



City of Winooski

Vermont's Opportunity City

27 West Allen Street
Winooski, Vermont 05404
802 655 6410
winooski.vt.gov

GFOA Internal Control Framework Best Practice
GFOA Whistleblowing Best Practice
VLCT Fraud Prevention Model Policy
VLCT Internal Financial Controls Checklist for Municipalities

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Review/Approval:

Finance Commission Review:
City Council Approval:

