

Cash Management Policy

Knox County Housing Authority
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Article I. Purpose / Scope of the Policy

Section 1.01 The Knox County Housing Authority follows the best practices when it comes to cash management. These practices followed are outlined in our Procedure Manual for the Finance Office. This document discusses how cash is managed at the Knox County Housing Authority.

Article II. Cash Receipts/Deposits

Section 2.01 The policy is to have accurate internal control of cash receipts and ensure that deposits will be maintained at all times.

- (a) Cash deposits will be made within 24 hours of each of the first five days of every month; and
- (b) All other deposits will be made weekly for the remainder of the month.

Section 2.02 The purpose is to establish procedures that will be followed for the receiving, applying, and depositing of cash receipts; and for the handling of cash overages/shortages.

Section 2.03 This procedure applies to all cash receipts received by the Housing Authority.

Section 2.04 Procedures

- (a) The Tenant Accounts Clerk (TAC) will receive payments for rent over the counter and through mail. The TAC will record all payments through KCHA agency software, and at the end of the day will total daily receipts and count the number of checks. The TAC will verify the total of the receipts against the software-generated daily totals.
- (b) The TAC or designee will then endorse all checks with the restrictive endorsement "For Deposit Only" along with the Authority's designated bank deposit account number. No check should be withheld from daily deposit unless it is legally imperfect.
- (c) A copy of the Deposit Ticket and software-generated totals, including printer receipts, will be forwarded to the Finance Manager.
- (d) The TAC is primarily responsible for taking and recording payments. The TAC will be in charge of the receipts from the opening of the business day to the making of the deposit. When the TAC leaves the office area, he/she is to make sure any cash receipts are secure.
- (e) Other designated authority personnel are authorized to take payments.
- (f) The Finance Manager will review all cases of overages/shortages and bring them to the attention of the Executive Director.
- (g) Shortages or overages must be officially documented and recorded in accounting records.

Article III. Bank Account Reconciliations

Section 3.01 Errors or omissions can be made to the cash records due to the many cash transactions that occur. Therefore, it is necessary to prove periodically the balance shown in the general ledger.

Section 3.02 The purpose is to outline the procedures for preparation of a monthly bank reconciliation and recordkeeping of any adjustments.

Section 3.03 This policy statement applies to all bank accounts maintained by the Authority.

Section 3.04 Procedures

- (a) The Authority's format for monthly bank reconciliations should be a function of the software utilized to record and maintain transactions within the general ledger cash accounts.
- (b) Upon receipt of the monthly bank statement including cleared checks, deposit slips and any other transaction notifications, the monthly bank reconciliation will be prepared by the Finance Coordinator. The bank reconciliation process will include visual inspection of each cancelled check as to payee and proper signature. Each cancelled check shall be matched to the cash disbursement records to ensure that payee and amount matches. Periodic review of On-Line Banking Account information can also be utilized to verify Deposits, Cleared Checks and any other notifications.
- (c) Any discrepancies noted during the automated process of the reconciliation will require research by the Finance Coordinator to determine the cause, such as recording errors, omissions, incorrect postings, etc. This can also include recalculation of the bank statement for any possible errors made by the bank.
- (d) Any book reconciling items such as recording errors will be summarized and drafted in journal entry form for recording the general ledger.
- (e) Further, any outstanding checks over six months old will be reviewed for disposition including write-off by journal entry.

Article IV. Tenant Statements and Accounts Receivable

Section 4.01 Accounting is responsible for the timely preparation and distribution of statements to optimize cash flow and payment promptness by tenants. Accounting will also maintain accurate records over accounts receivable and abide by proper internal controls.

Section 4.02 The purpose is to explain the methods for preparation of statements and accounts receivable records processing.

Section 4.03 This procedure applies to all rents and maintenance charges provided by the Housing Authority.

Section 4.04 Procedures

- (a) Accounting will receive and process payments from customers in accordance with the Cash Receipts procedure.
- (b) A write-off of uncollectible accounts as determined by the Executive Director with Board of Commissioners' approval will be considered on a quarterly basis. Accounts written off will be transferred from the accounts receivable ledger to a separate write-off ledger and control account for internal control purposes
- (c) Vacated residents shall receive a statement within thirty (30) days of the effective date of the move out.
- (d) If due rent and charges are not paid within two weeks of the date of statement, uncollected vacated T.A.R.'s shall be turned over to the Illinois Office of the Comptroller or other designated Collection Service. The only exception to this policy would be those cases designated for court action, or when an agreement has been signed for payment. These cases will not be turned over for collections until these efforts have been exhausted.

Article V. Accounts Payable and Cash Disbursements

Section 5.01 The policy is that Proper internal control will be followed to ensure that only valid and authorized payables are recorded and paid. Accounting procedures will be implemented to ensure the accuracy of amounts, coding of general ledger accounts and appropriate timing of payments.

Section 5.02 The purpose is to explain the procedures for documenting, recording and issuing payments for accounts payable transactions.

Section 5.03 This procedure applies to all purchases including COD amounts and reimbursement of travel and expense reports.

Section 5.04 Procedures

- (a) The following documents will be forwarded to accounting for temporary filing and subsequent matching to form an accounts payable voucher package:
 - (i) Purchase Order with purchase requisition if applicable
 - (ii) Packing slip or receiving report
 - (iii) Vendor Invoice
- (b) Once the finance department has all of the above documents, the following steps will be performed to ensure proper authorization, validity of purchase, receipt of purchased items or services and accuracy of amounts:
 - (i) The vendor invoice will be attached on top of the packing slip and/or receiving report followed by the purchase order and requisition (if applicable).
 - (ii) The purchase order should be evaluated for proper authorization and the nature of the purchase and pricing as shown on the invoice reviewed for validity. If there is no purchase order, the invoice should have a stamp "APPROVED" and initialed by either the Program Manager or the Executive Director.
 - (iii) The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports. Any discrepancies must be followed-up and resolved prior to commencing with the payment process.
 - (iv) Calculations on the invoice will be verified with procured contract pricing and recomputed as necessary, such as quantities received multiplied by unit price and totals.
- (c) At least every other week, accounts payable invoices will be selected for payment according to their terms for payment. Accounts payable should normally be paid within seven days of their payment term unless otherwise determined by the Executive Director.
- (d) The Finance Department shall be responsible for printing the checks, obtaining necessary signatures, mailing payments to vendors in accordance with this policy, and maintaining file documentation.
- (e) A posted list of checks will be printed and reviewed by the Executive Director.

Article VI. Petty Cash

Section 6.01 The policy is that proper internal control will be followed to ensure only valid and authorized use of petty cash money. Property Managers will maintain accurate records over petty cash accounts and abide by proper internal controls. The maximum amount of petty cash each Amp will be \$50, Brentwood will be \$250, and Prairieland will be \$150.

Section 6.02 The purpose is to explain the procedure for authorized use of petty cash money.

Section 6.03 This procedure applies to all employees of the Knox County Housing Authority.

Section 6.04 Procedures

- (a) A petty cash account should be established in an amount sufficient to cover small purchases made during a reasonable period (e.g. one month). Petty cash purchases should be kept to a minimum and should not be used for repetitive purchases.
- (b) Petty cash may be used for items such as: reimbursement to employees for the purchase of goods or services; reimbursement to employees for meals and fees paid for attending a pre-approved training. Any reimbursements must be approved by the Program Manager prior to the cost occurrence.
- (c) Access to the account is limited only to the following persons:
 - (i) Executive Director
 - (ii) Assistant Director
 - (iii) Finance Manager
 - (iv) Program Manager
- (d) Petty cash is to be secured at all times.
- (e) The petty cash account will be periodically reconciled and replenished. All receipts in the petty cash envelope need to be stamped "APPROVED" and initialed by the Program Manager.
- (f) The petty cash account is subject to audit by authorized individuals.