

## **CASH CONTROL POLICY and PROCEDURES**

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## **Purpose**

This document defines and outlines Town policy with respect to the handling, receiving, transporting and depositing of *cash*. The term *cash* includes currency, checks, money orders, and debit and charge card transactions.

## **Introduction**

The Treasurer is the town's primary cash handling agent. Ideally, from a control perspective, the collection and controlling of cash should be centralized in one location; however, this isn't always possible or practical. As a result, under certain situations the collection of money is decentralized. Those situations and the procedures to be followed are explained in this document.

**Historical practices shall not constitute justification for deviation from the following guidelines.**

The material contained in this document supersedes any previous policies and procedures regarding the handling of cash.

## **Segregation of Duties**

To the extent possible, there must be a separation of duties between the person receiving cash and the person responsible for turning cash over to the Treasurer's Office.

When staffing levels allow, the following responsibilities should be distributed amongst personnel so one person is not responsible for all aspects of:

- Opening mail
- Endorsing checks
- Preparing deposits and turnover sheets

The Department Head or Department Head's designee must sign off on all receipt turnovers.

## **Responsibilities of Individual Departments Compliance with Town of Wellfleet Policy & Procedures**

Departments are responsible for complying with the policies and procedures outlined in this document, for training designated employees in fund handling policies and procedures, and for ensuring that a copy of this document is given to

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all employees with cash handling responsibilities. The Treasurer is always available for consultation and review of departmental procedures.

### **Counterfeit Currency**

Authorized cash handling units are responsible for exercising reasonable care in screening cash transactions for counterfeit currency. Counterfeit detection pens are recommended for all departments and are available at any office supply store. If a questionable bill is received, the department should retain possession of the bill and contact the Treasurer and Police department immediately. Do not return the bill to the payor.

### **Safekeeping of Funds**

All forms of cash (currency, checks, money orders, negotiable instruments and charge card transactions) should be physically protected through the use of vaults, locked cash drawers, cash registers locked metal boxes, etc.

It is the responsibility of each department to make whatever provisions are necessary to properly safeguard the cash receipts in their area. Generally, any amount of cash on hand must be maintained in a locked vault or heavy safe. A vault, cash drawer, cash register, or metal cash box must never be left unattended unless it is securely locked.

Cash should not be retained in desk drawers or standard file cabinets since they are easily accessed with minimal forcing or readily available keys.

### **Logging of Receipts**

All cash receipts should be logged, and all cash logs should be retained for the current fiscal year plus two fiscal years to provide an audit trail for all transactions.

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**Sample of Cash Receipt Log form:**

\*\*\*\*\*

<b>Department:</b>	<b>For the month of:</b>	<b>Fiscal year:</b>
	<b>September 2014</b>	<b>FY 2015</b>
<b>Date Received:</b>	<b>Amount:</b>	<b>Received by:</b>
September 12 _____	\$ 455.00 _____	Tom Jones _____
September 15 _____ _____ _____	\$ 9.85 _____ _____ _____	John Smith _____ _____ _____

**Control Concepts**

The following list of internal control questions will help you assess the cash controls in your area. Answer each question to assess your own department's controls. At the end, review your answers for practices or controls which are not in effect. These represent internal control weaknesses. For each weakness determine the risk it represents to your operations, whether there are mitigating controls, and what action, if any, needs to be taken.

- Are the following responsibilities distributed amongst personnel so one person is not responsible for all aspects of:
  - Opening mail?
  - Endorsing checks?
  - Preparing deposits and turnover sheets?

Cash/Receipts Questions

- Are checks endorsed immediately upon receipt?
- Are receipts kept in a secure location until deposit (e.g., safe, locked drawer, etc.)?
- Is access to credit card terminals, cash registers and cash boxes restricted to authorized personnel?
- Are deposits made in compliance with Cash Handling Policies & Procedures guideline?

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- Are processed credit card charges/credits handled properly and timely?

### **Requirements for Deposits/ Frequency of Deposits**

Deposits in excess of \$ 2,000.00 must be turned over to the Treasurer within one business day of receipt. Deposits less than \$2,000 but greater than \$1000 must be turned over to the Treasurer within 2 business days. Deposits of less than \$1,000 may be turned over on a weekly basis.

All cash receipts received by the Treasurer's Office will be posted within 5 business days of their receipt.

### **Procedures for Receipt and Collection of Cash**

#### **Purpose**

This section of the document summarizes the proper procedures to collect currency, checks and charges.

#### **Manual Processing**

Cash collected should be balanced on a daily basis. At day's end or as expeditiously as possible, the whole deposit is to be transported to the Treasurer's Office for validation and deposit to the bank.

Receipts should be kept in a locked metal box or cash drawer at all times. Department Heads or Department Head's designee must sign off on any turnover sheets.

#### **Procedures for Cash Sales**

- All Individual sales should be recorded.
- The cash drawer should never be left open unless a transaction is being processed.
- All totals should be balanced at the end of the day or at a change of shift.

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- Accountability for sales proceeds should be assigned to specific individuals, so that each employee is assigned her/his own cash drawer. Funds should not be commingled between cash drawers.
- Overages and/or shortages should be fully and immediately documented in writing, and submitted to the department head and the Treasurer.
- Department Heads and the Treasurer should perform periodic, unannounced *cash reconciliations* of cash drawers.
- Any questions regarding how to reconcile can be addressed to the Treasurer or Town Accountant. The Treasurer will make unannounced periodic visits to any town buildings to reconcile cash drawers and/or petty cash during normal business hours.

### **Check Acceptance**

- Checks should have the customer information pre-printed on the face of the check.
- Starter/blank checks may not be accepted without approval by an authorized supervisor. Proper identification (Driver's License must be presented and name, address and phone number will be noted on the face of the check before being approved by a supervisor.)
  - The individual receiving the check is to initial the face of the check as evidence of personal responsibility for complying with all information and identification requirements.
  - Information regarding identification of services should be printed in the memo section of the check, which will help in the event of a returned check.

### **Limitations on Acceptance of Payments by Check**

Departments are not authorized to return currency to the payor in the event that the check exceeds the amount due the Town of Wellfleet. Departments may not accept post-dated checks.

### **Returned Check Procedures**

Any checks returned by the town's depository banks as uncollected are sent to the Treasurer's Office. Examples of returned checks include; non-sufficient funds (NSF), account closed, payor's signature missing, refer to maker and post dated or stale dated checks.

The Treasurer's Office will prepare a negative receipt, debiting the originating department's account for the amount of the check, and assesses a service fee

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(currently \$25.00). The Treasurer's office will notify the department of origin of the returned check and will pursue its collection. The department of origin will revoke any services purchased until restitution is made. Upon restitution, the Treasurer's office will notify the appropriate department.

### **What the Treasurer Does with the Department's Deposits**

Treasurer's office staff will count the funds in front of the departmental representative and will verify that both the funds and turnover sheet agree. All departments adhere to this checklist below.

#### **All of the following should be verified:**

##### CHECKS:

- They are endorsed
- Dates are not stale-dated, post-dated or expired date
- Checks should be made payable to "Town of Wellfleet"
- Written amount and numerical amount agree
- Payor's signature is not missing
- Checks are drawn in U.S. funds

##### CASH:

- Make sure the count is accurate
  - Look for counterfeit currency
  - Look for altered currency
  - We do not accept foreign currency
- 
- Verify that the funds received equal the amount on the turnover sheet

### **VISA/MASTERCARD/DISCOVER/AMERICAN EXPRESS**

Charge card transactions are monetary transactions and therefore are subject to the same control and reconciliation policies as cash transactions. A daily accounting of receipts, from sales or deposits, should be balanced against these electronic transactions. They should then be deposited with any currency, coins, and checks at the Treasurer's office.

All departments authorized to accept charge, credit and debit card payments must exercise reasonable care in screening transactions to reduce card misuse and loss of funds.

### **Charge, Credit and Debit Card Deposit Requirements**

Charge, credit and debit card deposits in excess of \$ 2,000.00 must be turned over to the Treasurer within one business day of receipt. Deposits less than \$2,000 but greater than \$1000 must be turned over to the Treasurer within 2 business days. Deposits of less than \$1,000 may be turned over on a weekly basis.

### **Petty Cash Funds**

All departments maintaining petty cash funds should exercise controls over their use. A petty cash fund is a small amount of currency issued and held by departments to cover payments of day-to-day miscellaneous department purchases and postage charges. The petty cash fund is not to be used to circumvent town procedures and record keeping in regards to purchases and payments.

- A custodian for the fund must be appointed and is the party responsible for safekeeping, disbursing, and balancing the fund.
- The custodian of the fund is fully responsible for the safekeeping of the fund and for its proper usage. The custodian must exercise caution in the administration and protection of the fund in his/her possession.
- Access to the fund should be limited to the petty cash custodian.
- The fund should be locked in an office safe, file safe, or reinforced lockable file and the key should be kept in the custodian's possession. At no time should the funds be left in unlocked desk drawers or cabinets. Funds should not be retained in desk drawers or standard file cabinets since they are easily accessed with minimal forcing or readily available keys.
- Petty cash funds must not be commingled with any other funds or used for any purposes other than those listed in this policy document.
- Any discrepancies in the fund are the responsibility of the custodian and the departmental administration.
- It is the responsibility of the custodian to follow current town policies and procedures in maintaining the petty cash fund.

### **Procedure to Change Custodian**

If a fund custodian is transferring jobs or terminating employment at Town of Wellfleet, the fund shall be counted and reconciled by the current custodian and then turned over to the new holder. The new custodian should acknowledge receipt of the fund by signing a form documenting the transfer of funds and the

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accompanying responsibility. The form included on the next page may be copied or printed from this document and used for this purpose. Completed form should be sent to the Treasurer.

Transfer of Petty Cash Fund Accountability

To: Treasurer:

From: Custodian (printed)

\_\_\_\_\_

Department \_\_\_\_\_

The Petty Cash Fund of this department in the amount of \$ \_\_\_\_\_ is being transferred to a new custodian. The fund has been counted and receipts and cash totaling \$ \_\_\_\_\_ have been turned over to the new custodian.

Transfer by Former Custodian:

(signed) \_\_\_\_\_

(printed) \_\_\_\_\_

Phone # \_\_\_\_\_

Received by New Custodian:

(signed) \_\_\_\_\_

(printed) \_\_\_\_\_

Phone # \_\_\_\_\_

Approved by Supervisor:

(signed) \_\_\_\_\_

(printed) \_\_\_\_\_

Phone # \_\_\_\_\_

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### **Fund Restrictions**

- Petty cash funds are to be replenished by the department head monthly, so that the balance in the fund remains constant. Currency and coin plus petty cash receipts in the fund should always equal the authorized amount of the fund.
- This fund belongs to the Town of Wellfleet and should be kept on Town property at all times. As such, the fund can be subject to an unannounced count by the Treasurer during normal business hours.
- **No money may be loaned or borrowed from the fund for personal use. Doing so could result in dismissal from town employment.**
- The fund may not be used to cash personal checks.
- Mishandling of funds may result in disciplinary action up to and including dismissal and/or prosecution of involved employees and/or relinquishment of the fund by the department.

### **Petty Cash Fund Disbursements**

- Petty cash disbursements may be made for: Emergency department purchases or any purpose approved by a department head.
- Employee gifts should never be purchased with these funds.
- A receipt or invoice should be obtained for each expenditure. Receipts should show the date, amount and description of purchases.

### **Petty Cash Fund Reimbursements/Reconciliation**

- Receipts and Petty Cash box should be reconciled quarterly by a department head or their designee. Under no circumstances should the custodian verify the fund.
- Reimbursements should not be made for receipts presented which are older than 90 days.

### **Overages and Shortages**

Overages and shortages must be fully and immediately documented in writing. The written report must be submitted to the department head and the Treasurer ..

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### **Theft or Loss of Funds**

- Shortages in the fund must be reimbursed. The reimbursement of the shortage should bring the account back into balance.
- If Burglary or theft is suspected, the Wellfleet Police Department should be notified immediately.

### **To Close or Decrease a Fund**

If the petty cash fund is no longer needed by the department for the purpose intended or if the amount of funds on hand is too much, it is the custodian's responsibility to close or decrease the fund. The cash amount of the fund/fund reductions must be turned over to the Treasurer.

Petty cash funds may be revoked at any time and may be centralized in the Treasurer's office.

### **Guidelines in the Event of and Following a Robbery**

The following guidelines are provided to help ensure staff safety and minimize loss to the town. Unnecessary risks should never be taken.

Cooperate with robber. Avoid any confrontation. Stay as calm as possible. Take no risks. Try not to panic or show any signs of anger or confusion.

Make a mental note of any descriptive features or distinguishing marks on the robber, such as his/her clothing, hair/eye color, scars, tattoos, etc. Touch nothing in areas where robbers were and note specific objects touched by robbers.

If it is safe to observe, the direction the robber took should be determined. If possible, observe color and make of vehicle leaving the scene. The victim should, above all else, remain calm and try to remember the details. Write them down. Try to be alert and observant.

Contact the Wellfleet Police Department as soon as possible. The form included on the next page can be used to assist you in the details of the robbery.

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**ROBBERY DETAILS**

Hair color: \_\_\_\_\_

Eye color: \_\_\_\_\_

Scars: \_\_\_\_\_

Tattoos: \_\_\_\_\_

Shirt: \_\_\_\_\_

Tie: \_\_\_\_\_

Coat: \_\_\_\_\_

Trousers: \_\_\_\_\_

Shoes: \_\_\_\_\_

Sex: \_\_\_\_\_

Age: \_\_\_\_\_

Weight: \_\_\_\_\_

Direction of escape: \_\_\_\_\_

Method of escape:

On foot: \_\_\_\_\_ or by Vehicle: \_\_\_\_\_

Vehicle make: \_\_\_\_\_

Vehicle color: \_\_\_\_\_

Number of suspects: \_\_\_\_\_

Type of weapon: \_\_\_\_\_

Other remarks:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CONTACT POLICE AT 508-349-3702 OR CALL 911**

## Glossary of Terms

**Accounts Receivable:** Amounts due the town for miscellaneous receipts, taxes or services received.

**Balance Sheet:** A statement showing the town's financial position at the end of an accounting period.

**Cash:** Includes all currency, checks, money orders, or charge card transactions.

**Cash Drawer/Cash Box/Cash Register:** Anything used to store revenue and make change for any monies received by the town.

**Custodian:** The employee that is solely responsible for the petty cash fund

**Depository Bank:** The designated bank to which the town deposits all general fund monies.

**Detail report:** A listing of receipts processed for a particular batch or deposit.

**General Ledger:** The name of the ledger containing all of the financial accounts, maintained by the Town Accountant. It has equal debits and Credits as evidenced by the trial balance.

**Journal Tape:** A cash register tape holding the printed record of all transactions rung through that register; a permanent record.

**Over and Short:** The title for a departmental account used to account for differences between book balances of funds and actual funds on hand.

**Petty Cash:** An amount of currency kept on hand for miscellaneous or emergency purchases. (Must be approved by department head.)

**Reconcile:** To balance to a separately maintained set of data.

**Reconciliation:** A calculation that shows how one balance or figure is derived systematically from another.

**Revenue:** The increase in assets or decrease in liabilities during an accounting period, primarily from operating activities.

**Stale Dated:** A check that is dated in the past, typically six months or more.

**Starter/Blank Checks:** Checks that issued with no pre-printed name address, or check number, usually issued when a new bank account is opened.

**Totals Report:** A summary by card type of the total amount in dollars of the sales and credits to be closed out. (Used for credit card machine purchases.)

**Void:** A transaction that has been deleted or replaced by another.