

# TOWN OF NORTHFIELD CASH MANAGEMENT POLICY

	<b>Page</b>
PURPOSE	2
AUTHORITY	2
APPLICABILITY	2
ARTICLE I – CASH RECEIPTS	2
ARTICLE II – PURCHASING	4
ARTICLE III – DEBT	7
ARTICLE IV - FUND BALANCE	7
ARTICLE V – INVESTMENTS	7
ARTICLE VI – FRAUD	8

*Adopted by the Northfield Selectboard on June 3, 2008*

*Revised March 30, 2010*

*Revised August 31, 2010*

*Revised April 23, 2013*

*Revised May 7, 2013*

*Revised July 7, 2015*

*Revised July 19, 2016*

**PURPOSE**

Taxpayers have a right to expect that the Town is a responsible steward of their money and that Town operations are performed with adequate financial control and accountability.

The objective of this policy is to maximize the degree of financial control and accountability while providing an operational structure that allows Town departments to operate effectively in the performance of their mandated duties.

**AUTHORITY**

These policies are adopted by the Board of Selectmen in accordance with RSA 31:39 as it relates to their management of the Town's prudential affairs and their authority over expenditures.

**APPLICABILITY**

This policy shall apply to all departments, town employees, boards and committees, and volunteers appointed by and falling under the jurisdiction of the Board of Selectmen. The Board maintains its commitment to working closely with Town Officers elected directly by the voters, such as Town Treasurer and Town Clerk/Tax Collector, but acknowledges that State Statutes do not give the Board the authority to dictate the means by which these officers fulfill their statutory duties.

**ARTICLE I CASH RECEIPTS**

**A. CASH HANDLING PROCEDURE**

All Town employees and volunteers shall issue a receipt when accepting cash or checks from individuals, businesses, donors and customers on behalf of the Town. .

Department heads or their designees and volunteer representatives to appointed committees must turn over all cash or checks collected on behalf of the town to the Account Clerk/Secretary at the Town Hall for verification and deposit into the town account weekly.

The Town Administrator may receive deposits if the Account Clerk/Secretary is unavailable.

Each deposit brought to the Account Clerk/Secretary must be accompanied by a detail sheet showing:

- The total amount of the deposit,
- A listing of all of the transactions included in the deposit including the:
  - ✓ Date the cash or check was received,
  - ✓ The number of the receipt issued by the Department for the cash or check
  - ✓ amount of the transaction,
  - ✓ from whom the funds were received
  - ✓ purpose of the transaction
  - ✓ and the account into which the funds are to be deposited.

The Account Clerk/Secretary shall:

1. Issue a receipt to the department verifying acceptance of the funds.
2. Verify the amount of the deposit at the time the funds are received. The Account Clerk/Secretary will immediately notify the Town Administrator of any discrepancies. In such circumstances the Town Administrator shall review the deposit and the discrepancy. The Town Administrator shall determine if the deposit must be returned to the department or committee for correction or if the deposit can be resolved immediately. The Town Administrator will provide a brief explanation on the detail sheet of any changes made for immediate resolution and initial the sheet. In the event that the Town Administrator is unavailable, a Selectboard member may perform this duty.

3. Assign each deposit a sequential number and record each deposit into a deposit log, once the amount has been verified.
4. Forward the deposit to the Town Clerk for deposit to the bank each week, except that funds shall be forwarded to the Town Clerk each day that the funds awaiting transfer to the bank exceeds \$1,500.00.
5. Forward check received in excess of \$1,000 to the Town Clerk for electronic deposit as soon as practical.
6. Maintain files of all deposit statements issued by the bank with the corresponding back up information after the deposit is made.
7. Provide the Treasurer with a copy of the deposit statement.

Under no circumstance will the Department utilize personal funds to compensate shortages. All shortages must be brought to the attention of the Selectmen prior to submission **All collections are to be held in a location that is secure from potential fire and theft. Collections should never be used to cash checks for Town employees or the public. No disbursements shall be made from any collection. Collections shall never be comingled with any employee's personal money.**

#### **B. 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. 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.

No department is to establish a petty cash system without consent from the Selectboard, which shall determine a base petty cash amount at the time the account is created.

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 persons designated by the Department Head will have access to the locked petty cash box and key.

The Department Head or designee(s) will issue a pre-numbered, two-part receipt 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.

Except as noted below, payments out of petty cash will be made only when a valid receipt is presented. Should prepayments out of petty cash be necessary, a note explaining the purpose of the prepayment must be signed by the Department Head or designee and employee and place in the petty cash box.

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

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 Selectboard immediately upon discovery.

The Town Administrator, Selectboard and Treasurer may perform random audits of each department's petty cash at any time.

Any discrepancies found must be explained in writing and in detail to the Selectboard.

**C. RETURNED CHECK PROCEDURE**

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

Upon receipt of the returned check the Account Clerk/Secretary will notify the check writer with a form letter and inform them that their check did not clear and advise that there is a \$40.00 return check fee due.

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 shall be noted as a separate revenue item.

**D. ACCEPTANCE OF CASH AT TRANSFER STATION**

Effective October 4, 2010 no cash shall be accepted for materials delivered to or materials taken from the Northfield Transfer Station. All payments shall be in the form of a check or a town issued coupon.

**ARTICLE II - PURCHASING**

**A. GENERAL**

All purchases require approval of the Department Head.

Some of the factors considered when determining the best overall value are:

- Price
- Quality
- Warranty
- Service
- Availability
- Past Performance with the Town
- References

**B. PRE-APPROVAL REQUIRED**

Department Heads may authorize purchases of up to \$1,000 without Selectboard approval provided there are sufficient funds within the appropriate account code for the purchase. Purchases in excess of \$1,000.00 are authorized only when:

- A Purchase Requisition authorizing the purchase has been signed by at least 2 Selectmen, or
- In emergency situations, the Department Head has obtained pre-approval from one Selectman either in orally or in writing prior to making the purchase.

This policy shall not apply to the following purchases:

- Monthly utility bills
- Fuel bills
- Payroll
- Purchases of salt and sand as long as the cost per ton is below that approved by the Selectboard
- Payments made under pre-existing contract.

### **C. BIDDING PROCEDURES**

**Under \$999.99:** Employees are encouraged to do whatever is practical to secure competitive pricing from multiple sources.

**Between \$1,000.00 and \$4,999.99:** Formal written bids from at least three sources must be obtained. Faxed quotations are acceptable. Purchases must be supported by written quotations from vendors. Direct solicitation is allowed. Award of purchase requires the approval of the Board of Selectmen.

**Over \$5,000.00:** A formal sealed bid is required for major purchases. An invitation to bid must be publicly advertised in the paper of record at least fourteen (14) days prior to the date set for opening. Bid specifications require the approval of the Board of Selectmen. Formal bids must be received sealed and in writing by a posted deadline.

All bids shall be opened at a date, time and place designated in the bid request. The Department Head and at least one other Town employee or Selectboard member shall open all bids under dual control. Late bids will not be accepted. Award of the purchase or contract shall be made on the basis of best overall value and requires the approval of the Board of Selectmen

If at least three bids are not received the Board of Selectmen may require a re-bid.

### **D. PROFESSIONAL SERVICE CONTRACTS**

Either the Request for Proposal (RFP), the Request for Qualifications (RFQ) process, or a combination may be used. The primary difference between the two processes is that in the RFP process a specific proposal is received and evaluated. The proposal includes a scope of work and a cost proposal. In the RFQ process, Statements of Qualifications (SOQs) are received and selection is made upon those qualifications. In this process, a mutually acceptable scope of work and contract amount is negotiated with the successful bidder.

The RFP/RFQ must be approved by the Board of Selectmen, must be in writing and must be publicly advertised in the paper of record at least fourteen (14) days prior to the date set for opening. Proposals or SOQs must be filed with the town in a sealed envelope marked with the name of the request as indicated in the instructions.

Proposals/SOQs shall be opened before the public at a date, time and place designated in the RFP/RFQ. All proposals/SOQs shall be opened under dual control of the Department Head, one other Town employee or Selectman, The proposals/SOQs shall be analyzed based upon the "best overall value" to the Town and presented to the Board of Selectmen with a staff recommendation. Award of proposal or approval of contract shall be made by the Board of Selectmen, including approval of contracts.

### **E. PUBLIC AUCTION**

With the approval of the Board of Selectmen, purchases may be made through public auction. In such cases the Board of Selectmen may grant the Department Head authority to bid on a particular product up to a 'not to exceed amount.'

If a purchase is made through a public auction, all documentation must be retained and filed with the Account Clerk/Secretary.

### **F. CASES NOT REQUIRING BIDDING PROCEDURE**

The Board of Selectmen may approve exceptions to this policy under the following conditions:

1. Item is to be purchased under State or Federal Bid lists
2. Only one known source of purchase, and there is no comparable substitute product or service

3. Specific type or brand of supply or part necessary for acceptable operation of a machine or device, or as required by warranty or contract on the machine or device; written documentation supporting the purchase of a specific brand or part necessary for acceptable operation of a machine or device must be provided.
4. An item or service that is required on an emergency basis
5. Other situations as determined on a case-by-case basis by the Board of Selectmen.
6. Vehicle maintenance and repair items

#### **G. EMERGENCY PROCUREMENTS**

Emergency procurements may be made when there exists a threat to public health, welfare or safety, provided that such emergency procurement shall be made with such competition as is practical under the circumstances.

In case of an emergency requiring immediate purchase of materials, supplies, equipment or services, the Board of Selectmen hereby authorizes the Department Heads to approve such emergency purchase in the situations noted in the previous paragraph. The Board of Selectmen shall be notified as soon as possible as to the emergency and the associated purchases. As soon as is practicable, standard purchasing procedures will be reinstated.

#### **H. ARTIFICIAL DIVISION PROHIBITED**

Purchases shall not be artificially divided so as to create lower purchase amounts and therefore avoid some requirements of this policy. The Board of Selectmen shall determine whether or not a proposed purchase constitutes artificial division.

#### **I. LOCAL ADVANTAGE**

The Town will make every effort to purchase from businesses located within the area if the purchase fits into the category of "best overall value." It must be noted that the Town has a responsibility to the taxpayers of the Town to ensure that bids are awarded to vendors offering their products or services at the "best overall value" to the Town.

#### **J. CANCELLATION AND REJECTION OF BIDS**

An invitation to bid, request for proposal, or other solicitation may be canceled, or any or all bids or proposals may be rejected, in whole or part, as may be specified in the solicitation when it is in the best interest of the Town. The reasons shall be made part of the formal bid file.

#### **K. ETHICS IN PUBLIC PURCHASING AND CONTRACTING**

Town employees are prohibited from involvement in making procurement decisions in which they have a personal investments in any business entity that will create a conflict between their private interests and their public duties.

A Town employee who receives an offer from any person to give, or agree to give, a gift or gratuity in any amount in connection with any decision, approval, disapproval, or recommendation concerning a procurement shall report such to the Board of Selectmen immediately.

Inexpensive advertising items, bearing the name of a vendor, such as pens, pencils, paper weights, cups, candy, calendars, etc., are not considered articles of value or gifts in relation to this policy.

Failure to comply with the provisions of this policy will result in disciplinary action.

## **ARTICLE III - DEBT**

### **A. INCURRING DEBT**

The Town may incur debt for:

1. Capital improvement projects when the project's useful life will exceed the term of the financing.
2. Equipment purchases when projected service life of the equipment will exceed the term of the financing.
3. Operating or capital expenses in anticipation of tax receivables, bond revenues or other sources.

The Town may incur debt only when after due consideration it is determined that incurring debt is needed to:

1. Eliminate sharp fluctuations in Northfield's tax rate that would result from absorbing the cost of major purchases or projects in a single year.
2. Allow for efficient Town operations in the short term in anticipation of the receipt of revenues.
3. Facilitate emergency response
4. Provide for local financing of projects in which a local match is required to receive state or federal funding.

### **B. DEBT LIMITS**

Selectboard members and town employees shall, to the extent allowed under state statutes and by operational necessity, schedule operating expenses, equipment purchases and capital improvement projects in such a manner so as to reduce the need to incur short-term debt.

### **C. COMPETITIVE AWARDS**

The Town will generally conduct financing on a competitive basis; however, negotiated financing or low interest programs, such as the NH DES Revolving Grant Program, may be used where the use of an unusual or complex financing or security structure is a concern with regard to marketability, or it is more cost effective to negotiate with a sole source.

## **ARTICLE IV - FUND BALANCE**

In order to maintain reserves adequate to protect against emergencies and economic downturns, the Town shall achieve and maintain an undesignated year-end general fund balance of at least 5% but no more than 10% of general fund appropriations

## **ARTICLE V - INVESTMENTS**

### **A. GENERAL**

Assets of the Town may be invested in the following:

- Obligations of the U.S. government such as U.S. Treasury securities maturing in less than one year and short-term obligations of U.S. Government agencies approved for investment purposes by the Treasurer of the State of NH;
- Participation accounts established with the New Hampshire Public Deposit Investment Pool established pursuant to RSA 383:22;
- Savings accounts in solvent banks in New Hampshire;
- Certificates of deposit at banks incorporated under New Hampshire law, and
- Certificates of deposit at national banks located in New Hampshire.

All depository accounts of the Town must be held in the name of the Town.

Depositories shall be selected and awarded by the Board of Selectmen. In selecting depositories, the Town shall conduct a comprehensive review of the prospective depositories' credit characteristics and financial history.

Before accepting funds or engaging in investment transactions with the Town, the supervising officer at each depository shall certify that the officer has reviewed the investment policies and objectives and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the depository and the Town.

The supervising officer shall agree to exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with the Town.

The Town shall diversify its investments to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Deposits placed in the NH Deposit Investment Pool (NHDIP) shall by definition meet this requirement.

Officials involved in the investment process shall not engage in personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials shall disclose to the Selectmen any material financial interests in financial institutions that conduct business within the town.

Annually, at the meeting next following the spring election, the Selectmen shall review this policy for the investment of public funds in conformance with the provisions of applicable statutes.

The town recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary non-liquidity. Investment officials are expected to display prudence in the selection of investments in a way to minimize default risk.

Investment officials acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the Selectmen in a timely fashion and appropriate action is taken to control adverse developments.

## **B. SAFEKEEPING AND CUSTODY**

Investment officials shall be bonded to protect the public against possible embezzlement and malfeasance. Collateralized securities such as repurchase agreements shall be purchased using the delivery vs. payment procedure. Unless prevailing practices or economic circumstances dictate otherwise, ownership shall be protected through third-party custodial safekeeping. The independent auditor shall review safekeeping procedures annually.

# **ARTICLE VI - FRAUD**

## **A. ZERO TOLERANCE**

The Town recognizes a zero tolerance policy regarding fraud and corruption. All matters raised by any source will be taken seriously and properly investigated. This policy covers all Town employees and officers. Additionally, this policy covers all vendors, customers and employees to the extent that any Town resources are involved or impacted.

Fraud is defined as an intentional deception, misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity and includes, but is not limited to:

- Falsification of expenses and invoices
- Theft of cash or fixed assets
- Alteration or falsification of records
- Failure to account for monies collected
- Knowingly providing false information on job applications
- Knowingly providing false information in requests for funding

Corruption is defined as the offering, giving, soliciting or accepting of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include bribery, conspiracy and extortion.

**B. REPORTING OF FRAUD OR CORRUPTION**

All employees and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor or any other party with any association with the Town. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately.

Concerns should be reported to any of the following:

- The employee's immediate supervisor
- Selectboard Member
- Town Administrator

Retaliation and retribution will not be tolerated against any employee or officer who reports suspected fraudulent or corrupt activities. However, if an employee is determined to have acted maliciously or with deceit, the employee will be subject to disciplinary action.

All reports will be taken seriously and will be investigated. If deemed necessary, the Town will notify and fully cooperate with the appropriate law enforcement agency. Fraudulent or corrupt activities that result in disciplinary action will be reported to the Selectmen.

**C. DETERRING FRAUD AND CORRUPTION**

All new full time employees are subject to background investigations including a criminal background check(s). All temporary, part-time, and seasonal employees may be subject to a criminal background check based on position and possible duration of employment. The Town may also verify all applicants' employment history, education and personal references prior to making an offer of employment.

Vendors, contractors and suppliers may be subject to screening, including verification of the individual or company's status as a debarred party.

When necessary, contractual agreements with the Town may contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.

**D. CORRECTIVE ACTION**

Final determination regarding action against an employee, vendor, recipient or other person found to have committed fraud or corruption will be made by the Board of Selectmen.

Offenders at all levels of the Town will be treated equally regardless of their position or years of service with the Town. Determinations will be made based on a finding of facts in each case, actual or potential damage to the Town, cooperation by the offender, and legal requirements.

Depending on the seriousness of the offense and the facts of each individual case, action against an employee can range from written reprimand and a probationary period to legal action – either civil or criminal. In all cases involving monetary losses to the Town, the Town will pursue recovery of losses.