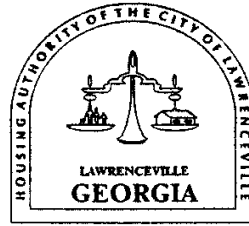


**THE HOUSING AUTHORITY
OF THE CITY OF
LAWRENCEVILLE, GEORGIA 30045**

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Lejla Prijaca
Executive Director

**CASH MANAGEMENT POLICY
ACCOUNTING PROCEDURES**

CASH RECEIPTS
CHECK REQUESTS
BANK ACCOUNT RECONCILIATIONS
TENANT STATEMENTS AND ACCOUNTS RECEIVABLE
-COLLECTION LOSSES/CHARGE-OFF
-CASH OVERAGES/SHORTAGES
ACCOUNTS PAYABLE AND CASH DISBURSEMENTS
PETTY CASH

Adopted on May 21, 2008

Title: CASH RECEIPTS

Policy: Accurate internal control of cash receipts and deposits will be maintained at all times. Cash deposits will be made within 24 hours for any amounts received over \$500.00.

Purpose: To establish the procedures to be followed for receiving, applying and depositing cash receipts and for handling cash overages/shortages.

Scope: This procedure applies to all cash receipts received by the Authority.

Procedure:

1.0 RECEIVING AND APPLICATION

1.1 The Administrative Clerk will receive payments for rent over the counter and through mail. The Administrative Clerk will record all payments and at the end of the day will total daily cash receipts and count the number of checks. The Administrative Clerk will verify the total of the receipts against the software-generated daily totals.

The Administrative Clerk 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.

1.2 The Deposit Ticket and payments will then be immediately forwarded to the Executive Director for Deposit.

1.3 A copy of the Deposit Ticket and software-generated totals, including printer receipts, will be forwarded to the Office Manager.

1.4 The Office Manager will use the copy of the Deposit Ticket, software-generated totals, and printer receipts to apply the cash payments to the accounts receivable ledger.

1.5 The Administrative Clerk is solely responsible for taking and recording payments. The Administrative Clerk will be in charge of the cash drawer from the opening of the business day to the making of the deposit. When the Administrative Clerk leaves the office area, he/she is to leave the cash drawer in a safe. Other designated authority personnel are authorized to take payments but not record them. Once the Administrative Clerk returns, he/she will take the cash drawer out of the safe and record any payments received in his/her absence.

CASH RECEIPTS
(continued)

2.1 DEPOSIT

2.1 The Executive Director will take the prepared bank deposit slip and deposit the checks with the Authority's authorized bank.

2.2 The final net cash deposit must reconcile with the copies provided to the Office Manager.

3.0 OVERAGE/SHORTAGES

3.1.1 The Assistant to Executive Director will review all cases of overages/shortages and bring them to the attention of the Executive Director.

3.1.2 For Cash Register Operations

a. Verify work performed so far.

b. Check the office area (trash cans, behind the counter, the floor area around the register, under the register) to see if a check or cash was dropped or misplaced.

c. If any other employees were using the register, ask them if they had any over/under rings, or unusual transactions that could have resulted in the discrepancy.

d. If any unauthorized office employees may have had access to the receipts, check with them to see if they used the receipts in any way.

NOTE: If this is the case, the matter should be discussed with your supervisor immediately so that this situation does not re-occur.

e. If the shortage still has not been reconciled, follow specific written and communicated office procedures that were established for reporting and recording shortages and overages.

NOTE: These procedures should include at least the following:

- i. Notify your supervisor immediately upon substantiating the shortage.
- ii. Follow the specific office procedures for recording and reporting the discrepancy. For overages or shortages of \$25.00 or more, you must also notify the Executive Director immediately.
- iii. Shortages or overages must be officially documented and recorded in the departmental accounting records.

Title: CHECK REQUESTS

Policy: To ensure efficient processing and record keeping all employee check requests will be prepared on a written check request form.

Purpose: To describe the process for completing a check request form.

Scope: All employee check requests.

Procedure:

1.0 ORIGINATION

1.1 Whenever an employee requires a check to be issued for reasons such as picking up items or for cash on delivery items, a Check Request form (Exhibit 1) should be obtained from the Office Manager. The Check Request form should be completed with all pertinent information and receive Executive Director's approval.

2.0 PROCESSING

2.1 The form should then be forwarded to the Office Manager for check preparation and signature by an authorized check signer.

2.2 Relevant receipts and/or invoices must be attached to all Check Request forms.

LAWRENCEVILLE HOUSING AUTHORITY

Check Request

Date: _____ Requested by: _____

Amount \$ _____ Department: _____

Required When: _____ Mail Check: Yes No

Payable To: _____

Address: _____

City: _____ State: _____ Zip: _____

Contact: _____ Phone: (_____) _____

Reason for Check: _____

Approved by: _____ Date: _____

Accounting Use Only

Check No.: _____

Account Codes

Amounts

Date: _____

Issued by: _____

Title: **BANK ACCOUNT RECONCILIATIONS**

Policy: 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.

Purpose: To outline the procedures for preparation of a monthly bank reconciliation and recordkeeping of any adjustments.

Scope: This policy statement applies to all bank accounts maintained by the Authority.

Procedure:

1.0 FORMAT

1.1 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.

2.0 PREPARATION AND RECONCILING ITEMS

2.1 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 Office Manager. 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.

2.2 Any discrepancies noted during the automated process of the reconciliation will require research by the Office Manager 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.

3.0 ADJUSTMENTS AND JOURNAL ENTRIES

3.1 Any book reconciling items such as recording errors will be summarized and drafted in journal entry form for recording the general ledger.

3.2 Further, any outstanding checks over six months old will be reviewed for disposition including write-off by journal entry.

Title: **TENANT STATEMENTS AND ACCOUNTS RECEIVABLE**

Policy: 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.

Purpose: To explain the methods for preparation of statements and accounts receivable records processing.

Scope: This procedure applies to all rents and maintenance charges provided by the Authority.

Procedure:

1.0 WORK ORDER ROUTING AND REVIEW

1.1 Maintenance will immediately forward to the Maintenance Supervisor completed work orders.

1.2 The work order should already contain information about work performed and parts used to complete the job. All pertinent charges for work completed and determined to be the responsibility of the tenant will be added by the Maintenance Supervisor. Accounting will then post maintenance charges to the tenants' accounts during new month initialization.

2.0 CHANGES IN RENT CALCULATION, ADJUSTMENTS, AND REEXAMINATIONS

2.1 Upon completion of the annual reexamination process, changes in rent, or rent adjustments, the Administrative Clerk will forward a copy of the 50058 or rent adjustment form to the Office Manager. The Office Manager will then verify correct posting of any adjustments to the tenants account. Changes in rent should be recorded in the recurring charge area of the automated accounting system.

**Tenant Statements and Accounts Receivable
(continued)**

3.0 ACCOUNTS RECEIVABLE

3.1 Accounting will receive and process payments from customers in accordance with the Cash Receipts procedure.

3.2 A write-off of uncollectible accounts as determined by the Executive Director with Board of Commissioners' approval will be considered on a semi-annual 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.

3.3 PROCEDURE FOR T.A.R. WRITE-OFF

Tenant Accounts Receivable (T.A.R.) is a serious matter, which shall receive the undivided attention of the LHA staff. The best prevention of excessive T.A.R.'s, is to vigorously pursue collection, all collection policies in place. After normal collection efforts do not get the rent paid, please use the following guidelines:

1. Vacated residents shall receive a statement within thirty (30) days of the effective date of the move-out, in the format provided by current policy or federal regulations.
2. If due rent and charges are not paid within two weeks of the date of statement, uncollected vacated T.A.R.'s, if over \$50, shall be turned over to the Stallings, Inc. 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 to the Credit Bureau until these efforts have been exhausted.
3. Uncollected T.A.R.'s will be presented to the Board of Commissioners to write off on semi-annual basis.

3.4 PROCEDURE FOR T.A.R. WRITE-OFF

- a. T.A.R.'s shall be removed from the financial books, only after the Commissioners have adopted a resolution to remove the individual accounts.
- b. The Office Manager and the Assistant to the Executive Director shall indicate on the monthly list of vacated accounts, which accounts are uncollectible, and why they are uncollectible. These shall be presented as often as necessary, but no less than annually, to the Commissioners, for a resolution to remove them from the financial books.

- c. The Office manager shall receive a list of accounts written off by the Board of Commissioners, the day following such Board action.

The Fee Accountant shall remove these from the financial books immediately.

Title: **ACCOUNTS PAYABLE AND CASH DISBURSEMENTS**

Policy: 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.

Purpose: To explain the procedures for documenting, recording and issuing payments for accounts payable transactions.

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

Procedure:

1.0 DOCUMENTING ACCOUNTS PAYABLE

1.1 The following documents will be forwarded to accounting for temporary filing and subsequent matching to form an accounts payable voucher package:

- Purchase Order with purchase requisition if applicable
- Packing Slip with receiving report if applicable
- Vendor invoice

1.2 Once the accounting 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.

- The vendor invoice will be attached on top of the packing slip and receiving report followed by the purchase order and requisition (if applicable).
 - 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 Executive Director or Maintenance Supervisor.
 - 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 voucher process.
 - Calculations on the invoice will be recomputed such as quantities received multiplied by unit price and totals.
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Accounts Payable and Cash Disbursements
(continued)

2.0 RECORDING

2.1 Once the accounts payable voucher package has been properly assembled and reviewed, it will then be batched with other voucher packages and entered into the computerized accounts payable system on Wednesday of each week.

2.2 The voucher package will then be temporarily filed in the unpaid invoice files to await payment.

3.0 PAYMENT OF ACCOUNTS PAYABLE

3.1 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.

Any debit balances (amounts owed to the Authority) should be applied to credit amounts when determining payment.

3.2 A pre-posting list of checks will be printed and reviewed by the Executive Director. Upon approval, checks will then be printed for the accounts payable invoices to be paid.

3.3 After the checks are printed, they will be matched to the voucher package and submitted to the Executive Director for signing. Upon return of the checks to accounting, a copy will be made and the package will be distributed as follows:

Original - Mailed to the vendor along with any necessary payment stubs.
Copy - Attached to the voucher package and filed by the check number in the current month folder.

Title: **PETTY CASH**

Policy: Proper internal control will be followed to ensure only valid and authorized use of petty cash money. Accounting will maintain accurate records over petty cash account and abide by proper internal controls. Only small purchases under \$100 may be made through the use of petty cash.

Purpose: To explain the procedure for authorized use of petty cash money.

Scope: This procedure applies to all employees.

1.1 ACCOUNT ESTABLISHMENT

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.

2.0 AUTHORIZED USAGE

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 professional association meeting.

Any reimbursements must be approved by the Executive Director prior to the cost occurrence.

3.0 SECURITY

Access to the account is limited only to the Executive Director and Office Manager. The petty cash envelope is to be held in the safe at all times.

4.0 RECONCILIATION

The petty cash account will be periodically reconciled and replenished by the Office Manager. All receipts in the petty cash envelope need to be stamped "APPROVED" and initialed by the Executive Director.

5.0 AUDIT

The petty cash account is subject to audit by the Controller or other authorized individuals.

Employee Acknowledgment

I have received a copy of the Cash Management Policy and Accounting Procedures dated 05/21/2008. I understand that I am responsible for ensuring that I follow these procedures in my day to day responsibilities and assignments.

Signed

Date

Original: Employee File
Copy: To employee
Copy: Accounting