

COUNCIL/ADMINISTRATIVE POLICY

Subject: Cash Handling	Policy No: 10-14	Date: February 14, 2017
	Resolution No: 2017-17	Page 1 of 8

1. **PURPOSE**

This policy sets forth procedures that govern the handling, deposit and safekeeping of City Cash. Furthermore, this policy is intended to supplement other City personnel policies that govern rules of conduct and performance in the workplace.

2. **POLICY**

2.1 **Applicability**

The Finance Division is responsible for providing an accurate accounting of all City Cash, including revenues and expenses. Professional financial and accounting practices dictate that all funds received by the City be promptly deposited in a City bank or investment account. This ensures that City Cash is accounted for and available for investment or an authorized expenditure. The term "City Cash" applies to currency, coin, checks, money orders, credit, charge and debit card payments, other electronic payment media and other negotiable instruments payable in money to the City and/or Redevelopment Agency.

The City's central cashing function is performed by the Finance Division; however, other departments will receive payment for permits, registrations, publications, or other items. As such, employees that have been authorized to receive City Cash share the stewardship of financial assets for the City across departmental divisions.

2.2 **Authority of the City Treasurer**

The City of Brentwood Municipal Code, Title 2, Chapter 2.39 defines the City Treasurer as the Director of Finance and Information Systems. Duties of the City Treasurer include coordinating, reviewing, evaluating, and recommending improvements to administrative and financial internal control systems and procedures to ensure audit compliance; directing and participating in the preparation of a variety of records and reports ensuring timeliness, accuracy, and compliance with appropriate laws, ordinances, and regulations. With respect to Cash Handling, this includes the following:

- Receipt, handling and deposit by City officers and employees of City Cash into the City Treasury;
- Method of documentation on all such transactions;
- Inspection of departmental cash records, including overages or shortages;
- Inspection of departmental practices and procedures in handling City Cash;
- Contracting with agents to collect City Cash and their collection procedures.

The City Treasurer may enforce these rules through on-site inspections; inspection of transaction records, or any other means deemed appropriate to protect City assets. In the event of noncompliance by a department or office, require that payments to the City be receipted at his/her office.

COUNCIL/ADMINISTRATIVE POLICY

Subject: Cash Handling	Policy No: 10-14	Date: February 14, 2017
	Resolution No: 2017-17	Page 2 of 8

2.3 General Cash Controls

- 2.3.1 The number of employees with access to cash funds shall be limited to assure internal control. The Department Director shall grant access authority by completing the cash handling authorization form located on the intranet.
- 2.3.2 To the extent staffing levels permit, separation of duties from the function of custodian of cash balances and the accounting and record keeping of the same shall be maintained.
- 2.3.3 Where staffing levels do not permit separation of duties, compensating controls such as strict individual accountability and thorough management review and supervision shall exist. Authorized personnel not assigned the custodial responsibility shall periodically examine, count or perform other reviews of cash funds.
- 2.3.4 Physical protection of funds through the use of bank facilities and locked cash boxes or drawers shall be practiced at all times.
- 2.3.5 City Cash on the premises will be held to an absolute minimum to insure safety and maximize return on investments.

2.4 Cash Receipting

- 2.4.1 The Finance and Information Systems Department performs the central cashiering function therefore all evidence of deposits, i.e. deposit slips and department revenue summaries, shall be forwarded to the Finance Division as soon as possible to assure timely and proper credit in the receipting process.
- 2.4.2 All departments receiving City Cash shall have a permanent collection record, such as a cash register tape, that has the record of transactions including voids, refunds, or cancellations. All revenues collected over the counter shall have a receipt issued at the point of sale or collection whether handwritten or electronically generated
- 2.4.3 All handwritten receipts shall be pre-numbered and issued from receipt books issued by the Finance Division to account for lapsed sequence.
- 2.4.4 All currency in the amount of fifty (50) dollars and above shall be checked with a counterfeit money detector pen prior to acceptance to verify the bills are not counterfeit.
- 2.4.5 Departments receiving checks as payments shall require the maker of the check to make it payable to "City of Brentwood". Under no circumstances shall a check for the City be made payable to an individual or left blank.

COUNCIL/ADMINISTRATIVE POLICY

Subject: Cash Handling	Policy No: 10-14	Date: February 14, 2017
	Resolution No: 2017-17	Page 3 of 8

- 2.4.6 All checks shall be endorsed (stamped with a City of Brentwood deposit stamp) immediately upon receipt.
- 2.4.7 Each check shall be inspected to ensure the following:
- Current date (post dated checks shall not be accepted);
 - Proper signature;
 - No alterations;
 - Bank name and routing number printed on check;
 - If temporary check, payer's name and address written on check;
 - Not a third party check
 - Written amount matches numeric amount;
- 2.4.8 No checks shall be cashed.
- 2.4.9 All steps of each counter transaction must be completed, including steps to enter the transaction in the accounting system and to place the receipts in a secured location before a new transaction is started.

2.5 Overages and Shortages

- 2.5.1 It is the responsibility of the cash handler to ensure cash on hand equals the change fund plus actual receipts at all times.
- 2.5.2 All shortages and overages shall be reported to the Department Director and Business Services Manager immediately.
- 2.5.3 All cash overages and shortages, as well as any known circumstances surrounding the overage/shortage, shall be documented in a memorandum to the Business Services Manager within one (1) business day as well kept on file by the reporting department.

2.6 Theft or Loss

- 2.6.1 Once a theft or loss has been identified, it shall be immediately reported to the Department Director, City Treasurer, and the Brentwood Police Department. Do not conduct any type of investigation or discuss with other staff prior to notification of the proper authority.
- 2.6.2 All theft or loss shall be documented in a memorandum to the Business Services Manager within one (1) business day as well as kept on file by the reporting department

COUNCIL/ADMINISTRATIVE POLICY

Subject: Cash Handling	Policy No: 10-14	Date: February 14, 2017
	Resolution No: 2017-17	Page 4 of 8

2.7 Deposits

- 2.7.1 The general operating standard for deposits of City Cash to the bank shall be within twenty-four (24) hours or the next business day of receipt of those funds. Departments shall weigh reasonableness and practicality versus security in determining the timing for the deposit of small amounts. All deposits not made daily shall be held in a secured location such as a safe.
- 2.7.2 All receipts of City Cash must be deposited with the Finance Division in accordance with this Policy and the cash handling procedures of the department that have been approved by the City Treasurer.
- 2.7.3 All security and bid deposits or escrow funds received in cash shall be treated as City Cash and deposited accordingly.
- 2.7.4 Departmental receipts shall never be used to replenish petty cash, other funds, or for the purchasing of items.

2.8 Petty Cash

- 2.8.1 Petty cash funds shall be approved by the Department Director and established by the issuance of a check from the City's Accounts Payable Division restricted to a level appropriate to conduct City business in an efficient and responsible manner.
- 2.8.2 Petty cash transactions shall be subject to the same authorized expenditure controls as any other invoice presented for payment through accounts payable. For travel reimbursements, see Travel Expense Policy 20-4.
- 2.8.3 Once established, petty cash funds shall be maintained on an imprest basis, that is, the amount of the fund will remain constant with the custodian of the fund requesting a reimbursement check from the Accounts Payable Division for amounts disbursed.
- 2.8.4 Any funds taken from petty cash must have a completed authorized petty cash voucher. A check will be issued only upon the presentation and surrender of satisfactory evidence of such disbursements. The amount of the reimbursement will always be the exact amount of the aggregated disbursements made from the fund.
- 2.8.5 Reconciliation and reimbursements will be made as frequently as the fund requires replenishment, but no less than monthly.
- 2.8.6 When replenishing petty cash, put a copy of the petty cash recap in the petty cash box as backup for the vouchers that have been sent to the Finance Division.

COUNCIL/ADMINISTRATIVE POLICY

Subject: Cash Handling	Policy No: 10-14	Date: February 14, 2017
	Resolution No: 2017-17	Page 5 of 8

2.8.7 No checks shall be cashed from petty cash funds.

2.8.8 Personnel authorized by the City Treasurer can make unannounced counts of petty cash and /or change funds at any time.

2.9 Change Funds

2.9.1 Change funds shall be established and controlled in the same manner as petty cash funds; however, change funds are strictly used for making change for customers and as such are revolving funds that require no replenishment.

2.9.2 There shall be no commingling of petty cash or cash receipts with change or other working funds.

2.9.3 When change funds are no longer needed to conduct the business for which they were established, the funds shall be deposited with the Finance Division as soon as possible.

2.9.4 Change funds established for any reason shall be used only for the purposes of conducting legitimate City business and not for personal use even if reimbursed.

2.9.5 No checks shall be cashed from change funds.

2.10 Check Cashing Policy

2.10.1 No checks shall be cashed.

2.11 Returned Checks

2.11.1 Occasionally a deposited check may not clear the bank for one or several reasons; such as non-sufficient funds, account closed, stop payment, funds held, stolen checks, forgery, endorsement, or signature. The Finance Division assumes responsibility for collections with cooperation from the receipting department.

2.11.2 The City Treasurer has the authority to refuse the acceptance of checks as deemed necessary.

2.12 Refunds

2.12.1 Refunds will only be made to the original entity (person or company) that submitted the original payment to the City.

COUNCIL/ADMINISTRATIVE POLICY

Subject: Cash Handling	Policy No: 10-14	Date: February 14, 2017
	Resolution No: 2017-17	Page 6 of 8

- 2.12.2 Refunds of payments that were originally paid by credit card will be credited back to the credit card in which the payment was made from.

2.13 Foreign and Mutilated Currency

- 2.13.1 Foreign currency and coin shall not be accepted. Only currency and coins issued by the United States Federal Reserve Board are legal tender. Traveler's checks must state "U.S. Dollars".
- 2.13.2 No mutilated currency or coin, including bent coins, shall be accepted.

2.14 Banking Services and Account Opening Policy

- 2.14.1 The Finance Division is responsible for the City of Brentwood's banking relationships.
- 2.14.2 Opening new or closing bank accounts must be approved by the City Treasurer.

2.15 Written Procedures

- 2.15.1 It is required that written procedures be developed and maintained by each department associated with the City that handles City Cash. Departmental procedures must be approved by the City Treasurer.
- 2.15.2 Written procedures shall be consistent with this policy and minimally include:
- Authorization of person(s) to collect City Cash;
 - Off-site cash collection procedures;
 - Maintenance of receipt logs;
 - Security and reconciliation of City Cash
 - Individual cash drawers for each cash handler
 - Cash handlers must only accept and receipt funds using their individual cash drawer
 - Processing of City Cash received in the mail
 - Preparation, approval, and transmittal of City Cash to the Finance Division;
 - Over/short procedures consistent with this policy;
 - Procedure to notify the appropriate City authority in the event of loss or theft;
 - City Cash must never be left out in the open or unattended.

2.16 Training

COUNCIL/ADMINISTRATIVE POLICY

Subject: Cash Handling	Policy No: 10-14	Date: February 14, 2017
	Resolution No: 2017-17	Page 7 of 8

- 2.16.1 All staff shall be familiar with this cash handling policy and must acknowledge receipt of the policy using the attached form.
- 2.16.2 All staff that handles City Cash shall be trained on the Cash Handling Policy by the Finance Division and be trained on cash handling procedures by the department.

2.17 Credit Cards

2.17.1 Council/Administrative Policy 10-17, Identify Theft Prevention Program – Red Flags, was established for identity theft prevention pursuant to the Federal Trade commission’s Red Flags Rule. In addition, to the identity theft provisions for credit cards outlined in that Policy all credit card transactions will be compliant with the Payment Card Industry, which include the following safeguards:

2.17.1.1 Security

- Credit card information can only be taken in person, by phone, or by fax.
- Credit card information must be treated as confidential and paper containing credit card data must be physically secured (e.g. locked in a locker, cabinet, desk, storage bin).
- If credit card information is taken by fax, the fax machine must be in a secured and locked area with only limited access.
- Credit card information shall not be taken over email at any time.

2.17.1.2 Storage

- Credit card information should not be stored on the computer or on a memory disk at any time.
- Printed reports containing cardholder data are to be physically retained, stored or archived only within secure City of Brentwood office environments, and only for the minimum time deemed necessary for their use.

2.17.1.3 Destruction

- Credit card information may only be destroyed by shredding and in accordance with the Records Retention Policy.

2.18 Violations

2.18.1 Any employee found to have violated this policy may have his/her cash handling authorization limited or revoked completely and may be subject to formal disciplinary action up to and including termination from City employment in accordance with Rule 11 of the Personnel Rules and Regulations.

2.19 Policy Review

COUNCIL/ADMINISTRATIVE POLICY

Subject: Cash Handling	Policy No: 10-14	Date: February 14, 2017
	Resolution No: 2017-17	Page 8 of 8

- 2.19.1 The Finance Division shall perform a review of all City Cash handling policies, procedures, functions and processes on a regular basis, but at minimum of every two years.
- 2.19.2 The City's independent auditors shall review the City's cash management controls through the course of their annual audits as needed.

3. Liability for Loss as Between Department and City Treasurer

As between a department and its officers and the City Treasurer, the department has primary responsibility for care and liability for loss of City Cash in its custody until deposited in the City Treasury or entrusted to a cashier approved by the City Treasurer; and the City Treasurer thereafter.

Compliance with the City Treasurer's rules and procedures, approved by the City Treasurer, establishes a presumption that a City department or office exercised due diligence in its custody and care of City Cash.



ACKNOWLEDGEMENT OF RECEIPT

Council/Administrative Policy No. 10-14 Cash Handling

My signature below is confirmation that I have received a copy of Council/Administrative Policy 10-14 Cash Handling and that I understand that it sets forth the City's policy regarding the handling of City cash. I understand that this policy is intended to supplement other City personnel policies that govern rules of conduct and performance in the workplace. I further understand and agree that it is my responsibility to read and familiarize myself with the provisions of this policy and to contact the Finance Division in the event that I have questions or need clarification of the Cash Handling Policy.

I understand that the City reserves the right to revise and update the Cash Handling Policy by City Council Resolution at any time.

Employee's signature

Employee's name – Please Print

Date of Receipt