

**HOUSING AUTHORITY
OF THE BOROUGH OF HIGHTSTOWN
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**Cash Management Policy
Accounting Procedures**

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Adopted on January 2021

Title: Cash Receipts

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

Procedure:

1. Receiving and application
 - a. The Office Secretary or Executive Director will receive payments for rent over the counter and through the mail. The Secretary or Director will record all payments and at the end of the day will total daily cash receipts and count the number of checks, money orders or cash. The Executive Director will verify the total of the receipts against the software generated daily total. All deposits will be endorsed with "For Deposit Only" along with the Authority's designated bank account number. No check shall be withheld from daily deposit unless it is legally imperfect.
 - b. The deposit ticket and payments are deposited by the close of business each day.
 - c. A copy of the deposit ticket and software-generated totals, including printer receipts, will be given to the Executive Director for posting in account 1122, Tenant Accounts Receivable.
 - d. The office Secretary is solely responsible for taking payments and balancing the cash drawer. When the office Secretary leaves the office area, the cash drawer is to be secured in a safe location. Other Authority authorized personnel are allowed to take payments, but not record them.
2. Deposit
 - a. The Office Secretary will take the prepared bank deposit slip and deposit the checks with the Authority's authorized bank.
 - b. The final net cash deposit must reconcile with the receipts and copies of the checks.
3. Overages/Shortages
 - a. The Executive Director will review all cases of overages and shortages.
 - b. The office Secretary will review and substantiate the difference and help to reconcile.
 - c. Shortages and overages must be documented and recorded in the accounting records.

Title: Check Requests

Policy: To ensure efficient processing and record keeping all employee check requests will be done in writing to the executive director 5 days before the next pay period ends. All relevant invoices must be produced and reasons given for purchasing outside accepted vendors.

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. This will be done by the Authorities fee accountant on a monthly basis.

Purpose: To outline the procedures for preparation of a monthly bank reconciliation and recordkeeping of any adjustments. This policy applies to all bank and cash accounts.

Procedure:

1. Format
 - 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.
2. Preparation and Reconciling Items
 - a. Upon receipt of the monthly bank statement, including cleared checks, deposit slips and other transaction notification, the monthly bank reconciliation will be prepared by the fee accountant. 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 online banking account information can also be utilized to verify deposits, cleared checks and other notifications.
 - b. Any discrepancies noted during the reconciliation will require research by the Executive Director to determine the cause of such recording errors, omissions, incorrect postings, etc. This can also include recalculation of the bank statement for any possible errors made by the bank.
3. Adjustments and Journal Entries.
 - a. Any book reconciling items such as recording errors will be summarized and drafted in journal entry form for recording the general ledger.
 - b. Further, any outstanding checks over six months old will be reviewed for disposition including write-off by formal Board action and subsequent journal entry.

Title: Tenant Statements and Accounts Receivable

Policy: The Executive Director is responsible for the timely preparation and distribution of statements to optimize cash flow and payment promptness by tenants. The Executive Director 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. Work order routing and review
 - a. Maintenance will immediately forward either verbally or manually to the office all completed work orders.
 - b. The office Secretary of assigned representative will call and speak with the resident to assure completion of the work order and satisfaction with the work.
 - c. 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 Executive Director. The Executive Director will then post maintenance charges to the tenant's accounts.
2. Changes in Rent Calculation, adjustments, and reexaminations.
 - a. Upon completion of the annual reexamination process, changes in rent, or rent adjustments, the Certification specialist will forward a copy of the complete tenant file and 50058 to the Executive Director for review and submission to PIC.

Executive Director will review tenant files in YARDI for accuracy before posting in new month.

3. Accounts Receivable

- a. The Executive Director will receive and process payments from customers and residents in accordance with the cash management procedures.
- b. A write off of uncollectible accounts as determined by the Executive Director with the 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 account for internal purposes and for annual audit.
- c. Procedures for T.A.R write-off. Tenant Accounts Receivable (T.A.R) is a serious matter and shall receive the undivided attention of the HA staff. The best prevention of excessive T.A.R is to vigorously pursue collection, having all collection policies in place. After normal collection efforts do not get the rent paid, we use the following guidelines:
 - i. 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.
 - ii. 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 HHA attorney or other 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.
 - iii. Uncollected T.A.R's will be presented to the Board of Commissioners to write off on a semi-annual basis.
 - iv. T.A.R's shall be removed from the financial books, only after the commissioners have adopted a resolution to remove individual accounts. The Executive Director shall prepare the list of accounts, and explain why they are uncollectable, and prepare the resolution to remove them from the financial books.
 - v. The fee accountant shall be responsible for removing these accounts from the books.

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 and 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. Documenting Accounts Payable

- a. The following documents will be forwarded to the Executive Director for temporary filing and subsequent matching to form and accounts payable voucher package:

- i. Purchase order with purchase requisition if applicable.
 - ii. Packing slips with receiving report if applicable.
 - iii. Vender invoices.
 - b. Once the Executive Director has all the above documents, the following steps will be performed to ensure proper authorization, validity of purchases, receipt of purchased items or services and accuracy of amounts.
 - i. The vender invoice will be attached on top of the packing slip and receiving report followed by the purchase order and requisition(if used)
 - ii. The purchase shall be reviewed by the Executive Director and approved for posting.
 - iii. The quantities shown shipped or delivered on the invoice will be compared to the packing slip or report. Any discrepancies must be followed up and resolved prior to commencing with the posting process.
 - iv. Calculations on the invoice will be recomputed such as quantities received multiplied by the unit price and totals.
 - c. Recording
 - i. Once the accounts payable voucher package has been properly assembled and reviewed, it will then be posted into the computerized accounting system.
 - ii. Each invoice will be stamped “posted” with the date and temporarily filed in the unpaid invoice file to await payment.
 - d. Payment of Accounts Payable
 - i. At two week intervals, concurrent with payrolls, accounts payable invoices will be selected 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 owed to the Authority will be applied to the credit amounts when determining payment.
 - ii. Review of the pre-posting list of checks will be done by the Executive Director. Upon approval, checks will be printed for the accounts payable invoices to be paid.
 - iii. After checks are printed, they will be matched and mechanically attached to the voucher package and signed by the Executive Director. All checks will be co-signed by the Chair of the Board of Commissioners or their designee with signatory capacity. Distribution as follows:
 1. Original check with receipt mailed to vender with back up as necessary.
 2. Copy of receipt portion of check to remain with voucher package. All vouchers are to be stamped “paid” with date of payment.

Title: Petty Cash

Policy: Proper internal control will be followed to ensure only valid and authorized use of petty cash money. The Executive Director will maintain accurate records over petty cash accounts and abide by proper internal controls. Only small purchases under \$100 dollars may be made using petty cash.

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

Scope: This procedure applies to all employees.

1. Account Establishment. A petty cash account should be established in an amount sufficient to cover small purchases made during a reasonable period of time. Petty cash purchases should be kept to a minimum and be approved by the Executive Director. Repetitive purchases should not be drawn from petty cash.
2. 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 preapproved professional association meeting. Any reimbursement must be approved by the Executive Director prior to the cost occurrence.
3. Security. Access to the account is limited to only the Executive Director and Office manager. The petty cash envelope is to always remain in a safe location.
4. Reconciliation. The petty cash account will be periodically reconciled and replenished by the Executive Director. All receipts in the petty cash envelope need to be stamped “posted” and “paid” and dates of posting included.
5. Audit. The petty cash account is subject to audit by the fee accountant and annual audit.

Title: Cash Management

Policy: The Authority must use proper internal controls and investment procedures to ensure the safety of the assets.

Purpose: To properly manage the Authority’s liquid cash reserves to maximize the return.

Scope: This procedure only applies to the liquid cash reserves of the Authority.

1. Account Establishment.
 - a. The Authority shall maintain a minimum balance in a checking account equal to approximately three month’s expenses.
 - b. Cash shall be invested in Money Market accounts.
 - c. Executive Director shall monitor the interest rates of major banks in the local area to insure highest comparable yield is being achieved.
2. Security
 - a. The Executive Director will require from the primary financial institution a collateral agreement if the funds within that institution exceed the FDIC insurable limit. The collateral agreement will be with a third-party bank and the funds will be held in guaranteed investments such as U.S. Treasury notes.
3. Reconciliation. The fee account will reconcile the cash accounts on a monthly basis.
4. Audit. The cash account is subject to the annual audit.