

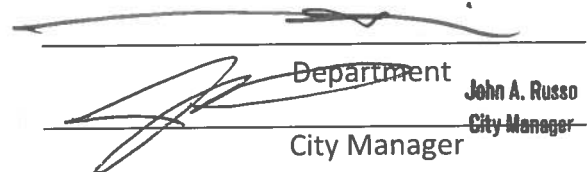


City of Arts & Innovation

City of Riverside Administrative Manual

Effective Date: 02/2015
Latest Revision Date: 02/2017
Next Review Date: 07/2018
Policy Owner(s): Finance Department

Approved:



Department **John A. Russo**
City Manager

SUBJECT:

Cash Handling and Receipt Policy

PURPOSE:

Policy Statement and Scope

This policy establishes the standards based on industry approved best practices for the acceptance and handling of cash and cash equivalents, including cash, ACH debits and credits, wire transfers, and other forms of acceptable payment for services provided by various departments. Additionally, this policy provides the framework for the conduct and operation of cashiering activities throughout the City. Each department is responsible to develop internal cash handling procedures based on the best practice principles defined in this policy.

The City Treasurer has overall responsibility for all City cashiering activities, including payment acceptance by various departments within the City, per City Charter Section 704(e).

The City Treasurer may assign the responsibility for coordinating all cashiering operations to an appointed designee who shall be responsible for:

- a. The preparation and implementation of operating procedures for the centralized cashiering function;
- b. The review and oversight implementation of operating procedures for payment acceptance by departments other than the Finance Department, Treasury Division;
- c. The review and approval of variances from these guidelines when warranted based on department needs and the documentation of such approvals.

POLICY:

Cash Receipts and Records

All documentation requesting payments to the City shall inform the payers that checks shall be made payable to the City of Riverside.

When a remittance cannot be identified, the funds should be forwarded directly to the City Treasury and processed into an appropriate miscellaneous revenue account. A copy of the remittance and all related correspondence shall be used for follow-up to identify the necessary account distribution.

Supporting documentation for any items deposited to a miscellaneous revenue account must be sent to the City Treasury within 5 business days after month end.

Printed cash register receipts and receipt forms given to payers require approval by the City Treasurer or appointed designee prior to circulation, and should include the following information:

- Identification of the City Department and office issuing the form;
- Identification of the cashier accepting the payment;
- Specific indication that the form is used as a receipt for payment to the City;
- Transaction date, amount and purpose of the payment received; and
- Sequential numbering of receipts by transaction.

Handling of Cash and Checks

Currency received from walk-in customers should be counted in the presence of the person presenting it for payment, and a receipt should be given immediately. If a mailed-in payment contains currency, it must be counted and verified in dual custody, and the payment must be applied immediately to the customer's account in the presence of the dual custodian.

No foreign currency may be accepted for payment to the City.

Counterfeit Currency

A suspected counterfeit note should be considered counterfeit and must be sent to the City Treasury to surrender to the local U.S. Secret Service jurisdictional field office. Departments are responsible to ensure that staff assigned to handle cash receive adequate training to recognize the security features in a genuine note. An online training course is available at <https://uscurrency.gov/training-course>.

Limit handling of counterfeit notes by multiple people as much as possible.

If a counterfeit note is suspected, complete the following sections of the Counterfeit Note Report form:

- Counterfeit Note Received From; and
- Information About the Counterfeit Note

The form and the counterfeit note must be sent directly to the City Treasury in a locked currency bag or delivered in person.

Check Acceptance

- The City's policy is to not cash checks under any circumstances.
- Employees must not make change from a check.
- Two party checks and third party checks, as defined in this policy, shall not be accepted for payment to the City.
 - Two-Party Checks are checks made payable to the Customer AND City.
 - Third-Party Checks are checks made payable to the customer from a third party, and then endorsed and made payable to the City.
- Employees must not accept a postdated check or agree to hold a postdated check for future payment.

Credit Card Acceptance

Refer to Credit Card Acceptance Policy 06.002.00 for the acceptance, processing, and safeguarding of credit cards and card holder data.

Physical Security Guidelines

Cash and checks collected by City Departments should be remitted daily to the City Treasury. However, in the event they are held overnight, they must be locked in a fireproof combination safe. Safe combination(s) shall be given only to supervisory and authorized personnel.

Safe combination(s) shall be changed when individuals possessing the combinations leave the Department or the City. The combination(s) should be changed at least once annually and a log shall be maintained with dates and reasons for the change.

To the maximum extent possible, the safe shall be closed and/or locked between usages.

City Treasury cashiering areas shall be opened for business and closed at the end of the day in the presence of a second person to assure dual custody and observation of the general area.

Only authorized individuals shall be allowed in the cashiers' work area.

The counting of cash for balancing shall not be visible to customers or others outside the Department.

To enhance internal controls, it is the policy of the City that cash drawers may not be shared. Employees accepting cash payments must be assigned a cash drawer that they are individually responsible for. Beginning cash drawer balances must not exceed \$500.

Funds or property not related to the operation of the City shall not be stored in the vault/safe unless authorized by the City Treasurer or appointed designee.

Checks, check stock, and all related materials must be secured at all times.

Departments are not permitted to make photocopies of checks for any reason.

All City Departments must establish internal procedures for unscheduled, "surprise" cash drawer audits, which should include audits of cash vaults where applicable. Cash audits may be conducted on a quarterly basis.

Deposits

Payments collected by the City Treasury shall be deposited within 1 business day of processing regardless of dollar amount. Payments collected at other departments shall be deposited at the City Treasury at least weekly unless the daily accumulation exceeds \$500. Immediate and special consideration should be given to all funds, regardless of the amount, for deposit on or before fiscal year end, June 30.

Deposits will be adequately safeguarded at all times.

Dual Custody, armored vehicle transport, police or security protection will be used when deemed necessary by the City Treasurer or appointed designee.

The City's multi-part bank deposit slip shall accompany each deposit made at the City's bank. When deposits are made in person, the deposit receipt issued by the bank will be returned to the City Treasury with supporting documents including the designated internal account distribution.

A daily report of all cash receipts that have been deposited to the City Treasury and to the City's bank, called the Daily Recap, is prepared and maintained by the Finance Department and filed for auditing purposes.

Monthly reconciliation of all bank statements will be conducted by the Accounting Division to ensure proper deposit and application of funds.

Segregation of Duties

Daily reconciliation of cash receipts, bank statements, or accounting records shall be performed only by individuals not receiving payments.

Individual accountability for cash and other payment forms shall be maintained throughout all cashiering and payment processing with sufficient documentation to reconstruct all transactions and to provide evidence that a transaction occurred.

Accounting and Control Functions

All collected funds reported shall be verified to bank deposit receipts.

All collected funds reported shall be verified and reconciled to total cash register tapes or other controlled receipts.

Void and refund transactions shall be reviewed for acceptability, with complete supporting documentation and proper approval by a supervisor or authorized personnel.

Recurring cash overages and shortages shall be reported and investigated promptly. Cash over or short applies to end of day cash balancing, as well as instances in which a cashier's deposit to the bank or to the City Treasury does not match the amount recorded.

Any significant discrepancies in supporting documentation detected by the Accounting Division will be immediately communicated in writing to department management, independent of cashiering responsibilities.

Cashiers shall not process their own payments to the City or payments for a family member.

Reportable Losses

Any instance of known or suspected misappropriation or missing cash or checks shall be reported to the City Treasurer or appointed designee within one hour of detection. In the event of a robbery or burglary, police authorities should be notified immediately and the City Treasurer or appointed designee should be notified within one hour of the event.

All individual overages or shortages of \$25 or more and combined overages/shortages in excess of \$50 over a six-month period are to be investigated by appropriate Finance staff as to cause. Repeated instances shall be addressed as part of a performance review.

PROCEDURE:

Responsibility	Action
City Department	It is the responsibility of each department to instruct, control and establish procedures to handle cash and payments in an effective and reasonable manner applicable to each department's specific situation and needs in accordance with this policy.
	Establish procedures to ensure that no single individual is responsible for all collection, handling, depositing, and reconciling of cash and cash equivalents.
	Verify the accuracy of deposits sent to the City Treasury or to the bank and maintain records of deposits.

PROCEDURE:

Responsibility	Action
	<p>Departments sending deposits to Treasury through interoffice mail must utilize locked currency bags. Access to the currency bag keys must be limited to authorized personnel.</p> <p>Ensure that cash, checks, and all related materials and information are properly safeguarded at all times.</p>
City Treasury	<p>Act as central cashiering for the City and ensure that all payments received are entered into the Revenue Management System in a timely manner.</p> <p>Verify the accuracy of payments and deposits received from City departments.</p> <p>Maintain records of Counterfeit Note Reports and correspondence with the assigned U.S. Secret Service jurisdictional office.</p> <p>Conduct daily reconciliation of all payments processed through Treasury, verify the accuracy of daily bank activity, and work with Finance Accounting or City Departments to resolve discrepancies as needed.</p> <p>Work with City Departments to obtain supporting documents for deposits as needed, including establishing procedures, with the approval of the City Treasurer or appointed designee.</p> <p>Work with City Departments to provide training assistance when needed, subject to the approval of the City Treasurer or appointed designee.</p> <p>Ensure that cash, checks, and all related materials and information are properly safeguarded at all times.</p>
City Treasurer	<p>Responsible for the oversight of procedures established by Treasury and City departments for the acceptance and handling of cash and cash receipts.</p> <p>Monitor and assess the various factors that create risk and establish reliable and effective internal controls.</p>
Finance Accounting	<p>Conduct monthly reconciliation of bank statements to ensure proper deposit and application of funds.</p> <p>Report discrepancies in supporting documentation in writing to department management.</p>

Distribution: Regular