

VILLAGE OF AVOCA

Cash Receipt and Disbursement Policy

Cash Receipts

Introduction

Internal controls are essential for “good” management. Those specific to cash receipts can be defined as activities (safeguards) that are in place to provide reasonable assurance that those cash receipts will not be misplaced, lost or stolen.

Overview

The Village of Avoca routinely engages in the receipt of cash during the normal course of business. Those receipts are the property of the taxpayers and must be safeguarded. Cash receipts can be misplaced, lost or stolen if the proper internal controls are not followed as a regular routine. This policy covers all departments of the Village of Avoca.

Accounting Records

Each department that handles cash receipts, in any amount, **MUST** maintain an up to date accounting record for those cash receipts.

Definitions

Cash: For the purpose of this policy, cash is defined as currency, coins, checks, money orders, and credit card transactions which may be received during the course of business in the Village of Avoca.

Procedures

Cash Transactions

- Petty Cash
 - Village Clerk/Treasurer is responsible for petty cash.
 - A set amount of petty cash should be maintained at all times.
 - Petty cash must be kept locked and out of view in public areas.
 - Reconciliation of the petty cash must take place monthly, even if no transactions took place.
 - A monthly verification report will be created and signed by the person reconciling the petty cash.
 - The Mayor or a person designated by the Mayor shall randomly (at least 4 times per year) verify the petty cash, creating and signing a report.
 - A receipt, signed by the purchaser &/or the department head must be obtained for any purchases from petty cash (such as postage).
 - The department head must submit the receipts, requesting reimbursement for all expenses from petty cash. This must be done on a monthly basis to maintain the required level of petty cash.

- Payments Received: When “cash” is received within any village department:
 - A receipt must be issued to the person making the payment for any village service.
 - Money received by the Village Clerk/Treasurer from the Youth Program or the Park Project must be verified by the Village Clerk/Treasurer the day it is received.
 - A copy of the receipt or envelope must be maintained with the departments’ records.
 - All payments received via US Postal Service or in any other manner will have a corresponding receipt forwarded, upon request.
 - The Village Clerk/Treasurer will record the payment into the corresponding computer programs, including daily cash log.
 - “Cash” being deposited must have an itemized list of sources from all items listed on a calculator tape which is attached to the deposit slip.
 - The Village accepts payments by mail as of the date post marked. Envelopes received after a due date, but postmarked before the due date should be kept on file as proof of date received.
 - The Village also accepts payments through a night deposit box. If envelopes are placed in the night deposit after close of business, but on a due date, it will be processed as received by the due date. The clerk should note the circumstance on the envelope and it should be kept on file as proof of date received.
- Depositing Cash Receipts
 - Deposit slips which show actual cash or coin as part of the transaction will be double checked by the Village Clerk/Treasurer by use of a calculator tape which will be attached to the deposit slip.
 - All cash receipts must be secured in a locked box &/or area while awaiting deposit.
 - Departments that maintain approved bank accounts must deposit funds within three (3) business days once 250.00 in cash has been collected. Moneys received from the collection of property taxes must be deposited within one (1) business day of receipt.
- Transmittal of Cash Received
 - The Village Clerk/Treasurer will make any/all corresponding journal entries related to the reports received and the corresponding moneys collected by all departments.
- Bank Reconciliations
 - Each department maintaining approved bank accounts will be responsible for monthly bank reconciliations on each account. These should be done in a timely manner (within a week) of the receipt of the official bank statement.
 - The Village Clerk/Treasurer, being the Chief Financial Officer will reconcile all village bank accounts.

- It will be the responsibility of the Avoca Village Board of Trustees to monitor these bank accounts on a monthly basis. These reconciliations will be made available to the Village Board of Trustees for review at the monthly board meeting.

Cash Disbursements

Overview

The objective of internal controls for cash disbursements are to ensure that cash is disbursed only upon proper authorization of the Village Board of Trustees, for valid business purposes, and that all disbursements are properly recorded.

Practices and Procedures

- Segregation of Duties
 - Segregation of duties means that no financial transaction is handled by only one person from beginning to end.
 - The Village Board of Trustees will authorize all payments from the General Fund, Water Fund, Cemetery Fund and Grant Fund
 - The Village Clerk/Treasurer has the responsibility of recording all transactions, creating the corresponding vouchers, the monthly abstract for Village Board of Trustees approval and creating the corresponding checks in preparation of signature.
 - The Village Board of Trustees will approve all vouchers recorded on the abstract before payment can be made. Each voucher should be initialed by at least three Village Trustees and approved at the monthly council meeting by majority vote.
 - The Mayor, Deputy Mayor or Village Clerk/Treasurer will sign all check payments. The Village Clerk/Treasurer will verify that all checks have been signed and process the checks for mailing.
- Authorization and Processing of Disbursements
 - Once the budget is in place each Department Head has the authority to authorize purchases for his/her department as long as the Village Procurement Policy is followed.
 - The Department Head also has the authority to allow employees in his/her department to sign for packages or make small purchases relevant to running the department on a day to day basis.
 - All packing slips and bills requiring payment from the General Fund or Water Fund will be initialed by the purchaser and/or department head and given to the Village Clerk/Treasurer for processing.
 - The Village Clerk/Treasurer will enter all bills requiring payment into the accounting software and create a corresponding voucher. An abstract will be created for review by the Village Board of Trustees.

- The monthly abstract and all corresponding vouchers will be presented to the Village Board of Trustees. The Village Board will review all vouchers and initial each one authorizing payment.
- The Mayor or Deputy Mayor will call for a motion to authorize payment of all presented vouchers. The abstract will be signed as approved by the Mayor and/or Deputy Mayor. The abstract is given to the Village Clerk/Treasurer for filing.
- Checks will be created, logged and signed by the Village Clerk/Treasurer and or the Mayor/Deputy Mayor. Once signed the Village Clerk/Treasurer will process the checks for mailing.
- Managing Restricted / Reserve Funds
 - The Village Board of Trustees has the authority to manage all restricted and reserve funds. The Village Board authorizes the Village Clerk/Treasurer to manage the restricted accounts for the Youth Program and Park Project.
 - Restricted funds may be any funds received for a specific purpose, such as grant funding, the youth program, and park project.
 - Reserve Funds have been set up by the guidelines set in the Village's Reserve Fund Policy.
- Check Signing
 - The Village of Avoca requires one signature on all checks authorized for payment.
 - Authorized signatures for all General Fund, Water Fund, Grant Fund and Cemetery Fund shall be the Mayor, the Deputy Mayor and the Village Clerk/Treasurer.
- Internal Accounting Controls
 - The Village Board of Trustees is responsible for the fiscal oversight of all areas of the Village of Avoca.
 - They will monitor the results of operations and the effectiveness of the approved policies.
 - They will monitor monthly departmental reports, the year to date budget and bank statements.
 - They will inquire with department heads and employees regarding any discrepancies or with further questions.
 - They will perform annual reviews of the Village Clerk/Treasurers Office.

Review

This policy shall be reviewed by the Village Board of Trustees on an annual basis.

This policy stands adopted by the Avoca Village Board of Trustees on _____.

