

**City of Pacific Grove
Council Policy**

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Purpose

The purpose of this Cash Handling Policy is to provide guidelines for standard City-wide cash handling practices for City of Pacific Grove employees. Certain locations within the City of Pacific Grove have employees that are required to receive, deposit, account for and safeguard cash/checks, and account for credit card transactions and change funds in their possession.

The Finance Director is authorized to promulgate rules for establishing procedures for the receipt, handling, documenting, reporting, safeguarding and depositing of City Cash. The term "City Cash" applies to currency, coin, checks, credit card payments, other electronic payment media and other negotiable instruments payable to the City.

Finance Department Responsibilities

It is the responsibility of the Finance Department to track and ensure the timely deposit of City funds collected or generated at authorized locations and account for all funds submitted by all revenue collection sites. The Finance Department will assist and provide materials needed to departments and cashiers as follows:

- The necessary training to authorized cashiers to handle all cashier responsibilities and all forms used to account for revenues.
- A cashiers' training class will be provided on an as needed basis by the Finance Department to ensure continuing education and training for cashiers.
- The Finance Department will perform cash deposit reconciliations between bank records and cash receipt vouchers that are input into the Financial System. Any discrepancies resulting from errors by the bank or the City will be resolved by the Finance Department.
- The Finance Department will provide revenue locations with a change fund to allow cashiers to give change to customers. These change funds at City locations are subject to random audits with no advance notice by Finance staff.

Department Responsibilities

The following responsibilities must be exercised by each department to ensure compliance with the City-wide Cash Handling policy:

- It is the department's responsibility to ensure that staff and program managers follow and comply with the City-wide Cash Handling Policy.
- Program managers must ensure that all new authorized cashiers receive training from the Finance Department before accepting any payments.
- Any problems with missing money should be reported to the Finance Department the same day.
- The program manager is responsible for assigning keys to cash boxes and providing safe

combinations to cashiers. When personnel changes occur, the program manager is responsible for collecting keys and changing safe/cash box combinations. Any time an employee with access to the safe is no longer required to have access to a safe or cash box, the combination must be changed.

Daily Operations

Each cashier at each City location will perform daily cashiering operations in a manner consistent with the City-wide Cash Handling Policy.

Opening Activity/Cash Drawer

Each revenue site will have a cash drawer. Upon setting up the cash drawer, the following procedures must be followed:

1. Verify the dollar amount of the beginning cash before any transactions take place.
2. Arrange coin and currency in a consistent manner. The cash drawer is divided into separate compartments for different currency denominations, checks, credit card receipts, etc. It is recommended that smaller denominations be located to the far right, and the larger denominations be located to the left. The standard bank practice is from left to right (\$20s, \$10s, \$5s, \$1s, etc.)

Receiving City Funds

The City of Pacific Grove only accepts payments in U.S. Currency in the form of cash, traveler's checks, money orders, cashier's checks, credit cards and first party checks drawn on federal or state chartered banks, savings and loan associations or credit unions. The only exception to the payment method is the repayment of returned checks. All payments for returned checks must be in the form of cash or money order for the amount of the returned check plus the fee imposed for returned checks.

A. Checks must be made payable to the "City of Pacific Grove" in the exact amount of payment due. If a check is made out in excess of the amount due, see the section for refund procedures. No cash change may be given for any check transaction.

- Checks may come in the form of *Personal checks, Company checks, Cashier's checks, Personal money orders* and *Traveler's checks*.
- No personal checks may be exchanged for cash.
- No third party checks (checks made payable to another party) may be accepted.
- No checks drawn on foreign currency may be accepted.
- Any individual making payments for checks that have been returned by the bank unpaid must be sent to the Finance Department for processing. Payment for such items must be in cash or money order in the amount of the check plus applicable fees for returned items unless an alternative payment method is approved by Finance.

B. Credit Card Transactions: these transactions are processed using an electronic Point of Sale (POS) system. Credit cards must be authorized on the credit card machine. Upon approval, the credit card machine will generate a sales slip for the customer's

signature. The original sales slip is kept in the cash drawer; a copy is given to the customer. All credit card transactions must be recorded on the cash register the same day the transaction takes place.

General Guidelines for Receiving Currency and Coins

The following steps must be taken for receiving currency and coins:

1. *Always* keep money received in view of the customer.
2. *Never* place money received in the cash drawer before the transaction is completed.
3. Count all currency and coin in the presence of the customer.
4. Verify the grand total against the amount listed on the billing or invoice.
5. If any discrepancies exist between your total and the customer's total, count the money again.
6. Put away currency and coins from the last transaction before starting a new transaction.

Making Change

- Change should be counted at least twice; once when the cash handler counts it out of the cash drawer and a second time when the cash handler counts it back to the customer.
- Customers should be encouraged to count the change on their own before they put it in their pocket for accuracy.
- Always give the customer a receipt and put the amount received in the cash drawer and close the drawer.

Preparing Receipts for City Funds

All customers must receive a receipt when paying for City goods or services. If a cash register is not available, then a manual receipt must be provided to the customer. These materials provide the Finance Department with a standardized audit trail should payments require research.

- ***Cash Register Receipt:*** the receipt from the cash register should include name (City of Pacific Grove), department, phone number, date, time, clerk number, transaction number, method of payment, purpose of payment, and total amount paid.
- ***Manual Receipts:*** if a pre-numbered manual receipt book is used, the customer gets the white copy, the yellow copy remains in the receipt book for the permanent record. The receipt should include date, department name, payor name, amount paid, method of payment (check, cash, etc.), purpose of payment, and name of cashier receiving funds.

Refunds

If original payment was made by cash or check, the refund must be in the form of a check through a check requisition. If the original payment was made using a credit card, a credit card refund must be generated. The refund must be authorized and approved by authorized department personnel. ***Cash refunds are not allowed at any location.***

- A. ***Check Refunds:*** all check refunds must be done through a Request for Warrant. Each request needs department approval and must be sent to Finance for final review and

approval. The check request for refunds must include proof of payment (receipt), the date paid, amount paid, purpose of payment, and the financial system account that was credited when payment was originally received.

- B. ***Credit Card Refund:*** all refunds must be made to the same credit card number used to make the initial payment. Credit card refunds are only for refunding payments received via credit card. Credit card refunds need to come out of the same account that was credited when the payment was received. The same documentation and department approvals as indicated under "check refunds" apply. If a refund is required 24 hours after payment, period a refund must be issued by request of warrant via Accounts Payable.

Safeguarding City Funds

Revenue must be safeguarded to prevent loss. As part of the custodial responsibilities of cash handlers, City funds must be secured at all times. The cash handler is responsible for monies received. Safeguarding includes maintaining control of funds from receipt to delivery to Finance, access to safe combinations and keys, cash register controls, and overall security measures. The following security measures are important for all operations.

- If a safe is used, lock all funds in the safe. The combination to the safe must be restricted to authorized personnel only. When personnel changes occur, the combination must be changed. If a cash box is used, the box and its contents must be under the direct control of assigned personnel. At night, the cash box must be locked in a secure place (if no safe is available) to protect any cash that has not been deposited.
- If a cash register is used, the register must be totaled at the end of the day, and all monies removed. The cash register keys must be removed from the register at night to prevent unauthorized access to the internal tape.
- All cash registers should be closed and cash receipts delivered to the Finance Department no later than 4:45pm Monday through Friday.
- If cash receipts are received on weekdays, the Program Manager is responsible for securing the cash until it can be delivered to the Finance Department at the next available time.

Closing Activity

- To begin the closing activity, the cash drawer and supporting documents need to be removed from use for close-out.
- Balancing should occur out of public view in a location away from the collection area to protect the safety of the cash handler and prevent interruptions.
- Run the tape on cash register or sales report.
- Run the summary report on the credit card machine to make sure it balances to the cash register. The summary report should list all credit card transactions for the day. If it does not agree with the cash register, research and correct the discrepancy.
- Compare your total money received with the total on the tape from the register tape or sales report. These two amounts should match. If any discrepancies exist, cash handler should research them and make the necessary corrections. Re-run the tape. Document all

your corrections by explaining the transaction number you are correcting and the reason for the correction.

- Count currency, coins, checks and credit card transactions separately and list them on the daily transmittal sheet. Deliver all to Finance no later than 4:45pm.

Reporting Overages/Shortages:

A **Shortage** is an unintentional collection error such as an error in making change. An **Overage** occurs when a cash handler has collected too much money and cannot immediately return the excess to a specific customer. In case of an overage or shortage, every effort should be made to locate amounts causing the out of balance condition regardless of the amount of the overage/shortage. If an out of balance cannot be identified or corrected, prepare the bank deposit and report it on the cash receipt as an overage/shortage.

Adopted: Resolution 15-055 (October 21, 2015)