

VILLAGE OF WARWICK
CASH MANAGEMENT POLICY
Adopted & Effective December 4, 2023

I. Purpose

To establish sound cash management practices to ensure efficient utilization of cash in a manner consistent with the overall strategic goals of the Village. In this context, cash would be defined as coins, currency, checks, money orders, credit, ACH payments and e-check payments.

II. Monitoring

- A. All activity and balances in the primary accounts shall be monitored by the Office of the Treasurer to assess the cash necessary to meet daily obligations and ensure adequate funds are available.
- B. The Office of the Treasurer is responsible for the transfer of funds between bank accounts maintained by the Village. This includes, but is not limited to:
 - 1. Establish the daily cash position of the Village.
 - 2. Appropriately manage the general, water and sewer operating funds for Village disbursements and obligations.
 - 3. Transfer depository funds for investment purposes of the Village.
 - 4. Maintain the ability to pay obligations when they become due.
 - 5. Obtain both short and long-term borrowed funds when required and approved by the Board of Trustees in a timely manner at an acceptable interest rate.

III. Segregation of Duties

Segregation of duties is a commonly used and widely accepted internal control practice. Implemented effectively, this control reduces the risk that any employees will be able to carry out and conceal errors or fraud in the normal course of their duties without being detected. In general, there are three categories of duties or responsibilities that are examined when segregation of duties is discussed:

- A. Custody of cash
- B. Authorization or approval of transactions
- C. Recording or reporting of related transactions.

Ideally, employees performing any one of the above functions would also not have responsibilities in either of the other two functions. The objective of segregation of duties is to prevent one person from having access to assets and responsibility for maintaining the accountability or authorizing transactions affecting those assets. Due to limited staff available, the administration of the three functions above is delegated to the Treasurer with consultation of the Mayor.

IV. Cash Receipts

- A. Collection Procedures

1. Employees responsible for collecting cash:
 - a. Clerk's office
 1. Village Clerk
 2. Deputy Clerk
 - b. Treasurer's Office
 1. Treasurer
 2. Deputy Treasurer
 - c. Water Department
 1. Water/Sewer Billing Clerk
 - d. Building Department
 1. Planning/Zoning/ARB/AHDRB Secretary
 2. Building Inspector
 3. Assistant Building Inspector
 - e. Recreation Department
 1. Treasurer
 - f. Department of Public Works-Metered Coin
 1. Treasurer
 2. Deputy Treasurer
2. A receipt book must be maintained for each department responsible for collecting cash and a receipt must be written for each payment received. The receipt must include the name of the payee, amount of payment, payment method (cash, check, ACH, or money order) check number if applicable, receipt number, and signature of employee recording the transaction. For tax collections, a paid receipt is printed from the tax collection system and mailed to the resident.
3. Endorse checks upon receipt (For Deposit Only) with Village of Warwick stamp.
 - a. Checks for amounts greater than the amount due may be accepted for the following reasons:
 1. Tax overpayments may be received. The tax collector will accept the overpayment into the tax collection software, generate an entry in the Duplicate/Overpayment Report, and deposit the overpayment. The clerk will submit the overpayment information, Duplicate/Overpayment Report, and voucher for reimbursement to the treasurer to process at the next Village Board meeting. The reimbursement payment will be returned to the clerk to enter the refund in the tax collection software, generate an overpayment letter, and mail the letter and refund to the payee
 2. Duplicate tax payments may be received and either returned or deposited.
 - a. A duplicate tax payment may be returned when the payment only includes funds for parcels that have previously been paid. The tax collector will record the duplicate payment in the tax collection software, generate a return of payment letter, and mail the letter and original payment back to the payee.
 - b. Duplicate tax payments may be deposited when the payment includes funds for both previously paid AND

unpaid parcels. The tax collector will enter the payment, including duplicate payments, into the tax collection software, generate an entry on the Duplicate/Overpayment Report, and deposit the duplicate payment. The clerk will submit the duplicate payment information, Duplicate/Overpayment Report, and voucher for reimbursement to the treasurer to process at the next Village Board meeting. The reimbursement payment will be returned to the clerk to enter the refund in the tax collection software, generate a refund letter, and mail the letter and refund to the payee.

3. Water/Sewer rent payments received for amounts greater than the current amount due. The water billing clerk accepts the overpayment and applies the credit towards the next billing cycle.
4. Cash collections from all departments must be given to the Treasurer's office by the end of the work week along with a detail report of the collection. Any cash collections held by a department must be locked in a secure location as approved by the Treasurer.
5. Treasurer's office issues a numbered general receipt to log every deposit collected from each department.

B. Deposit Procedures

1. Deposit collections in a timely fashion – preferably within 48 hours. When not possible to deposit collections within 48 hours, deposits must be made within 10 days as recommended by the Office of the State Comptroller. Secure all undeposited collections in the file cabinet locked within the safe/vault in Clerk's office until deposited.

a. Remote deposit capture

1. The treasurer and the deputy treasurer have remote deposit check scanners
2. All checks will be scanned using the corresponding banks scanner and remote deposit capture websites
3. A receipt of deposit will be printed after all checks have been scanned and verified
4. Scanned checks will be kept in the safe/vault for a period of six months. After six months, the checks will be shredded by the Treasurer's office. (In accordance with the NYS LGS-1 schedule item 476, 'original check, money order, or similar instrument of payment received and kept by local government, scanned and deposited to bank account, or retained by the local government for any other reason must be retained 60 days after deposit and verification of account information or no longer needed for any purpose).

b. Smart safe-Orange Bank & Trust

1. The smart safe is in Village Hall and is a depository for cash and coins for the Operating Bank Account only.

2. Any cash/coin deposits will be made using the smart safe.
3. Once cash/coin is deposited into the smart safe, a receipt prints and needs to be attached with the cash receipt.
- c. Cash deposits for Webster Bank
 1. Cash deposits for bank accounts held at Webster bank will need to be made at the branch. A receipt must be received by the bank.
2. Deposit receipts must identify the composition of cash collected and individual checks deposited.
3. The Treasurer must be the final custodian of all cash receipts.
4. The Treasurer must compare each cash receipt deposit to the monthly bank statement as part of the bank reconciliation process.
5. Credit Card payments/e-checks/ACH payments received online and in-person for tax collection, recreation fees, water/sewer rents are deposited in a separate credit card bank account.
 - a. Water billing credit card payments are reconciled daily by the water billing clerk.
 - b. Tax credit card payments are reconciled daily by the Clerk's office.
 - c. Recreation credit card payments are reconciled daily by the Treasurer.
- C. Record Keeping Procedures
 1. The Treasurer records receipts in the Village's finance system daily or as timely as possible.
 2. Employees responsible for collecting cash and preparing bank deposits should not record cash transactions in the financial system or reconcile the bank statement.

V. Cash Disbursements

- A. Check Preparation Procedures
 1. The Treasurer is responsible for ordering checks, to oversee check inventory, and to identify reasons for gaps in the numbering sequence. The Deputy Treasurer is responsible for check preparation after each Board of Trustees approved audit of claims.
 2. Issue pre-numbered checks in sequence.
 3. Never make checks payable to "cash" or "petty cash".
 4. Restrict the use of manual written checks to credit card bank account transfers.
 5. The Board of Trustees has allowed by resolution an advanced approval of claims. This authorizes payment in advance of audit of claims for public utility services including electric, gas, water, sewer, telephone/internet services, postage, freight, and express charges. All such claims must be presented at the next regular meeting for audit of claims.
 6. All claims/invoices are entered into the Village's finance system to assign a voucher/purchase order number for the Board of Trustees approval at their next meeting.
 - a. Planning board escrow and building permit refunds require a motion at the next Board of Trustees meeting. After approval a voucher/purchase order number can be assigned, and a refund check can be issued.

7. Voucher/PO entries should contain as much detail in the description, invoice number and other important notes that identify the reasons for the payment.
8. Identify each group of entries with a unique Batch ID. Printout each Batch ID with a PO listing report that details each voucher/PO number issued by vendor, description of service, budget code charged and payment amount.
9. Deputy Treasurer will total all batch ID's and prepare the total audit of claims amount to be approved by the Board of Trustees at their next meeting.

B. Check Signing Procedures

1. The official responsible for check preparation and signing should not have the authority to solely audit and approve claims for payment. The Board of Trustees audits and approves claims.
2. Limit check signing authority to as few officers as possible and only to those positions authorized by law to sign checks. Presently, the Treasurer and Mayor are authorized to sign checks. The Deputy Mayor is authorized to sign checks when the mayor is unable to fulfill his or her duties as mayor pursuant to Village Law § 4-400(1)(h).
3. The official responsible for signing checks shall compare prepared checks to the vouchers approved by the Board.
4. Blank checks shall never be signed.
5. Checks are printed by the Deputy Treasurer. The Treasurer then reviews all checks printed and voided.

C. Positive Pay

1. After checks are printed and before they are mailed (AP checks and Payroll checks) a positive pay reports must be uploaded to the Orange Bank & Trust website.
 - a. This procedure helps with fraud protection.
 - b. A report generated from Edmunds will list the check numbers, date of the check, payee name, and amount.
 - c. The bank will review cleared checks daily. Any checks not uploaded to the website will come back as an exception to be reviewed. The Treasurer's office will decide to pay the check or return it.

D. Petty Cash Procedures

1. Petty cash funds should be authorized at the lowest amount practical. The Clerk's Office petty cash is \$30.00 in cash.
2. Custody of the petty cash fund is assigned to the Treasurer. As petty cash custodian, this employee should handle all petty cash transactions, keeping a detailed list of petty cash used and remaining balance. The funds are held in a metal box inside the safe/vault.
3. A voucher (or claim) requesting reimbursement of petty cash expenses should be submitted to replenish the funds up through the \$30.00 maximum funds. Attach the detailed list and receipts to the voucher as backup.

E. Change Drawer

1. The Village Clerk shall maintain, for the purpose of providing change, a cash balance of \$30 located in the safe in the Clerk's Office.
2. The Water/Sewer Billing Clerk shall maintain, for the purpose of providing change, a cash balance of \$50 located in the safe in the Clerk's Office.

VI. Online Banking

- A. All online transfers should be made at the direction of the Treasurer. Before approval is granted, documentation detailing the amount, purpose, and destination of the online transfer should be presented for review to the mayor, who in turn approves the transfer.
- B. Employees who execute bank transfers should not prepare or post journal entries or reconcile bank accounts. When it is not practical to segregate these duties, a compensating control, such as supervisory review by the Village accountant, should be implemented.
- C. What online banking and EFT activities will be used:
 - 1. Electronic transfers to and from any of the Villages Bank Accounts
 - 2. Direct deposit submissions for payroll
 - 3. Wire transfers
- D. Who is authorized to initiate and transmit e-transactions:
 - 1. Treasurer
 - 2. Deputy Treasurer in the absence of the Treasurer
- E. Who will approve e-transactions:
 - 1. Mayor will approve any electronic transfers to and from the Village bank accounts that are made by the Treasurer.
 - 2. Treasurer will approve payroll transfers weekly.
- F. Who will record e-transactions:
 - 1. Treasurer
- G. The Treasurer will review and reconcile e-transactions daily:
 - 1. These include transactions made to the credit card bank account
 - 2. Any ACH payments made to the Operating bank account
 - 3. Any other miscellaneous transactions made to the Villages bank accounts

VII. Bank Accounts and Bank Reconciliation Procedures

- A. Bank Account Procedures
 - 1. Inform all depositories in writing that only the Treasurer or Mayor are permitted to open or close bank accounts for general governmental purposes.
 - 2. The Treasurer or Mayor should periodically review the listing of all bank accounts in the name of the local government and for all bank accounts carrying the local government's federal tax ID.
 - 3. When an official authorized to sign checks or to perform wire transfers leaves the local government, the Mayor or Treasurer must contact the bank, and revoke his or her check signing authority, online banking capabilities and wire transfer authority, and destroy his or her signature disk.
- B. Bank Reconciliation Procedures
 - 1. Bank reconciliations are prepared monthly by the Treasurer and any differences between net bank balances and general ledger cash accounts must be researched and explained in the reconciliation.
 - 2. During the bank reconciliation process, check images (or canceled checks) and bank statements should be reviewed for anything out of the ordinary, such as

suspicious payees, large dollar amounts, and secondary endorsements. All check images should be retained in electronic format for audit purposes.

3. After all bank reconciliations are completed, the Treasurer will prepare the monthly bank account summary file for the Board of Trustees review. This report outlines all the bank account balances for the month ended.