

## **CITY OF BARRE**

### **CASH RECEIPTS**

#### **PURPOSE**

This policy and procedure established guidelines for the process for ensuring that capital receipts are supported by adequate documentation, oversight and approvals.

#### **PERSONS AFFECTED**

City Manager, City Clerk/Treasurer, Department Heads, Senior Accounting Clerk, Payroll Clerk, Assistant Treasurer

#### **POLICY & PROCEDURE**

##### **Opening Bank Accounts**

Any account must be opened by the Treasurer, who has received authorization from the City Council by way of resolution. The original resolution is filed in the resolution book in the vault. A copy of the resolution may be necessary to open an account.

Signatories on all accounts shall be the Treasurer, City Manager and Assistant Treasurer.

##### **Time Limits for Deposits**

All monies received will be deposited within 48 hours. The Assistant Treasurer will prepare deposits at least once every other day of all cash and checks on hand. Checks and cash will be totaled and confirmed against the NEMRC Cash Receipts report. Upon confirmation, the Assistant Treasurer will print out the NEMRC Cash receipts Deposit reports, will prepare a deposit slip and will electronically transfer the NEMRC cash receipts deposit file to the NEMRC General Ledger system. The Assistant Treasurer will deliver a hard copy of the deposit reports to the Accounting Department and confirm receipt of the electronic file into the General Fund system. The Accounting Department reviews all deposit reports against the electronic transfer to ensure all deposits are credited to the correct accounts. Any discrepancies are immediately brought to the attention of the city manager for review and adjustment, as necessary. No adjustments are made without the written approval of the city manager.

All deposits will be delivered to the City's financial institution on the same day they are prepared. Any extension beyond the 48 hour limit requires the authorization of the Treasurer. In times of heavy collections, deposits will be done on a daily basis, as directed by the Treasurer.

##### **Endorsement of Checks for Deposit**

An endorsement is required on the back of each check being deposited. This endorsement is usually applied with a rubber stamp. Each department that handles checks will have a separate rubber stamp so as to be able to trace checks back to the appropriate department. All endorsements must include bank name, bank account number, and department name.

### **Bank Deposit Tickets**

Deposit tickets for the General Fund are only used by the Treasurer's Office and the Water/Sewer Department, and are the source documents for posting to the Treasurer's ledgers. The bank date on the deposit ticket is the date that the deposit is delivered to the bank, and should agree with the date on the receipt issued by the bank.

### **Foreign Checks and Money Orders**

All checks should be drawn on a United States bank and made payable in United States currency. Any check drawn on a foreign bank, other than a Canadian bank, should not be accepted, even if payable in United States currency.

Noncompliance with these procedures will result in foreign exchange and collection fees which will be charged to the department as a bad check charge or debit adjustment. The department will then follow the procedures for recording and recovering bad check charge-backs as outlined in the Barre City Returned Check Policy, adopted by the Barre City Council on March 30, 2010.

### **Bad Check Charge-Backs**

Checks returned by the bank for insufficient funds, closure of the account, or any other reason, are reported by the Accounting Department as a negative deposit in NEMRC for the department that originally deposited the check. The depositing department is responsible for recovering the money due to the City, and will follow the procedures for recording and recovering bad check charge-backs as outlined in the Barre City Returned Check Policy, adopted by the Barre City Council on March 30, 2010. When a bad check is recovered, it should be treated as a new deposit.

### **Correction of Bank Deposits**

The bank may correct previous deposits by issuing a debit or credit memo to the Treasurer's bank account. The memo may come from the bank directly or from the Treasurer's office to the depositing department. The adjustment will appear as a separate bank transaction in NEMRC. The coding for the adjustment should be the same as the original deposit.

### **Adjustments of Revenue and Corrections of Receipts Coding Errors**

Corrections or adjustments (journal entries) to receipt codings are made by the Accounting Department, and require written authorization from the City Manager or Treasurer. The amount of the incorrect or original entry must equal the amount of the new entry. The Manager will review random adjustments and corrections on a monthly basis to ensure they are being handled correctly.

### **Reconciliation of deposits**

Upon completion of a deposit, the Assistant Treasurer delivers a hard copy of the deposit report, and electronically transfers the NEMRC cash receipts file to the Accounting Department. The senior accounting clerk accepts the NEMRC electronic transfer, downloads it in to the NEMRC general ledger module and reconciles the paper reports with the computer reports.

Any discrepancies are brought to the attention of the Treasurer for immediate corrective action.

**INTERNAL CONTROLS**

Ensure that forms/records are maintained detailing all works undertaken which require invoicing. These records should be reviewed regularly to ensure prompt production of invoices, by the payroll clerk.

Adequate records of all account receivables and the transactions relating thereto shall be kept. Account allocations are to be made or authorized by a responsible officer. All moneys received by the City shall be recorded by its entry in the NEMRC Cash Receipts computer system.

All payers shall be issued with a copy of a receipt upon request. The receipt and cash receipt record shall indicate the mode of payment. All unused receipt books and loose-leaf receipts shall be kept in the custody of the staff member responsible for such. Receipt or receipt records contained in books or loose-leaf receipts shall be so arranged as to provide for the retention of a copy of each receipt issued of the relevant details thereof. Any reversed receipts are to be independently authorized.

Balances are to be counted daily and reconciled to receipts listing and banking for the day. Discrepancies are to be promptly followed up.

For cash collected off-site regular random independent checks of cash collection to be undertaken.

Banking is to occur on a daily basis, where practicable.

Ledgers for all accounts are to be reconciled by the Accounting Department within 30 days of the close of a month. Upon completion, the reconciliation will be reviewed and signed off on by the City Treasurer. Any discrepancies are to be immediately investigated.

Aged account receivables listings are to be regularly reviewed and ongoing outstanding debts followed up on.

Bank reconciliations are to be completed by the Accounting Department within 30 days of receipt of the statements. Upon completion, the reconciliations will be reviewed and signed off on by the City Treasurer. Any unusual/irregular reconciling items are to be immediately investigated.