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**PFLUGERVILLE**  
**T E X A S**

# **CASH HANDLING POLICY**

Prepared by the City of Pflugerville Finance Department staff to provide guidance for cash handling procedures throughout the City. This policy is intended to provide cash collection points with proper and consistent cash handling/guidelines. Controls are required to safeguard against loss and to protect employees by defining responsibilities in the handling of cash. The policy provides reasonable assurance that cash collections are safeguarded and promptly deposited into the City's bank accounts.

## PURPOSE

The purpose of this policy is to establish responsibility and describe the minimum requirements for cash handling.

## RESPONSIBILITY

The Finance Department is responsible for ensuring that the policy requirements for cash handling are clearly documented and current.

Department Directors, Managers, Supervisors, and Staff have the responsibility to implement adequate procedures to ensure compliance with the policy requirements.

## GENERAL DEFINITIONS

Cash Collection Point: A department, division, location, or other organization acting on behalf of the city that handles cash on a regular basis. Although other organizations with infrequent cash collections are not recognized as designated cash-collection points, they must follow the same cash handling procedures that apply to cash-collection points.

Cash: For the purposes of this policy, "Cash" may be comprised of coin, currency, checks, money orders, credit card transactions, and electronic fund transfers.

## ACTIVITY SECTION

### 1. General Cash Controls

- 1.1 Each cash collection point shall have an individual designated as custodian with specific responsibility for cash handling. Department managers responsible for multiple shifts shall designate custodians for each shift.
- 1.2 The number of employees with access to the cash fund shall be limited to ensure internal control. The physical separation of duties from the function of custodian of cash balances and the accounting and record keeping of the same shall be maintained.
- 1.3 Staff shall be cross-trained in general cash controls as long as internal controls can be maintained.
- 1.4 Daily cash reports must be initialed by the custodian of the cash and the supervisor to verify the amount received at the beginning of the shift and the amount returned at the end of the shift.
- 1.5 Physical protection of funds through the use of safes, vaults, locked cash boxes or drawers shall be practiced at all times. Locking cash bags will be made available to designated cash-collection points for transport to Finance for daily deposits.

- 1.6 Cash on the premises will be held to an absolute minimum to ensure employee safety and to maximize return on investment.
- 1.7 Periodic examination, via a physical count or other review of cash funds, shall be conducted by authorized personnel not assigned the custodial responsibility of the funds and shall be conducted in the presence of the custodian
- 1.8 The City Finance Department will publish and update, as necessary, a cash-handling policy that will serve as procedural documentation and a training tool for cash-collection point staff. Training is mandatory for all staff with cash handling responsibilities. New staff must be given a copy of the policy and attend training within the first thirty days of employment.

## 2. Cash Receipts

- 2.1 The Finance Department performs the central cashiering function for deposits to the City's depository bank. All evidence of direct deposits, merchant deposits (credit card transactions), and departmental revenue summaries shall be forwarded to Finance on a daily basis to ensure timely and proper credit in the receipting process.
- 2.2 All employees charged with the receipting of revenues shall be provided a copy of the current fee and rate schedule as well as a copy of this policy.
- 2.3 Employees receipting checks as revenue must request valid identification and document the valid driver's license number, date of birth, phone number and address on the face of the check and endorsed with a restrictive endorsement stamp.
- 2.4 All departments with cash collection points shall have a permanent collection record, such as pre-numbered receipts, that has the record of transactions including voids, refunds, or cancellations. All revenues collected shall have receipts issued at the point of sale or collection, whether hand-written or electronically generated.
- 2.5 All handwritten receipts shall be pre-numbered to account for lapses in sequence.
- 2.6 All cash collection points will have signs posted in clear view of customers to indicate that receipts will be provided with instructions on how to advise the city if receipt is not provided.
- 2.7 All voided receipts must be reviewed and signed by a supervisor. Pre-numbered manual receipts and voids shall be maintained in chronological order.
- 2.8 Cash collection points must maintain a clear separation of duties. When staffing allows, an individual shall not have responsibility for more than one cash-handling component: collecting, depositing, and reconciling.

- 2.9 All cash receipts must be protected by using a cash register, locking cash drawer, safe, or other secure place until they are deposited. A secure area for processing and safeguarding funds received is to be restricted to authorized personnel responsible for cash collection.

### 3. Cash Received Through the Mail

- 3.1 The mail must be opened with at least two people present in the office and all checks must be endorsed with a restrictive endorsement stamp. All receipts of coin or currency must be listed on the daily cash report. A log shall be kept of any cash received via mail and signed by both parties opening the mail.
- 3.2 Unidentified receipts must be reported to the Department head after all reasonable attempts have been made to identify the correct account to apply the funds.

### 4. Balancing of Cash Receipts

- 4.1 All funds collected must be balanced daily, by mode of payment, by comparing the total of the cash, checks, and credit cards to the register totals, pre-numbered receipt totals, or other accounting software cash receipt report totals.
- 4.2 Over/short amounts must be separately recorded and investigated and resolved to the extent possible. Any over/short amounts must be initialed by the custodian and the supervisor.

### 5. Deposits

- 5.1 The mandatory operating standard for deposit of cash collections to the depository bank shall be within 24 hours of receipt of those funds. Departments shall weigh reasonableness and practicality versus security in determining the timing of transport cash receipts to Finance for small amounts. All deposits not made daily shall be held in a secure location such as the departmental safe or locking file cabinet. (*See also Appendix A - Schedule of Cash Handling Locations and Mandatory Frequency of Deposits.*)
- 5.2 Personnel not involved with collecting the cash, opening the mail, or reconciling the deposit shall prepare the deposit.
- 5.3 All deposits shall be delivered Finance intact; cash-collection point receipts shall never be used to replenish petty cash or change funds.
- 5.4 Daily deposits are due to the Finance office by 1:00 p.m. each business day.
- 5.5 Cash-collection points must provide supporting documentation (cash deposit report/reconciliation) with cash receipts delivered to Finance, identifying the appropriate revenue accounts to be credited.
- 5.6 A duplicate cash report/reconciliation shall be maintained at the collection point. The report shall be signed by the employee preparing the report

and reviewed and signed by a supervisor.

- 5.7 The Finance office will submit an initialed copy of the daily cash report as receipt of deposit to the cash collection points that deliver monies to the Finance Department for deposit subsequent to verification. This receipt shall be attached to the location's daily cash report/reconciliation and maintained on file.
- 5.8 Periodic examination, comparing the receipts issued by Finance to the supporting documentation (cash reports/reconciliations), shall be conducted by authorized personnel not assigned the custodial responsibility.

## 6. Petty Cash

- 6.1 Petty cash funds shall be distributed by the Finance Department and will be restricted to a level appropriate to conduct City business in an efficient but responsible manner.
- 6.2 Petty cash transactions shall be subject to the same authorized expenditure controls as any other invoice presented for payment through accounts payable.
- 6.3 Petty cash expenditures are limited to a maximum of \$50.00. City Hall may have petty cash up to \$100. Expenditures exceeding this amount shall be processed through the normal accounts payable process or approved by the Finance Director.
- 6.4 Reimbursements will be made only as frequently as the fund requires replenishment. The amount of the reimbursement will always be the exact amount of the aggregated disbursements made from the fund.
- 6.5 No reimbursements to employees for out of pocket expenses will be allowed out of the petty cash fund. They must be submitted to Finance along with the petty cash replenishment form.
- 6.6 Unannounced counts of petty cash, or any other working fund (i.e. postage, etc) can be made by authorized personnel at any time.

## 7. Check Cashing Policy

- 7.1 The City will not cash checks.

## 8. Returned Checks

- 8.1 Occasionally, a deposited check may not clear the bank for one of several reasons: non-sufficient funds (NSF), account closed, stop payment, funds stolen, forgery, endorsement, or signature. The Finance Department assumes responsibility for collections of returned checks and will work with the related department to most efficiently and effectively collect the funds.
- 8.2 Finance staff shall provide cash-collection points with an NSF listing. All staff responsible for cash receipting shall refer to the NSF listing when

receiving checks. A check shall not be accepted from a customer who is on this NSF check list.

#### 9. Foreign and Mutilated Coin

9.1 Foreign coin and currency shall not be accepted. Only coins and currency issued by the United States Federal Reserve Board are legal tender. Traveler's checks must state "U.S. Dollars".

9.2 No bent or mutilated coin shall be accepted.

#### 10. Vending Machines and Concession Activity

10.1 Approval for installation of vending machines operating on public property and the commission schedule thereon and any other concession activity shall be coordinated through the department head and be subject to the authority of the City Manager.

10.2 All commissions paid by the vendors or derived by concession activity shall be considered revenues of the City and, as such, are subject to the same controls as other cash funds.

#### EXCEPTIONS

The Finance Director must approve any exceptions to the procedures outlined in this policy. For example, in cases where there is insufficient staff available to complete separation of duties, an alternate process to safeguard City funds must be established and approved by the Finance Director. Requests for exceptions to these procedures must be submitted to the Finance Director in writing.

#### RECORD RETENTION

All cash receipts and related supporting documentation must be maintained in accordance with record retention schedules, deposit slips, credit card receipts, copies of manual cash receipts, etc shall be retained for the end of the fiscal year + five (5) years by the department.

#### EMPLOYEE AND SUPERVISOR ACCOUNTABILITY

Failure to abide by the guidelines in this policy will result in disciplinary action, up to and including termination of employment and may include legal action to the extent allowable by law. No employee shall be assigned cash handling duties until they have received training on this policy and have signed the acknowledgement below.

## APPENDIX A

### SCHEDULE OF CASH HANDLING LOCATIONS AND MANDATORY FREQUENCY OF DEPOSITS

Department/Division	Frequency of Deposits
Development Services Center	Daily
City Secretary	Infrequently
Library	Daily
Finance	Weekly
Municipal Court	Daily
PAWS	Daily
Parks & Recreation	Daily
Field Operations	Daily
Police Records	Daily
Police Evidence	Infrequently
Utility Billing	Daily

## APPENDIX B

### CITY OF PFLUGERVILLE, CASH-HANDLING POLICY AGREEMENT

The City of Pflugerville, Texas recognizes that you are employed in an area of responsibility that is currently, or may be periodically, designated as a cash-collection point and or supervises this process. It represents the City's trust in you and your empowerment as a responsible agent to safeguard and protect the taxpayer's assets.

I, \_\_\_\_\_, hereby acknowledge receipt of a City of Pflugerville, Texas Cash Management Policy and training. As a city employee with responsibilities that include the collection and protection of the City's assets, I agree to comply with the guidelines and controls within this policy.

I understand that failure to comply with the guidelines in the policy will result in disciplinary action, up to and including termination of employment and may include legal action to the extent allowable by law.

EMPLOYEE:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Department: \_\_\_\_\_