



Cash Handling Policies and Procedures

Effective: September 2, 2014

Overview

Strong internal controls for cash collection are necessary to prevent mishandling of city funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process.

Applies to

This policy applies to all officials or administrators responsible for managing city cash receipts; all employees who are entrusted with the receipt, deposit and reconciliation of cash for city-related activities.

Policy

1. The City Manager approves and designates areas which regularly receive cash as cash collection points. Before collection begins, department managers requesting status as a cash collection point must submit a request to the Finance Officer that includes:
 - Reason(s) why cash collection point is needed
 - A list of those positions involved with the cash collection point, a description of their duties, and how separation of duties will be maintained
 - Whether there is a need for a change advance
 - A description of the reconciliation process, including frequency of reconciliation
 - A description of the process for safeguarding cash until it is deposited
 - A schedule of how often cash deposits will be made
2. All city departments which collect cash, whether on a casual basis or as a cash collection point must follow the cash handling procedures set forth below. Also, departments not complying with approved procedures may lose the privilege to serve as a cash collection point.
3. The Finance Officer will conduct periodic reviews of cash handling procedures and must approve any changes in procedures.

4. City personnel may not use General Fund or other bank accounts for depositing city cash unless approved by the Finance Manager or City Manager.

Procedures for Cash Collection Points

1. Cash collection point managers or department heads must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: which consist of collecting, depositing and reconciling.

2. Only one cashier may have access to a cash register or cash drawer during a single shift unless approved by the Finance Officer or City Manager.

3. Cashiers must record the receipt of all cash through a cash register when one is available. If no cash register is available, cashiers must give the customer a pre-numbered receipt form and retain a duplicate record for the receiving department. Cashiers must include the date, mode of payment (cash, check or credit card), identification of the department, and the person issuing the receipt on all receipts whether manual or machine-generated. Cashiers must account for all numbered receipts, including voided receipts. The supervisor must approve and initial any voided cash receipts or transactions. The Cashier's Office issues pre-numbered receipts and a log to be maintained by the cash collection point. Cashiers will log the number(s) of the receipts, the date, and name of the person receiving the receipts. Cashiers should retain one copy of all voided receipts and send one copy to the Finance Officer.

4. Managers of cash collection points must protect all checks, cash, and credit card receipts by using a cash register, safe, or other secure place until they are deposited. Managers must provide a secure area restricted to authorized personnel for processing and safeguarding funds.

5. Cashiers may not accept checks or credit card transactions for more than the amount of purchase without the approval of the Finance Officer. Cashiers must immediately endorse checks made payable to City of Clarkston with a restrictive endorsement stamp. The endorsement stamps should be ordered through the Cashier's Office.

6. Two staff members must be present when opening mail or lock bag containing cash.

- Staff must immediately endorse all checks with a restrictive endorsement stamp
- Staff must list all receipts of coin or currency in a log
- If the cash is not credited directly into the appropriate city account or receipted through a cash register, staff must prepare a list in duplicate of the checks, credit card transactions and/or cash. The list should include the customer's name, amount received, and check number. Staff should keep one copy in the area and send the other to the Finance Officer with the deposit.

7. Managers of cash collection points must deposit collections totaling \$500.00 or more into an authorized city bank account weekly.

Managers must:

- a) Deposit all funds intact, and not intermingled or substituted with other funds.
- b) Include a calculator tape of the checks bundled together with the checks.
- c) Record cash on the deposit slip in the appropriate space.
- d) Attach a copy of the transmittal batch showing transaction totals for credit card receipts and record the total on the deposit slip.
- e) Include the appropriate bank account code(s) on the deposit slip.
- f) Manager shall submit all deposit(s) with supporting documentation that was deposited, which will be used to support the monthly statements of account reconciliation.

8. Managers must deposit unidentified receipts into the general fund. However, managers should make all reasonable attempts to identify the correct account and transfer the funds accordingly.

9. Managers must submit requests for refunds or expenditures through the appropriate budget to the Finance Officer who will generate a check. Cash receipts must not be used for refunds or purchases.

10. Managers must daily balance all funds received:

- by mode of payment
- by comparing the total of the cash, checks, and credit cards to the cash register totals
- by comparing the pre-numbered receipts totals
- by comparing the totals of the money received by mail
- Managers must separately record over/short amounts, and investigate and resolve if possible.

11. Managers must reconcile validated deposit forms with supporting documentation and the account statement. Additionally, managers will compare the receipt issued by the staff or cashiers to the supporting documentation and resolve any discrepancies and compare the receipts to the monthly account statements.

12. The City Manager must approve exceptions to these procedures. For example, in cases where there is not enough staff available to maintain complete separation of duties, an alternate process to

safeguard city funds must be established and approved by the City Manager. Requests for exceptions to these procedures must be submitted to the Finance Officer in writing.

13. Managers must maintain all cash receipts and related documents in accordance with record retention schedules, which, consist of cash register tapes, deposit slips, credit card receipts, copies of manual cash receipts, etc. These records should be kept for six years.

