



City of Arts & Innovation

City of Riverside Administrative Manual

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Policy Owner(s): Finance Department

Approved:

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Department

City Manager

SUBJECT:

Cash Handling and Receipt Policy

PURPOSE:

Policy Statement

The purpose of the Cash Handling and Receipt Policy is to provide City departments with the recommended procedure guidelines to accept, store, deposit, record, and to transport cash/checks safely. It is the responsibility of each City department to develop, implement, and enforce cash handling procedures based on the principles defined in this policy. Historical practices do not constitute justification for deviation from the following policy. All departments are expected to provide secure surroundings for employees who handle these types of transactions and keep them informed of all policies and procedures.

City employees involved in the handling of cash are expected to be accurate and efficient when processing customer payments, making change, or accepting cash. They are also expected to safeguard City funds against loss and to maintain good customer relations.

Scope

This policy applies to all City employees.

Authority

The City Chief Financial Officer/Treasurer has overall responsibility for all City cashing activities, including payment acceptance by various departments within the City, per City Charter Section 704.

The City Chief Financial Officer/Treasurer may assign the responsibility for coordinating all cashing operations to an appointed designee who shall be responsible for:

- a) The preparation and implementation of operating procedures for the centralized cashing 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.

Definition

Cash: is defined as currency, coins, checks, electronic fund transfers, payment card transactions, and negotiable instruments.

POLICY:

Handling of Cash

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 must be sent to the City Treasury in a locked currency bag or delivered in person. 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.

Check Acceptance

- a) The City's policy does not permit the cashing of personal checks under any circumstances. Departments which have been pre-approved by the City Chief Financial Officer/Treasurer to utilize petty cash, may turn in a petty cash check only to the City Treasury in order to replenish petty cash funds for the Department.
- b) A check must be made for the exact amount. No change will be given under any circumstances.
- c) Two party checks and third party checks, as defined in this policy, shall not be accepted for payment to the city.
 - o Two-Party Checks are checks made payable to the Customer AND City.
 - o Third-Party Checks are checks made payable to the customer from a third party, and then endorsed and made payable to the City.
- d) Employees must not accept a postdated check or agree to hold a postdated check for future payment.
- e) The check's legal line must accurately state and match the transaction amount in written language.

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.

Cash Receipts and Records

- a) All documentation requesting payments to the City shall inform the payers that checks shall be made payable to the City of Riverside.
- b) When a remittance cannot be identified, the funds should be forwarded directly to the City

Treasury and processed into an unidentified revenue account. A copy of the remittance and all related correspondence shall be used for follow-up to identify the necessary account distribution.

- c) Supporting documentation for any items deposited to the unidentified revenue account must be sent to the Senior Accountant in the Finance Department within 5 business days after month end.
- d) Printed cash register receipts and receipt forms given to payers require approval by the City Chief Financial Officer/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.

Physical Security Guidelines

- a) 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 combination safe.
- b) 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 every two years, if personnel changes have not occurred during that time frame. A log shall be maintained with dates and reasons for the change. The safe shall be closed and/or locked between usages, to the maximum extent possible.
- c) 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.
- d) Only authorized individuals shall be allowed in the cashiers' work area.
- e) The counting of cash for balancing shall not be visible to customer or others outside the Department.
- f) 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.
- g) Funds or property not related to the operation of the City shall not be stored in the vault/safe unless authorized by the City Chief Financial Officer/Treasurer or appointed designee.
- h) Checks, check stock, and all related materials must be secured at all times.
- i) Departments are not permitted to make photocopies of checks for any reason.
- j) All City Departments must establish internal procedures for unscheduled, "surprise" cash drawer audits, which should include audits of cash vaults where applicable. Cash audits shall be conducted by departmental supervisors or leads on a quarterly basis.
- k) If an emergency requires that staff evacuate from the area, all negotiable instruments must be locked and secured immediately. The key to the cash drawers will remain in the possession of the assigned cashier. All checks and any unopened mail must be placed in a secure location. After all

items are locked up, the building must be evacuated immediately until further instructions from authorized personnel.

Deposits

- a) Payments collected by the City Treasury shall be deposited within 1 business day, or as soon as feasible, regardless of dollar amount.
- b) Payments collected at other departments shall be deposited at the City Treasury at least weekly unless the daily accumulation exceeds \$500.
- c) Immediate and special consideration is given to all funds, regardless of the amount, for deposit on or before fiscal year end, June 30.
- d) Deposits will be adequately safeguarded at all times.
- e) Dual Custody, armored vehicle transport, police or security protection will be used when deemed necessary by the City Treasurer or appointed designee.
- f) 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.
- g) 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.
- h) Monthly reconciliation of all bank statements will be conducted by the Accounting Division to ensure proper deposit and application of funds.

Segregation of Duties

- a) Daily reconciliation of cash receipts, bank statements, or accounting records shall be performed only by individuals not receiving payments.
- b) Individual accountability for cash and other payment forms shall be maintained throughout all cashing and payment processing with sufficient documentation to reconstruct all transactions and to provide evidence that a transaction occurred.
- c) Cash counts shall be certified by two employees (e.g., cashier and lead or supervisor or manager) for all deposits prepared for armored courier pickup.

Accounting and Control Functions

- a) All collected funds reported shall be verified to bank deposit receipts.
- b) All collected funds reported shall be verified and reconciled to total cash register tapes or other controlled receipts.
- c) Void and refund transactions shall be reviewed for acceptability, with complete supporting documentation and proper approval by a supervisor or authorized personnel.
- d) 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. All cash overages or

shortages shall be reconciled prior to the continuation of City business.

- e) Any significant discrepancies in supporting documentation detected by the Accounting Division will be immediately communicated in writing to department management, independent of cashing responsibilities.
- f) Cashiers shall not process their own payments to the City or payments for a family member or known acquaintance.

Reportable Losses

- a) Any instance of known or suspected misappropriation or missing cash or checks shall be reported to the City Chief Financial Officer/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.
- b) 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.
	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.
	Ensure that cash, checks, and all related materials and information are properly safeguarded at all times.
City Treasury	Act as central cashing for the City and ensure that all payments received are entered into the Revenue Management System in a timely manner.
	Verify the accuracy of payments and deposits received from City departments.
	Submit suspected counterfeit notes, along with the Counterfeit Note Report (Form 1604), to the Los Angeles U.S. Secret Service field office.

PROCEDURE:

Responsibility	Action
	Maintain records of Counterfeit Note Reports and correspondence with the U.S. Secret Service field office.
	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.
	Work with City Departments to obtain supporting documents for deposits as needed, including establishing procedures, with the approval of the City Chief Financial Officer/Treasurer or appointed designee.
	Work with City Departments to provide training assistance when needed, subject to the approval of the Chief Financial Officer/Treasurer or appointed designee.
	Ensure that cash, checks, and all related materials and information are properly safeguarded at all times.
Chief Financial Officer/Treasurer	Responsible for the oversight of procedures established by Treasury and City departments for the acceptance and handling of cash and cash receipts.
	Monitor and assess the various factors that create risk and establish reliable and effective internal controls.
Finance Accounting	Conduct monthly reconciliation of bank statements to ensure proper deposit and application of funds.
	Report discrepancies and supporting documentation in writing to department management.

SOURCE OF AUTHORITY: Charter of the City of Riverside, Section 704