



Town of Allenstown
New Hampshire

FINANCIAL POLICIES & PROCEDURES
Town of Allenstown, NH

Title

~~CASH RECEIPTS FINANCIAL TRANSACTIONS~~
POLICY

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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 Town Clerk on behalf of the Treasurer, one of which is returned as a receipt after numbering by the Town Clerk.

~~Cash Receipts~~ Financial Transactions-Includes cash, checks, credit cards and electronic funds transfers ~~wire transfers.~~

Commented [AT1]: Break out and have separate definitions for ACH, EFT, credit card and debit card transactions



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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 Town Clerk, has collections in cash, coin, checks, ~~credit cards~~ or other negotiable instruments totaling above their Petty Cash level, all moneys, excluding Petty Cash, must be deposited with the Town Clerk by ~~10 pm~~ 4 pm ~~the 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.



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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 ~~Board of Selectmen~~ 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 ~~Board of Selectmen~~ Finance Director will have access to the locked Petty Cash box and key. ~~All Departments will maintain a daily log of who has contact with the Petty Cash lock box.~~

5.1.3

5.1.4 Collections of Monies

~~5.1.4.1~~ A pre numbered, three part receipt will be issued by the Department Head or designee(s) for each collection of Petty Cash. This receipt is be signed by the ~~Department Head or designee and the employee receiving the petty cash.~~

~~5.1.4.2~~ 5.1.4.1 The Town Clerk's Office ~~will be the sole collection point for parking tickets, building permits, pistol permits, burner permits, and police reports as part of the daily deposit. The police department is authorized to receive checks for payment for its financial transactions.~~ The Town Clerk will give each department head a monthly transaction report to track the deposited items. Any discrepancies will be noted and reconciled with the Town Clerk and Finance Director. The Treasurer will receive a report on a daily basis. ~~and a copy of the deposit receipts on a daily basis.~~

5.1.4.2 The Town Clerk 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 ~~should~~ all 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.

~~5.1.4.3~~

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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 ~~pre-numbered, three part~~ receipt issued to the customer.

5.1.5.2 Cash payments out of Petty Cash to employees will be made only when a valid receipt is presented. ~~A pre-numbered, three part receipt will be issued by the Department Head or designee(s) for each collection of Petty Cash. This receipt is to be signed by the Department Head or designee and the employee receiving the petty cash.~~

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 ~~Administrative Assistant~~ Town Administrator immediately upon discovery.

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5.1.8 The ~~Board of Selectmen~~, Town Clerk, ~~Administrative Assistant~~ Finance Director, Town Administrator and Treasurer may perform random audits of each department's petty cash at any time.

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5.1.9 Any discrepancies found must be explained in writing and in detail to the ~~Administrative Assistant and Board of Selectmen~~ Town Administrator; immediately after they have been identified.

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5.2 Deposit

~~5.2.1~~—Each Department Head or Designee must complete a DDC form for each deposit. ~~In addition, (with the exception of the Town Clerk and Tax Collector) each depositor shall photocopy each check and submit a spreadsheet or adding machine tape of the checks in the same sequential order and totaled with each deposit.~~

~~5.2.1~~

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~~5.2.2~~—Each Department Head or Designee shall send a designee to the Town Clerk's Office for deposit verification. Verification will consist of the department or committee designee being physically present while the Town Clerk counts and verifies the amount to be

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~~deposited for the Town Clerk deposits, if present the Deputy Town Clerk or the Administrative Assistant will verify the deposit in the presence of the Town Clerk.~~

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~~5.2.3.2.2~~ The Town Clerk will immediately notify the ~~Administrative Assistant~~ ~~Town Administrator~~ of any discrepancies. The ~~Administrative Assistant~~ ~~Town Administrator~~ shall cause a review of the deposit and the discrepancy. The ~~Administrative Assistant~~ ~~Finance Director~~ shall determine if the deposit must be returned to the department or committee for correction or be resolved immediately. The ~~Administrative Assistant~~ ~~Finance Director~~ will initial and provide a brief explanation of any changes made for immediate resolution. In the event that the ~~Finance Director~~ ~~Administrative Assistant~~ is unavailable, the ~~Deputy Town Clerk~~ ~~Town Administrator~~ may perform this duty.

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~~5.2.4~~ The Town Clerk shall assign each deposit a sequential number and record each deposit into the deposit log, once the amount has been verified. If amount verified is consistent, both the Town Clerk and Department Head or Designee sign the DDC. A copy of the DDC and the receipt slips are given to the Treasurer for recording.

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~~5.2.5~~ The Town Clerk will take the deposits to the bank daily and provide copies (attached to the journal) of all deposit statements issued by the bank to the Treasurer with the corresponding deposit back up information after the deposit is made. ~~The Treasurer will also provide a copy of the deposit statement to the depositing department.~~

~~5.2.3~~

~~5.2.6~~ Each Department shall receive from the Town Treasurer a monthly list of deposits that have been verified through the bank statement. Any discrepancies shall be reported to the ~~Administrative Assistant~~ and Treasurer. (Recommend Removal)

Commented [AF7]: I don't think this happening

~~5.2.7.5.2.4~~ Under no circumstance will ~~the Department~~ any employee or official utilize personal funds to compensate shortages. All shortages must be brought to the attention of the ~~Administrative Assistant~~ ~~Finance Director~~ prior to submission.

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5.3 Return Checks

5.3.1 Copies of returned checks and bank documentation must be submitted to the Treasurer and the ~~Finance Director~~ ~~Administrative Assistant~~. 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 Town Clerk 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.



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~~5.3.4 Document via a pre-numbered, three part receipt the individuals name, the purpose of the payment, and place a copy of the receipt with the daily deposits.~~

Commented [AT9]: Does this still apply and make sense.

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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 <u>Header</u>	Removal of documents placed in a three ring binder Balancing Procedures for end of day Removal of this section <u>Policy renamed from Cash Receipts Policy</u>		
Amendment				
Amendment				

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