

FINANCIAL POLICIES

Chapter 126

FINANCIAL POLICIES

Article I Purchasing Policy

§ 126-1. Authority.

§ 126-2. Payment of monies.

§ 126-3. Purchasing Agent.

§ 126-4. Purchasing and bid process.

§ 126-5. Artificial division.

§ 126-6. Cancellation and rejection of bids.

§ 126-7. Bid process exceptions.

§ 126-8. Multi-year agreements for consulting and professional services.

Article II Investment Policy

§ 126-9. Applicability.

§ 126-10. Investment options.

§ 126-11. Security of funds.

Article III Cash Receipts Policy

§ 126-12. Purpose.

§ 126-13. Regular deposit procedures.

Article IV Cash Drawer Procedures

§ 126-14. Purpose.

§ 126-15. Definitions.

TOWN OF BOW

§ 126-16. Establishment of Cash Drawer Fund.

§ 126-17. Cash Drawer procedures.

Article V
Returned Check Procedure

§ 126-18. Returned check procedure.

Article VI
Disposal of Town Property
(Excluding Real Estate)

§ 126-19. Process for disposal of Town property.

**[HISTORY: Adopted by the Board of Selectmen of the Town of Bow 5-28-2013.
Amendments noted where applicable.]**

Article I
Purchasing Policy

§ 126-1. Authority.

These Procedures are adopted by the Board of Selectmen in accordance with RSA 31:39 as it relates to its management of the Town's prudential affairs and its authority over expenditures.

§ 126-2. Payment of monies.

All expenditures in the Town General Fund shall be paid out only as authorized by the Town Manager on checks drawn by the Treasurer, or Deputy Treasurer, in accordance with the Internal Control procedures adopted by the Board of Selectmen.

§ 126-3. Purchasing Agent. [Amended 4-23-19 by Board of Selectmen, Ord. No. 19-03]

The Town Manager or his designee shall serve as the Town's Purchasing Agent. The duties of the Purchasing Agent shall be as follows:

- A. To develop procedures, forms, and templates as necessary to implement this policy.
- B. To assist Departments with the bidding and purchasing processes in order to ensure a uniform application of the policy and procedures.
- C. To develop and coordinate a centralized acquisition process for the procurement of products that are purchased in large quantities and commonly used by the various Town departments.

§ 126-4. Purchasing and bid process. [Amended 4-23-19 by Board of Selectmen, Ord. No. 19-03]

The following processes will be followed when making a purchase, based upon the total cost of the purchase:

- A. Up to \$3,000. Department heads, or their designees, are authorized to make purchases on behalf of the Town up to the amount of \$3,000. Department Heads or their designees are encouraged to do whatever is practicable to secure competitive pricing from multiple sources.
- B. Between \$3,000 and \$9,999: Informal written bids from at least three sources must be obtained for purchases between \$3,000 and \$9,999. Faxed or e-mailed quotations are acceptable. Direct solicitation is allowed. Award of the purchase requires the approval of the Town Manager.
- C. Over \$10,000.00: Formal sealed bid procedures are required for major purchases. Bid specifications shall be incorporated into the Request for Proposal template and submitted to the Purchasing Agent for approval and advertising. An invitation to bid must be publicly advertised on the Town website, and in a minimum of one area newspaper at least fourteen (14) days prior to the date set for opening. When applicable, Request for Proposals shall be sent to any and all local vendors that may be able to provide the goods or services, and vendors recommended by the Department Head. Formal bids must be received sealed and in writing by a posted deadline. All bids shall be opened before the public at a date, time and place designated in the bid request. The Purchasing Agent and Department Head, or their designees, shall open all bids under dual control. Late bids will not be accepted. If at least three bids are not received, the Town Manager may require a re-bid. Award of purchase or contract requires the approval of the Town Manager. Purchases over \$25,000 also require approval by the Board of Selectmen.

§ 126-5. Artificial division.

Purchases shall not be artificially divided so as to create lower purchase amounts and therefore avoid some requirements of this policy. Whether or not a proposed purchase constitutes artificial division shall be determined by the Town Manager.

§ 126-6. Cancellation and rejection of bids.

An invitation to bid, request for proposal, or other solicitation may be canceled, or any or all bids or proposals may be rejected, in whole or part, as may be specified in the solicitation when it is in the best interest of the Town. The reasons shall be made part of the formal bid file.

§ 126-7. Bid process exceptions.

The requirement for three (3) competitive bids may also be waived in the following instances by the Town Manager. Waiver requests must be submitted, in writing, to the Town Manager for review and disposition.

- A. When purchasing through the State of New Hampshire or at prices comparable to State of New Hampshire bid prices.
- B. When there is only one known source of purchase, and there is no comparable substitute product or service. Written documentation supporting the sole source must be provided
- C. When purchasing a specific type or brand of supply or part necessary for acceptable operation of a machine or device, or as required by warranty or contract on the machine or device. Written documentation supporting the purchase of a specific brand or part necessary for acceptable operation of a machine or device must be provided.
- D. An item previously awarded within the past twelve (12) months.
- E. An item or service that is required on an emergency basis. Emergency procurements may be made when there exists a threat to public health, welfare or safety, provided that such emergency procurement shall be made with such competition as is practical under the circumstances. In case of an emergency requiring immediate purchase of materials, supplies, equipment or services, the Town Manager hereby authorizes the Department Heads to approve such emergency purchase if the situation permits. The Town Manager shall be notified as soon as possible as to the emergency and the associated purchases. A written determination for the basis of the emergency and for the selection of the particular contractor or vendor shall accompany the purchase order and voucher. As soon as practicable, standard purchasing procedures will be reinstated.

§ 126-8. Multi-year agreements for consulting and professional services.

Where the Town is securing ongoing consulting or professional services, the Town may enter into multi-year agreements with qualified vendors. However, no such contract shall be for a duration longer than five years and shall include a fiscal funding clause that allows the Town to withdraw from the contractual relationship should the Town, acting in good faith, fail to appropriate enough funds to cover the costs anticipated in the agreement.

FINANCIAL POLICIES

Article II Investment Policy

§ 126-9. Applicability. [Amended 4-23-19 by Board of Selectmen, Ord. No. 19-03]

This investment policy is developed in accordance with RSA 41:9 VII and applies to all public funds held by the Town Treasurer in accordance with RSA 41:29.

§ 126-10. Investment options.

- A. Deposits and investments shall be made only in the New Hampshire Public Deposit Investment Pool, in New Hampshire banks that are FDIC-insured, and in government obligations which are guaranteed by the full faith and credit of the United States government.
- B. Investments in obligations of the United States government shall be limited to securities which mature within one year from the date of investment.
- C. Investments in bank certificates of deposit shall be limited to certificates of deposit which mature within one year from the date of investment.

§ 126-11. Security of funds.

Deposits or investments in banks shall be fully collateralized for any amount that exceeds FDIC insurance limits. Collateral shall be held by a third party in the Town's name. Only direct U.S. government obligations, U.S. government agency obligations, and government sponsored enterprise obligations shall be accepted as collateral.

Article III Cash Receipts Policy

[Amended 4-23-19 by Board of Selectmen, Ord. No. 19-03]

§ 126-12. Purpose.

The Town of Bow deposits substantial sums of money each year carrying out the many functions and services that it provides. Taxpayers have a right to expect that the municipality's operations be carried out efficiently and expeditiously with adequate financial control and accountability.

The objective of this policy is to attempt to strike a balance between the need for department operating efficiency and flexibility and the need for financial control and accountability. It is also the purpose of this policy to implement uniform procedures for depositing funds that will provide quality and operational efficiency.

TOWN OF BOW

As required by RSA 41:29 I, the Town Treasurer maintains custody of all funds except those funds held by the Trustees of Trust Funds, Library Trustees. RSA 246:29 VI allows the Town Treasurer to delegate deposits or other financial functions to other Town officials or employees provided such delegation is in writing and includes written procedures.

§ 126-13. Regular deposit procedures.

- A. Customer Receipts. Departments should ensure that all customers are issued a sequentially numbered receipt at the time of collection of moneys from a customer. Customers should be encouraged by appropriately placed signs to request a receipt.
- B. A secure area is needed for the safeguarding and processing of cash received. Access to the secured area is restricted to authorized personnel only. The secured area is locked when not occupied.
- C. Each Department or committee (with the exception of the Town Clerk/Tax Collector) shall forward any monies received, on at least a weekly basis or if funds exceed \$500 (per RSA 41:9 VIII), to the Town Clerk/Tax Collector's Office as follows:
 - 1) A listing, in a format approved by the Finance Director, of the revenue accounts and amount to be credited to each, with a summary breakdown of cash and check totals.
 - 2) Any cash should be place in a bank deposit bag along with a bank deposit slip and sealed.
 - 3) Any checks along with a tally of each check (i.e. adding machine tape or computer-generated check report) should be placed in a plain envelope and sealed. The department name and total amount on the outside. All checks should be stamped with the Bank Deposit Stamp.
- D. The packaged receipts shall be brought to the Finance Clerk in the Town Clerk-Tax Collectors Office at times convenient to that position. The depositor is encouraged to call ahead to ensure the availability of the Finance Clerk. The Finance Clerk will record the cash deposit in the Town Clerk Courier log which will be signed by the department representative, and placed in a safe location.
- E. If there is a discrepancy, the Finance Clerk will notify the Finance Director who will contact the department representative that delivered the receipts to resolve the issue.
- F. The Town Clerk/ Tax Collector or Deputy Town Clerk /Tax Collector will take the deposits to the bank within twenty-four hours and provide copies of the receipt slips from the bank to the Finance Clerk within forty-eight hours.

FINANCIAL POLICIES

- G. On at least a weekly basis or if funds exceed \$500 (per RSA 41:9 VIII), the Finance clerk will consolidate the checks and deposit through the Remote Deposit software provided by the bank. The processed checks along with a deposit report from the bank will be stored in a safe place for no less than 30 days and then disposed of.
- H. The Finance Director, in consultation with the Town Clerk Tax/Collector and the approval of the Town Manager, shall develop any procedures necessary to implement this policy.
- I. Under no circumstance will the Department utilize personal funds to compensate for shortages or overages. All shortages or overages must be brought to the attention of the Finance Director prior to submission. Employees and officials are not allowed to cash personal checks made payable to the Town, or paychecks, with Town funds collected.

Article IV **Cash Drawer Policy**

[Amended 4-23-19 by Board of Selectmen, Ord. No. 19-03]

§ 126-14. Purpose.

Cash drawer fund controls and procedures are to ensure that cash drawer funds are properly established, maintained and that Town assets are adequately safeguarded.

§ 126-15. Definitions.

For the purposes of this article, the words and phrases used herein shall have the following meanings:

CASH DRAWER - Specific amount of cash used to make change in retail operations. The funds shall be used for no other purpose.

§ 126-16. Establishment of a Cash Drawer Fund.

- A. The Town Manager shall authorize and establish funds. The Department Head and the Finance Director will determine a base Cash Drawer amounts. The Finance Director shall keep a current listing of all Cash Drawer Funds.
- B. One employee will be named Cash Drawer Custodian at a time and shall be assigned the responsibility by the Department Head.

TOWN OF BOW

§ 126-17. Cash Drawer procedures.

- A. A locked cash box or cash register will be used to store Cash Drawer Funds and the key must be kept in a secure location.
- B. Replenishment of small denominations of bills and/or coin for the Cash Drawer Funds shall be requested through the Town Clerk-Tax Collector's Office, in advance, in order to ensure the availability of the bills and/or coin needed.
- C. Under no circumstance will any employee utilize personal funds to compensate for shortages or overages. All shortages and overages must be brought to the attention of the Finance Director immediately upon discovery.
- D. The Finance Director will perform random audits of all Cash Drawer Funds. Any discrepancies found must be explained in writing and in detail to the Finance Director and Town Manager.

Article V
Returned Check Procedure

[Amended by Board of Selectmen 3-24-2015.]

§ 126-18. Returned check procedure.

- A. Copies of checks returned for insufficient funds and bank documentation must be submitted to the Finance Office. Returned checks will be recorded in the accounting system against the revenue in which it was originally posted.
- B. With the exception of tax payments, the Town will only re-deposit checks returned for insufficient funds one time.
- C. The Department is responsible for notifying the issuer in writing that he/she must replace any uncollected payments returned by the bank and a returned check fee of \$25.00 plus all protest, all bank, and legal fees per RSA 80:56 in the form of cash, money order, or bank certified check. The returned check fees should be reported as a separate revenue item.

Article VI
**Disposal of Town Property
(Excluding Real Estate)**

[Amended 1-22-19 by Board of Selectmen]

§ 126-19. Process for disposal of Town property.

The disposal of any Town property, material or supplies that are determined to be surplus (excluding real estate), shall be disposed of or sold in accordance with these provisions, based upon the value of the surplus item. The value of a surplus item is to be established by the Finance Director, with the concurrence of the Town Manager

- A. Less than \$100: These items may be disposed of by the Department Head, as they deem appropriate, with the concurrence of the Town Manager.
- B. Between \$100 and \$1,000: The Town Manager shall have the authority to transfer property from one department to another, include surplus equipment as trade on replacement equipment, placement in state surplus auction, retain for parts or authorize sale by public auction or bid.
- C. Greater than \$1,000: These items will be reported to the Board of Selectmen with the Board retaining the authority to authorize the form of disposition.