

REVENUE TURNOVER

PURPOSE

To safeguard Town assets and maximize cash flow, this policy provides guidelines for departments to turn over receipts to the Treasurer/Collector. Included are details of internal controls designed to provide reasonable assurance that the Town's revenues are properly and timely secured, recorded, and deposited in Town bank accounts.

APPLICABILITY

This policy pertains to all cash, check, credit card, and other forms of payment received by all Town departments for taxes, excise, fees, federal and state government receipts, and charges. It applies to all individuals within each department assigned responsibility for handling payments. It further applies to the Finance Director's duty to keep the general ledger up to date.

POLICY

The head of each department that receives payments is responsible for instituting and employing internal controls designed to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer/Collector. The Town Manager will ensure surety bonds are maintained for all individuals responsible for handling payments to indemnify the Town from potential loss or theft. Each department must turn over at least weekly and must do so whenever cash receipts total \$200 or more. At month-end, departmental staff will turn over all revenues no later than 10:00 am on the last business day of the month. All cash management activity is subject to review by the Finance Director and independent auditor.

A. Receiving Payments

For every department taking in cash receipts, a pre-numbered receipt book should be utilized. Assigned departmental staff must issue a receipt for every cash payment received, even when the payer attempts to refuse it. With the approval of the Finance Director other procedures might be acceptable (i.e. pre-numbered tickets being reconciled to cash receipts). Every staff person who receives any check will immediately endorse it "For Deposit Only" using a stamp or by handwriting. Every department receiving payments shall secure them in a locked cashbox or safe until completing a turnover to the Treasurer/Collector.

Each department head is responsible for overseeing the processing, recording, record retention, and turning over of receipts to the Treasurer/Collector. To the extent practicable, separate individuals should be tasked with: 1) receiving and endorsing payments, 2) recording payments in Munis, and 3) turning receipts over to the Treasurer/Collector.

B. Turning Over Revenues

After entering a batch of receipts in the Munis receipts module, departmental staff will create a turnover by printing a Munis payments proof report, completing Forms AD-9 and AD-10, "Schedule of Departmental Payments" (i.e., duplicate turnover forms), signing and obtaining the department head's initials on each form. All cash receipts should tie back to the numbered receipt book, turnover form, and receipts summary reports maintained by the department head. Departmental staff will deliver the turnover package in person and retain a copy of the AD-9. At no time will an employee leave a turnover in the Treasurer/Collector's office unattended.

No less than twice a month (the 15th and at month-end), the Treasurer/Collector will complete a turnover of all the collections processed during that period for taxes and other committed receivables. The turnover form will report all the collections summarized by receipt type, which must reconcile to the bank deposits for the same period.

When the Treasurer/Collector's office has accepted the turnover, the department employee will receive back a copy of the AD-9 form signed and dated by a Treasurer/Collector staff member. The department employee will retain one turnover copy on file and is responsible for delivering the AD-10 to the Finance Director.

The head of every department that receives payments will review the Finance Director's monthly revenue reports to verify all turned over receipts have been accurately recorded in the appropriate general ledger accounts, sign-off and report any discrepancies to the Finance Director.

C. Receiving Turnovers

When presented with the turnover, Treasurer/Collector staff will count the receipts in the presence of the authorized department employee. Any inaccuracies on the turnover form (AD-9) will be corrected then initialed by both parties. The Treasurer/Collector staff member will then sign the turnover and return to the departmental employee.

In a timely manner (but not less than twice a week and daily during tax collection due dates), Treasurer/Collector staff will review the Munis postings, turnover documents, and receipts, post the receipts into the cashbook, create a deposit package, and deposit the revenues at the bank. Until the deposit is completed, Treasurer/Collector staff will ensure that all receipts are secured at all times, either in a cash drawer, or if being held overnight, in a safe.

Twice a month (the 15th and at month-end), the Treasurer/Collector will forward the Treasurer's Cash Report along with a Munis Schedule of Receipts report to the Finance Director. The Finance Director staff will compare this report with the turnover documents received directly from departments and contact the Treasurer/Collector about any discrepancies. The Finance Director staff will then accept the verified receipt batches in Munis, and posts them to the general ledger.

D. Insufficient Funds

Upon notification from the bank of an insufficient check or an invalid or otherwise unpaid electronic funds transfer (EFT), the Treasurer/Collector will reverse receipt of an unposted batch or in the event that the batch has been posted, enter a reversal batch and notify the department responsible for the turnover. The Treasurer/Collector will also make a reversal entry in the cashbook, assigning it to the appropriate bank account.

The Treasurer/Collector will notify the issuer in writing of the bounced check or rejected EFT. Payment of the original amount plus a \$25.00 penalty is due in 10 days and must be in the form of cash, money order, or certified check. The \$25.00 penalty is booked to miscellaneous revenue and not to the revenue source of funds received. After 10 days if uncollected, the department responsible for the turnover will rebill.

The Treasurer/Collector will follow-up on collecting the amounts owed and will notify the department responsible for the turnover once funds have been collected. If the payment was for a license or permit, the department shall suspend the license or permit until the original amount and penalty have been paid. If it was for a committed receipt (e.g., tax bill), the commitment will be reinstated by the appropriate official and the usual collection procedures followed.

E. Reconciliation

In accordance with the Town's Reconciliation policy, the Treasurer/Collector will reconcile the cashbook with bank statements and provide a summary of cashbook balances to the Finance Director monthly.

F. Audit

All cash management activity is subject to review by the Finance Director and Hamilton's independent auditor.

REFERENCES

[M.G.L. c. 41, § 35](#)

[M.G.L. c. 41, § 57](#)

[M.G.L. c. 60, § 57A](#)

[M.G.L. c. 44, § 69](#)

Hamilton Reconciliations Policy

Massachusetts Collectors & Treasurers Association: [Treasurer's Manual](#) and [Collector's Manual](#)

EFFECTIVE DATE

This policy was adopted by the Board of Selectmen on August 6, 2018.