



**Town of Allenstown
New Hampshire**

FINANCIAL POLICIES & PROCEDURES

Town of Allenstown, NH

Title

FINANCIAL TRANSACTIONS POLICY

Policy No
#2009-002

Original Adoption Date
03/03/2009

Revision - No. & Date
9/14/2015

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Section 1.0: Purpose

Municipalities deposit substantial sums of money each year carrying out the many functions and services that they provide. The focus of the cash receipt policy is to establish proper management practices over cash, checks, credit card/debit card receipts, EFT (electronic funds transfer, ACH and other receipts).

The purpose of this policy is to develop strong internal controls over revenues which will instill public confidence in the municipalities operation, and provide accurate, reliable and timely information upon which financial decisions can be made. Budgeting, revenue forecasting, account reconciliation, analytic review and financial reporting will all rely heavily upon the effective use of this policy.

Violation of any portion of this policy may lead to disciplinary action, including termination of employment.

Section 2.0: Organization Affected

All departments and/or divisions of the Town of Allenstown.

Section 3.0: Definitions

Petty Cash- An amount of money assigned to a department or division, to be used for small purchases and/or as a cash drawer for collection of moneys and making change for customers. The Petty Cash amount remains constant and is represented by cash, checks, coins, or receipts for purchases.

Departmental Deposit Control form (DDC)- The form used by Departments to submit a deposit to the Municipal Agent on behalf of the Treasurer, one of which is returned as a receipt after numbering by the Municipal Agent.

Financial Transactions-Includes cash, checks, credit cards and electronic funds transfers^[AT1].

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Section 4.0: Policy

4.1 Petty Cash

Petty Cash is for official business only, specifically the making of change to a customer or reimbursement of small amounts for items purchased by employees for business. Such reimbursement will be made only upon presentation of the appropriate paid receipts. Department purchases less than \$25, when applicable, will be paid through Petty Cash. This should only be done when the transaction must be by use of cash or timing is at issue. Otherwise transactions should be made through the accounts payable process.

4.2 Deposit

When a department, other than the Municipal Agent, has collections in cash, coin, checks or other negotiable instruments totaling above their Petty Cash level, all moneys, excluding Petty Cash, must be deposited with the Municipal Agent by 4 pm the following business day. For weekly revenue totaling less than Petty Cash level, the deposit can be consolidated and the deposit must be made no later than 10 AM Thursday of each week.

For Friday, weekend or holiday revenue, the deposit must be turned in on the next available business day by 10 AM.

4.3 Return Checks

In the event that a check is returned to the Town of Allenstown as uncollectible due to non-sufficient funds, a charge of \$25 plus all protest, bank and legal fees are to be assessed in addition to the amount of the original check.

Payment of a return check must be either in the form of cash, money order, or bank certified check. Information as to whom and the purpose of the payment should be documented and placed with the daily deposits. Returned check charges should be noted as a separate revenue item. Deposits for returned checks should be prepared and completed by the Municipal Agent. A copy of the original notice should be marked paid and made available electronically to the Treasurer and Finance Director.

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Section 5.0: Procedures

5.1 Petty Cash

- 5.1.1** No department is to establish a petty cash system without prior consent from the Board of Selectmen.
- 5.1.2** A base Petty Cash amount must be established by the Department Head and the Finance Director.
- 5.1.3** A Lockable cash box will be used to store petty cash and must be locked at all times. All Departments shall keep Petty Cash secure from Public access and non-authorized employees. Only Department Heads and/or designees approved by the Finance Director will have access to the locked Petty Cash box and key.
- 5.1.4 Collections of Monies**
- 5.1.4.1** The Municipal Agent’s Office will be the sole collection point for parking tickets, building permits, pistol permits, burner permits, police reports as part of the daily deposit. The police department is authorized to receive checks for payment for its financial transactions. The Municipal Agent will provide each department head an electronic monthly transaction report to track the deposited items. Any discrepancies will be noted and reconciled with the Municipal Agent and Finance Director. The Treasurer and Finance Director will receive an electronic report on a daily basis.
- 5.1.4.2** The Municipal Agent and Tax Collector will verify and balance all reports at the end of the each business day. Once these reports have been balanced with the cash, checks, EFT/ACH transactions and credit cards a deposit slip will be prepared and deposit will be delivered to the financial institute. These reports shall be saved electronically and available to the Finance Director and Treasurer each day.
- 5.1.4.3** EFT and ACH payments will be verified by the Finance Director or Treasurer prior to posting.
- 5.1.4.4** All checks received by the Town shall be immediately stamped with the Town’s endorsement.
- 5.1.5 Payments out of Monies**
- 5.1.5.1** Cash payments out of Petty Cash to customers will be made solely for the purpose to make change. Change amount will be noted on the receipt issued to the customer.
- 5.1.5.2** Cash payments out of Petty Cash to employees will be made only when a valid original receipt is presented.



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5.1.5.3 Should prepayments out of petty cash be necessary, a memo explaining the purpose of the prepayment must be signed by the Department Head and/or designee as well as the employee and placed in the Petty Cash bag.

5.1.6 At **all** times the total of receipts added to the cash remaining in the petty cash box must equal the predetermined petty cash base.

5.1.7 Under **no** circumstance will the Department Head; designee, or employee use personal funds to compensate shortages. All shortages must be brought to the attention of the Town Administrator immediately upon discovery.

5.1.8 The Municipal Agent, Finance Director, Town Administrator and Treasurer may perform random audits of each department's petty cash at any time.

5.1.9 Any discrepancies found must be explained in writing and in detail to the Town Administrator immediately after they have been identified.

5.2 *Deposit*

5.2.1 Each Department Head or Designee must complete a DDC form for each deposit.

5.2.2 The Municipal Agent will immediately notify the Town Administrator of any discrepancies. The Town Administrator shall cause a review of the deposit and the discrepancy. The Finance Director shall determine if the deposit must be returned to the department or committee for correction or be resolved immediately. The Finance Director will initial and provide a brief explanation of any changes made for immediate resolution. In the event that the Finance Director is unavailable, the Town Administrator may perform this duty.

5.2.3 The Municipal Agent will scan checks and deposit cash daily with the town's financial institution. Deposit statements will be combined with scanned copies of deposits slips and saved in the appropriate folders and drive on the town computer system. This folder must be available to the Treasurer and Finance Director for review.

5.2.4 Under no circumstance will any employee or official utilize personal funds to compensate shortages. All shortages must be brought to the attention of the Finance Director prior to submission.

5.3 *Return Checks*

5.3.1 Scanned copies of returned checks and bank documentation must be saved in the appropriate folder and drive on the town computer system. This folder must be available to the Treasurer and the Finance Director. Returned checks will be recorded in the accounting system against account 1-1010.60



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- 5.3.2** Upon receipt of the returned check the Municipal Agent will notify the check writer with a letter and inform them that their check did not clear and advise them that there is a \$25 plus all protest, bank and legal fees.
- 5.3.3** When restitution is made on uncollectible checks the only form acceptable will be cash, money order, or bank certified checks. Returned check charges should be noted as a separate revenue item. Deposits for returned checks should be prepared and completed by the Municipal Agent. A copy of the original notice should be marked paid and made available electronically to the Treasurer and Finance Director.

Section 6.0: Implementation

To facilitate conduct in accordance with this policy, a copy of this policy shall be made available to department heads, employees, volunteers, board and committee members, appointed or elected to office and at such other times as may be necessary.

Section 7.0: Signature

	Position	Signature	Date
<u>Original Policy Prepared By:</u> Kelley Collins	Administrative Assistant		03/03/2009
<u>Original Policy Reviewed & Approved By:</u> Tom Gilligan	Board of Selectman Chairperson		03/03/2009
Carol M. Merrill	Board of Selectman		03/03/2009
Roger LaFleur	Board of Selectman		03/03/2009



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Section 8.0: Policy & Procedure Revision History

	Section	Changes Made	Approvals	
			By	Date
Original Adoption			Tom Gilligan Carol Merrill Roger Lafleur	03/03/2009
Amendment	5.1.4.2 5.1.4.3 5.2.6	Removal of documents placed in a three ring binder Balancing Procedures for end of day Removal of this section	Jason Tardiff Jeffrey Gryval Kate Walker	09/15/14
Amendment	3.0, 4.2, 4.3,5.1.4.1, 5.1.4.2, 5.1.8, 5.2.2, 5.2.3, 5.3.2, 5.3.3 5.2.3	Replaced the term Town Clerk with Municipal Agent Changed "bring deposits to bank" to "scanning checks and depositing cash."	Jeffrey Gryval Jason Tardiff Kate Walker	09/14/15
Amendment				

	Position	Signature	Date
<u>Amended Policy Prepared By:</u> Shaun Mulholland	Town Administrator		09/14/2015
<u>Amended Policy Reviewed & Approved By:</u> Jeffrey Gryval	Board of Selectman Chairperson		09/14/2015
Jason Tardiff	Board of Selectman		09/14/2015



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Kate Walker	Board of Selectman		09/14/2015
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