

## **Internal Fiscal Controls Policy**

### **TOWN OF WOLFEBORO**

#### **SECTION 1. PURPOSE**

Municipalities deposit substantial sums of money each year carrying out the many functions and services that they provide. Taxpayers have a right to expect that the municipality's operations be carried out efficiently and expeditiously with adequate financial control and accountability.

The objective of this policy is to attempt to strike a balance between the need for department operating efficiency and flexibility, and the need for financial control and accountability. It is also the purpose of this policy to implement uniform procedures for depositing funds that will provide quality and operational efficiency.

This policy shall be known as the "Town of WOLFEBORO Internal Fiscal Controls Policy" and may be cited as such.

#### **SECTION 2. REGULAR DEPOSIT PROCEDURE**

2.1 Designated Departments may retain "operating cash", not to exceed \$ 100.00 per drawer, for the purpose of making change for the public during the course of normal operations. Said operating cash shall not be used to circumvent the use of purchase orders, or the Town's purchasing policy. Balances in excess of said \$ 100.00 limit shall be deposited according to Section 2.2 of this policy. Departments receiving cash on a regular basis must make use of cash registers approved by the Finance Department.

2.2 With the exception of the Town Clerk, all revenue must be deposited with the Tax Collector on daily basis. The Town Clerk shall deposit on a daily basis.

2.3 Each department or committee must complete a deposit slip, account detail sheet, 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.

2.4 Each Department or committee shall send a designee to the Tax Collector's Office for deposit verification. Verification will consist of the department or committee designee being physically present while the Tax Collector counts and verifies the amount to be deposited. For the Tax Collector deposits, the Deputy Tax Collector will verify the deposit in the presence of the Tax Collector.

2.5 The Tax Collector will immediately notify the Finance Director of any discrepancies. The Finance Director 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 Bookkeeper may perform this duty.

2.6 The Tax Collector 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 Tax Collector and Department Representative sign the Deposit Receipt Form. A copy of the receipt form and the deposit slip are given to the Treasurer for recording.

2.7 The Tax Collector 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.

2.8 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 Finance Director and Treasurer.

2.9 Under no circumstance will the Department utilize personal funds to compensate shortages. All shortages must be brought to the attention of the Finance Director prior to submission.

### **SECTION 3. PETTY CASH POLICY**

3.1 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. No employee shall use Petty Cash for any personal business, even if the intent is to reimburse Petty Cash. There shall be no cashing of any checks through Petty Cash. Violation of any portion of these policies may lead to disciplinary action, including termination of employment.

### **SECTION 4. PETTY CASH PROCEDURES**

4.1 No department is to establish a petty cash system without consent from the Town Manager and start up instructions from the Finance Director.

4.2 A base petty cash amount must be determined by the Department Head and the Town Manager

4.3 Cash boxes will be used to store petty cash and must be locked at all times. The key will be kept in a secure location. Only the Department Head and/or designees approved by the Town Manager will have access to the locked petty cash box and key.

4.4 A pre-numbered, two-part receipt will be issued by the Department Head or designee(s) for each payment made out of petty cash. This receipt is to be signed by the Department Head or designee and the employee receiving the petty cash.

4.5 Payments out of petty cash will be made only when a valid receipt is presented.

Should prepayments out of petty cash be necessary, a memo explaining the purpose of the prepayment must be signed by the Department Head or Administrative Assistant and employee and place in the petty cash box.

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

4.7 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 Finance Director immediately upon discovery.

4.8 The Town Manager, Finance Director, and Treasurer may perform random audits of each department's petty cash at any time.

4.9 Any discrepancies found must be explained in writing and in detail to the Finance Director and Town Manager.

## **SECTION 5. RETURNED CHECK PROCEDURE**

5.1 Copies of returned checks and bank documentation must be submitted to the Treasurer. Returned checks will be recorded in the accounting system against the revenue in which it was originally posted.

5.2 Upon receipt of the returned check the Tax Collector/Town Clerk will notify the check writer with a form letter and inform them that their check did not clear and advise that there is a \$25.00 return check fee due.

5.3 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.

## **SECTION 6. IMPLEMENTATION**

6.1 To facilitate conduct in accordance with this policy, a copy of this policy shall be made available to department heads, employees, volunteers, board and commissions upon hiring, appointment or election to office and at such other times as may be necessary.

Adopted by vote of the Board of Selectmen on Wednesday, May 21, 2008