Hopkins County-Madisonville Public Library

INCOME

Adopted: 3/16/2023

Revised: 7/20/2023

Segregation of Duties

Due to the limited size of certain aspects of the Library's operations, segregation of duties between employees engaged in accounting activities is not always feasible. However, to the extent possible, no single person should handle a transaction from beginning to end. Where segregation of duties is not practical, additional compensating controls and mitigation practices such as managerial oversight are required to reduce the risk of loss. Ideally, each of the following steps should be performed by a different individual:

- **Receiving Funds/Mail**
- **Deposits**
- **Reconciling Monthly Financial Reports to Deposit Records**

Receiving and Recording Cash Payments

All cash payments should be entered into the point-of-sale (POS) system immediately upon receipt from the customer. Where it is not possible to use a POS, the cash payment should be recorded using pen in a transaction log which documents at a minimum the **date**, **amount**, **type**, and **purpose of the payment received**.

A receipt should be provided from the POS system and provided to the customer for all payments received. A manual receipt should be prepared where it is not practical to use the POS system. The POS system or manual receipt should indicate, at a minimum, the **transaction date**, **sequential transaction or receipt number**, **purpose of the payment**, **amount received**, **taxes**, and **type of payment**.

Cash Drawers

The Library Director and Branch Manager oversees the income that is generated from Library operations through service fees and charges. Other staff may be involved in the actual counting and reconciling of weekly receipts.

The cash drawer at each branch contains a standard **"Start-Up Cash"** amount of $50 and is counted at the beginning of each day. An itemized cash and coins receipt is placed in the cash drawer and initialed by the employee who conducted the count. These receipts are included with the weekly reconciliation deposit.

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Weekly Reconciliation

At the beginning of each week, typically Mondays, the director, branch manager, or their designee conducts the weekly reconciliation, and the money in the drawer is restored to the standard $50 **"Start-Up Cash"** amount. The excess receipts (cash, coins, credit card) are removed and reconciled with the amounts recorded in the POS system reports (or manual transaction logs). This is recorded on the **Daily Cash Report envelope** and stored in the office safe until the director, branch manager, or their designee deposits the money into the bank. Significant shortages are noted and investigated as needed.

Change Bank

A separate **"Change Bank"** of $150.00 is kept in a safe at each branch and is used only for making change for larger bills. (Money from the **"Start-Up Cash"** and the **"Change Bank"** should not be retained or expended to pay invoices or miscellaneous expenses, replenish petty cash, or make loans or advances.). *– See also: Safes policy*

Bank Deposits

Management reviews end-of-day reconciliations and prepares deposits in a non-public, secure area, and deposits into the bank. Where it is not practical for management to review the receipts reconciliation, a second employee who did not participate in the particular cash handling activities may act on management's behalf. When possible, the person conducting end-of-day receipts' reconciliations should be different from the person preparing and making bank deposits.

All deposit information including receipts and POS reports documenting income are forwarded to the Library's accountant for reconciliation and recording on the monthly financials which are reviewed by the Board of Trustees.

Credit Card Deposits

Credit card payments are made from the Library's POS system. Payments are processed through this system and then deposited directly into the Library's bank account less any processing fees that have been incurred.

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Other Deposits

All other cash and checks (local government revenue checks, grants, donations, etc.) are deposited in the Library's checking account by management or designee. Copies of all checks and deposit slips are made.

Customer Payment Options

Customers can pay for service fees and charges with cash or check. Credit or debit cards can be used for amounts $5.00 and greater.

Returned Check Policy

In the event that a customer does not have sufficient funds when paying with check, a service charge of $25.00 will be charged to the customer. Customers' library accounts will be blocked until the service charge and all other fees/charges are paid. Customers are not allowed to write a check for more than the amount of the fee/charge to receive cash back.

Refunds

The following guidelines will be followed when issuing refunds. No refunds shall be granted after 90 days from the original transaction. No refund shall be granted without the original payment receipt. Management or designee approval is needed for refunds without the original payment receipt and after 90 days.

Payment Type/Amount	Policy
Less than $50 Cash	All staff members authorized to issue a refund. Staff member issuing refund must initial refund receipt and place in cash drawer. A copy of the refund receipt shall be given to customer.
More than $50 Cash	A **Refund Authorization Form** will be completed and submitted to the library's accountant. A check will be issued and mailed to the patron. A copy of the **Refund Authorization Form** can be given to the patron if a receipt is needed.
Check	The check can be returned if the Library has not deposited the check. If the check has been deposited the patron must wait

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	until the check clears and the Library will issue cash if under $50.
Credit Card	The director or designee will refund all credit card payments back to the credit card. A **Refund Authorization Form** along with a copy of the credit card refund receipt must be completed for all credit card refunds and sent to the library's accountant.

Total refunds appearing on the point-of-sale system report or manual transaction log at the end of the cashier's shift should be reconciled to supporting documentation.

The **Refund Authorization Form** will contain the following information:

- Date of Transaction
- Amount of Refund
- Reason for Refund
- Name, Address, Phone Number and Signature of Person Receiving Refund
- Signature of Staff Approving Refund

Refunds issued without the original payment receipt must be approved by management or designee and include sufficient documentation to show that the refund is warranted.