



# State of Wisconsin • DEPARTMENT OF REVENUE

DIVISION OF STATE AND LOCAL FINANCE • BUREAU OF LOCAL GOVERNMENT SERVICES •

ADDRESS MAIL TO:

2135 Rimrock Rd #6-97 • PO Box 8971  
Madison, WI 53708-8971  
TELEPHONE: 608-266-2569  
FAX: 608-264-6887

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Dave Westerhoff  
Town Hall Software  
10065 N Raven Rd  
Hayward WI 54843

Dear Dave:

Our office is often asked about the separation of duties between town clerk and town treasurer as far as bill-paying and check writing is concerned. Our recommendations, based on state statutes and good accounting practice, are as follows:

1. The Clerk must first receive all bills, and then review and approve each bill in writing before it can be considered for payment by the town board, and before any check can be issued. This is mandated by sections 60.44 and 66.0607(1) of the statutes. A signed order must also be issued by the clerk for each bill to be paid. Many, even most, towns treat a town check as the written order, and have the clerk make out and sign the checks prior to the board meeting. A town that uses a formal voucher system, in which a separate document is issued for each bill, sometimes assigns the check issuing to someone else. However, we usually recommend that the clerk make out the checks in any case. Especially in the case of computer-issued checks, it doesn't seem to make sense economically to waste the check-writing capacity of the clerk's computer by having anyone else do this step. I would strongly advise having the clerk write the checks in nearly every case.

Writing checks, and the review and countersigning of checks by the chairman and the treasurer should be done outside of the town board meeting. It can, of course, be done before the meeting opens, but the writing and signing of checks is part of the statutory duties of the clerk, chairman, and treasurer, and does not have any connection to the board meeting. Those three officials need to arrange their time so as to accomplish these tasks outside of the board meeting. The only part of the process that takes place at the board meeting is the board's own formal approval of spending town funds to pay the bills brought before it by the clerk. The only bills which can be considered for approval are those which were filed with the clerk in advance of the meeting. No other bills can be paid.

2. Payroll checks should be treated exactly the same as any other claims against the town as far as bill-paying is concerned. Payroll checks can only be issued when a signed timecard has been presented to the clerk in advance, listing all of the hours worked, and classifying those hours as to function. Any overtime must have been worked in accordance with board policy. The clerk should obtain the approval of the person who supervises each employee if the clerk does not personally keep track of the hours being worked
3. After the clerk has issued and signed a check, it should be turned over to the chairman for review and signature. This can be done either before or after the board approves the payment, since the

law states that the check is not valid until all three signatures have been obtained. The chairman then gives the treasurer the checks, along with any invoice copies, envelopes, etc. needed for mailing. After the board has approved the bill, the treasurer reviews each check, signs it, and mails it out or otherwise distributes it. This duty of the treasurer is mandated by several statutes, among them 66.0607(1) and 60.34(1).

4. Proper segregation of duties requires that the person who is allowed access to blank checks not be the last person who handles the outgoing check and should not be the first person who receives and reconciles the bank statements. That is why we always recommend that the treasurer (who does not write the checks) be the first person to receive the bank statements, and then only pass them on to the clerk for filing after the treasurer has finished reconciling their own books to the bank records.
5. I sometimes hear about towns that have reversed this process entirely, and have the treasurer issuing checks, and the clerk mailing them out. At least they have segregated the functions properly, but are still violating state law at both ends of the process. The main function of the treasurer is to handle cash, countersign and distribute checks, and keep a complete record of all transactions. The clerk is responsible for all expenditures from authorization through verification through bill-paying and is the chief bookkeeper and budget-watcher for the board. The workloads are not equal, and are not intended to be. The clerk has many more duties than the treasurer does, and is generally paid more in compensation. If a clerk needs assistance, a deputy clerk can and should be appointed, but that person should not be the treasurer.
6. As you know, whenever a town combines the positions of clerk and treasurer into one position, whether elected or appointed, an annual audit is required. This is because the proper segregation of duties no longer exists.

I hope this covers the main points you have been encountering in your work with towns. If you have any further questions, or if any of the town officials you work with have further questions, I will try to answer them. I can be reached at 608-266-2569 between 8 A.M. and 4:30 P.M. weekdays. My email address is:

[cdoran@dor.state.wi.us](mailto:cdoran@dor.state.wi.us)

Sincerely,



Carol Doran  
Auditor  
Local Government Services  
Wisconsin Department of Revenue