

**Village of Forest Hills
Work Session
February 3, 2026
7:00 PM**

- 1. Revised rules of procedure – update**
- 2. Essentials training**
 - a. Internal controls/auditor – draft attached**
 - b. Purchasing policy – draft attached**
 - c. Fund balance policy**
- 3. Budget Calendar**
 - a. March meeting form the finance committee**

Stephanie Gibson
Mayor
Mayor Pro Tem??
 - b. For April meeting draft budget prepared**
 - c. May Meeting budget presented**
 - d. Potential special meeting/public hearing mid-May**
 - e. Final budget approved June meeting**
- 4. Website update**
 - a. Feedback**
 - b. Photo question**
 - c. Provide feedback to our provider by Friday**
- 5. Reminder – goals to Stephanie particularly if impact budget**
- 6. Calendar – again what should Village boards track on an internal calendar, please get items to Stephanie.**
- 7. Adjourn**



DRAFT

Village of Forest Hills Internal Controls Policy

I. Control Environment: The Governing Board of the Village of Forest Hills is committed to financial integrity and compliance with the Local Government Budget and Fiscal Control Act. The Board creates a culture of honesty and ethical behavior by maintaining an open-door policy and ensuring active oversight of village operations.

Due to the limited size of the staff, the Village relies on a part-time Clerk who serves as the Finance Officer. To mitigate the risks associated with a lack of segregation of duties, the Board explicitly assigns a specific Board member to provide necessary checks and balances and financial oversight.

II. Risk Assessment: The Board and Management periodically assess internal and external risks, including financial compliance and changes to laws and regulations. The Board acknowledges the inherent risk involved in having a single employee handle the majority of financial transactions. To address this "incompatible duty" risk, the Village implements compensating controls through direct Board involvement and the specific assignment of oversight duties to a designated Board member.

III. Control Activities (Policies and Procedures)

A. Cash Receipts and Deposits

1. **Mail and Receipt:** Mail is delivered to the office and received by the Clerk/Finance Officer (FO). The FO opens mail, prepares deposit slips, and records receipts in the accounting system.
2. **Verification:** To ensure accuracy and prevent misappropriation, the assigned Board member shall periodically review revenue supporting documentation (receipt books, mail logs) and compare them to the deposits recorded in the accounting system and the bank statements.

B. Cash Disbursements and Purchasing

1. **Preaudit:** The Finance Officer must preaudit all contracts, purchase orders, and obligations to ensure an appropriation exists and sufficient funds remain in the budget. A signed preaudit certificate must be affixed to written obligations as required by statute.
2. **Invoice Processing:** When invoices are received, the FO prepares them for payment and enters them into the accounting system.
3. **Check Signing:**

- All checks and drafts must be signed by the Finance Officer and countersigned by a second official designated by the Board (e.g., the Mayor or the assigned Board member).
 - Prior to signing checks, the assigned Board member or Mayor shall review the invoices attached to the checks to verify the expenditure is legitimate and accurate.
4. **Procurement:** The Board must approve all expenditures exceeding a set threshold (e.g., \$_____). (Need to align with purchasing policy)

C. Bank Reconciliation

1. The Finance Officer reconciles all bank accounts monthly.
2. **Independent Review:** To establish a compensating control, the assigned Board member shall review the bank reconciliations and original bank statements quarterly to ensure the book balance agrees with the bank balance and to identify any unusual activity. Summaries are provided monthly at board meetings.

IV. Information and Communication: The Mayor and Board ensure open lines of communication with the Finance Officer. The Finance Officer receives and reviews updates from the Local Government Commission (LGC) and relevant state agencies to ensure compliance with current regulations.

V. Monitoring: Monitoring activities are integrated into the Village's routine operations to ensure controls are functioning effectively:

1. **Monthly Meetings:** The Clerk/Finance Officer provides a financial update at every monthly Board meeting. This update includes a report on the Village's financial position and budget-to-actual figures.
2. **Board Review:** During these meetings, the Board reviews financial information to monitor for errors or irregularities. The Board member assigned to finance functions reports any findings from their review of deposits and reconciliations.
3. **Annual Audit:** The Village undergoes an annual financial audit by an independent auditor selected by the Board. The Board reviews the audit results and must develop a response plan for any significant findings or deficiencies identified.

Note on Legal Compliance: Please note that while this draft outlines internal controls, specific statutory requirements regarding bonding must also be met. The Finance Officer must be covered by an individual faithful performance bond (not less than \$50,000 or 10% of the budget which ever is greater), and the Board must set bond amounts for other officials. Additionally, ensure the "Preaudit Certificate" language strictly follows G.S. 159-28.

PURCHASING AND PROCUREMENT POLICY

Village of Forest Hills, North Carolina

ADOPTED: [Insert Date]

REVISED: [Insert Date]

I. PURPOSE

The purpose of this policy is to provide uniform procedures for the procurement of goods, services, and construction for the Village of Forest Hills (VFH), ensuring compliance with the North Carolina General Statutes (NCGS) and the Local Government Budget and Fiscal Control Act.

II. THE PURCHASING AGENT

Pursuant to NCGS § 143-129, the **[Town Clerk / Finance Officer]** is hereby designated as the Purchasing Agent. The Purchasing Agent is responsible for:

1. Maintaining the integrity of the public procurement process.
2. Ensuring all purchases have a sufficient unencumbered appropriation.
3. Executing the "Pre-Audit Certificate" on all contracts and purchase orders.

III. GENERAL PROCUREMENT GUIDELINES

- **Open Competition:** All procurement transactions must provide for practical, open, and free competition. Solicitations must clearly describe all technical requirements without adding unnecessary restrictions. When a precise description cannot be made, a "Brand Name (specified) or Equal" description may be used.
- **Supplier Selection:** Procurements must be made from responsible suppliers who have the integrity, past performance, and financial/technical resources to perform successfully. While competitive quotes are required, the lowest price is not always the major factor; service, product quality, delivery, and customer satisfaction may also be considered. If a vendor who does not quote the lowest price is selected, the reasons must be noted and filed.
- **Affirmative Action:** Small businesses, women's businesses, and minority businesses must be solicited whenever available. Total requirements should be divided into smaller units to permit these businesses to compete, and contractors are also required to take these affirmative action steps.
- **Environmental & Standard Practices:** If feasible, items procured will contain metric measurements and recycled products will be preferred. Additionally, a list of commonly used items will be provided to local suppliers at least annually for price quotations.

IV. PURCHASING THRESHOLDS (GOODS & APPARATUS)

For the purchase of apparatus, supplies, materials, and equipment, the following requirements apply:

Total Cost	Required Procedure	Approval Level ??
\$0 – \$2,500	Direct Purchase; verbal quotes encouraged.	Finance Officer and Designated Board Member
\$2,501 – \$10,000	Minimum of 2 written quotes ; Purchase Order required.	Finance Officer/Designated Board Member
\$10,001 – \$89,999	Informal Bidding : Min. 2 written quotes; formal documentation.	Finance Officer and Elected Board
\$90,000 and Up	Formal Bidding : Sealed bids; public advertisement required.	Elected Board

V. CONSTRUCTION AND REPAIR PROJECTS

- **\$0 – \$29,999**: Discretionary; written quotes, approval of Elected Board
- **\$30,000 – \$499,999**: **Informal Bidding** (NCGS § 143-131); requires solicitation of quotes and record-keeping.
- **\$500,000 and Up**: **Formal Bidding** (NCGS § 143-129); requires sealed bids, bid bonds, and specific advertisement timelines.

VI. MANDATORY CONTRACT PROVISIONS All VFH contracts and purchase orders must include:

1. **E-Verify Compliance**: A statement that the contractor complies with Article 2 of Chapter 64 of the NCGS.
2. **Pre-Audit Certificate**: The statement "This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act," followed by the Finance Officer's signature.
3. **Iran Divestment Act**: Certification that the vendor is not on the NC State Treasurer's Final Divestment List.
4. **Prohibited Pricing Mechanisms**: The "cost-plus-a-percentage-of-cost" method of contracting shall not be used.

VII. SPECIAL PURCHASING PROCEDURES

- **Sole Source Procurements:** Purchases over \$500 where only one source can be located are considered "Sole Source". These require approval by the funding source if aggregate expenditures are to exceed \$5,000 in a twelve-month period.
- **Equipment Procurements:** Equipment purchases must meet specific funding source guidelines and definitions, and it is the Program Director's responsibility to know and follow these procedures.

VIII. RECORD KEEPING AND COST ANALYSIS

- A cost analysis must be made on all negotiated procurements, comparing price quotations received while considering factors like discounts and delivery costs to ensure costs are reasonable and allowable.
- Detailed documentation must be maintained outlining the basis of the selected supplier, the reason for the procurement method, contractor selection/rejection, and the price basis.

IX. CONFLICT OF INTEREST

In accordance with NCGS § 14-234, no employee or elected official shall derive a direct benefit from a contract with the VFH. Any potential conflict must be disclosed to the Board immediately. As noted in NCGS § 14-234, there are exceptions for jurisdictions with populations of no more than 20,000.

X. SURPLUS PROPERTY

Property owned by the Town that is no longer needed shall be disposed of in accordance with NCGS § 160A, Article 12, typically via public auction (electronic or physical) or private sale upon Board resolution.



PURCHASE ORDER

PO NUMBER: 2026-_____

DATE: _____

VENDOR: [Name]
[Address]
[Phone/Email]

SHIP TO: Village of Forest Hills
Attn: Ms. Stephanie Gibson
[Address]
[City, State, Zip]

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ORDER DETAILS

Item 1 Description: _____

Qty: _____ Unit Price: \$ _____ Total: \$ _____

Item 2 Description: _____

Qty: _____ Unit Price: \$ _____ Total: \$ _____

Item 3 Description: _____

Qty: _____ Unit Price: \$ _____ Total: \$ _____

SUBTOTAL: \$ _____

SALES TAX: \$ _____

SHIPPING/FEES: \$ _____

TOTAL PURCHASE AMOUNT: \$ _____

TERMS AND CONDITIONS

1. **E-Verify Compliance:** By accepting this Purchase Order, the Vendor certifies that they and any subcontractors comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes.
2. **Taxes:** The Town is liable for North Carolina sales tax. Please list all applicable taxes as a separate line item on the final invoice.
3. **Invoicing:** Invoices must reference the PO Number above and be sent to: [Insert Finance Email/Address].
4. **Governing Law:** This agreement shall be governed by the laws of the State of North Carolina.

LEGAL CERTIFICATION (Required by NC Law)

CERTIFICATE OF PRE-AUDIT: *"This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act."*

Signature: _____

Stephanie Gibson, Finance Officer