



## Purpose

This template provides simplified administrative procedures for handling municipal funds, procurement, grants, assets, and risk management. It is intended for municipalities with limited staff.

All procedures are based on:

- **South Carolina Code of Laws Title 5** (Municipalities)
  - **Generally Accepted Accounting Principles (GAAP)** for governmental entities
  - **Best practices from the Municipal Association of South Carolina (MASC)**
  - **South Carolina State Treasures' Office**
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## 1. Cash Handling & Revenue Collection

**Objective:** Ensure all money collected by the municipality is properly recorded and deposited in accordance with **(Insert local code section or ordinance)**

### Procedures:

#### 1. Acceptable Payment Types:

- Cash, checks, credit/debit cards, and electronic funds transfers (EFTs).

#### 2. Receipts:

- Issue a numbered receipt for each payment received.
- If using a point-of-sale or software system, ensure all transactions are recorded daily.

#### 3. Deposits:

- Deposit all collections daily or the next business day per **(Insert local code section or ordinance)**

#### 4. Cash Handling Controls:

- Separate collection and deposit duties where possible.
- Secure cash drawers when unattended.
- Immediately report discrepancies to the Clerk/Treasurer or Administrator, Mayor or Council.

#### 5. Returned Payments:

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- Assess a returned check fee as allowed by municipal ordinance/fee schedule.
- After three returned payments, require cash, money order, or certified funds only.

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## **2. Procurement of Goods and Services**

**Objective:** Comply with purchasing requirements while promoting competition and transparency under **(Insert local code section or ordinance)**

**Procedures:**

**1. Dollar Thresholds (Insert Local Policy Here):**

- Example: Purchases under \$1,500 – one quote.
- \$1,500–\$10,000 – three quotes.
- Over \$10,000 – formal bidding or use of state contracts.

**2. Emergency Purchases:**

- May be authorized by the Administrator or Mayor (depends on form of government); document the reason and cost.

**3. Purchase Cards (If Used):**

- Only for municipal business.
- Monthly review of all receipts and charges.

**4. Cooperative Purchasing:**

- Use state contracts when possible and cost effective **((Insert local code section or ordinance))**

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## **3. Grant Management**

**Objective:** Ensure compliance with grant requirements and proper use of funds.

**Procedures:**

**1. Application Approval:**

- Obtain Council approval for grants exceeding \$\_\_\_\_.

**2. Grant File Maintenance:**

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- Keep a grant file including application, award letter, reporting schedule, and financial activity.

### **3. Reporting:**

- Submit required reports by deadlines.
- Provide copies to Clerk/Treasurer for recordkeeping.

### **4. Close-Out:**

- Ensure all funds are spent and reported according to grantor guidelines.
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## **4. Budget Amendments**

**Objective:** Control budget changes in compliance with **(Insert local code section or ordinance)**

### **Procedures:**

#### **1. Transfers within Department:**

- Refer to budget ordinance

#### **2. Transfers between Funds or for New Projects:**

- Require Council approval by ordinance

#### **3. Documentation:**

- Keep a record of approved budget amendments and supporting documentation.
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## **5. Asset Management**

**Objective:** Maintain accountability for municipal property in accordance with **(Insert local code section or ordinance)**

### **Procedures:**

#### **1. Asset Inventory:**

- Track all property over \$\_\_\_\_.
- Include description, location, and purchase date.

#### **2. Annual Physical Inventory:**

- Verify all assets annually.

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- Document missing, transferred, or disposed items.

### 3. Disposal of Property:

- Example: Surplus property must be declared by Council before sale or disposal.

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## 6. Risk Management & Internal Controls

**Objective:** Protect municipal assets and ensure safe operations.

**Procedures:**

### 1. Separation of Duties:

- Different staff (if available) should handle collections, deposits, and reconciliation.

### 2. Bank Reconciliation:

- Perform monthly reconciliations by someone other than the person who makes deposits if possible.

### 3. Cybersecurity:

- Use secure passwords for financial software and banking.
- Never email bank account information unsecured.
- Verify all bank account changes from vendors by calling the company with information on file. Do not use number from email.

### 4. Fraud Reporting:

- Employees must report suspected fraud or theft immediately to their supervisor.

### 5. Annual Audit

[South Carolina State law mandates \(PDF\)](#) municipalities and counties perform annual audits or compilations for certain municipals to ensure the proper collection, reporting and distribution of fines and assessments from the point of collection to the point of distribution. Audits and compilations should include a supplementary schedule detailing all fines and assessments collected at the court level, the amount remitted to the municipal or county treasurer and the amount remitted to the State Treasurer.

*Note regarding municipalities:*

Beginning July 2025, Proviso 98.9 has been amended to remove the suspension of withholding penalties that was previously allowed. **Accordingly, the STO will begin withholding on municipals delinquent in submitting the audit that is due as of July 1, 2025.** The STO is

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not permitted to accept extensions on any municipalities, which are allowed 13 months from the municipal year end to provide audited financial statements.

In addition, there were recent changes per Act 71 in which certain municipalities may qualify to submit a compilation report in place of an audit. Per SC Code Section 14-1-240(E)(3), qualified municipals may provide a compilation of financial statements in lieu of an audit: 1) annually for municipalities with a court system or 2) at least once every three years for municipalities without a court system. Additionally, municipalities with court systems must include a Uniform Supplemental Schedule Form detailing certain information and are required to engage an external accountant to perform [agreed upon procedures \(PDF\)](#) related to the supplement schedule.

To qualify for compilation, a municipal's prior year total recurring revenue from all sources must be equal or less than the threshold set per for the municipal SC Code Section 5-7-240, which will be adjusted annually for inflation based on a prescribed Consumer Price Index (CPI) to be calculated by the SC Revenue and Fiscal Affairs Office as seen [here](#). Specifically, for the municipal fiscal year beginning **during calendar year 2024**, a municipal's total **prior year recurring revenue from all sources** must be equal to or less than **\$500,000**. And for the municipal fiscal year beginning during calendar year 2025, the inflation adjusted threshold for total prior year recurring revenue from all sources is equal to or less than **\$514,748**.

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