

**CITY OF LAREDO**  
**CASH HANDLING POLICY & PROCEDURES**  
**REVISED NOVEMBER 8, 2016**

CASH POLICY APPROVED ON 8<sup>th</sup> DAY OF NOVEMBER, 2017

  
JESUS M. OLIVARES, CITY MANAGER

**CITY OF LAREDO**  
**CASH HANDLING POLICY &**  
**GENERAL PROCEDURES FOR CASH RECEIPTS**  
**Revised October 21, 2016**

- Purpose:** To establish and implement appropriate procedures for the flow of cash, checks, money orders and credit cards received by the City of Laredo Department/Division(s).
- Objective:** Each Department/Division should ensure that all money received by the City is properly processed, deposited and accounted for. To this end, the procedures below describe the general requirements necessary to safeguard the cash receipts of the City. The Department/Division(s) are primarily responsible to ensure that they comply with the City of Laredo Cash Receipt Policy.
- Procedure:** Cash Handling

Proper Receipt Forms

The Department/Division(s) must maintain pre-numbered receipts to be issued upon the payment received. Below are the two methods of issuing receipts depending on the individual Department's receipting system.

Manual Receipts

1. Receipt books should be strictly controlled until used, should be pre-printed with "City of Laredo" and must have a three-part receipt.
2. A designated employee in the Financial Services Department will issue unused receipt books to the Department/Division(s) and will maintain a log tracking the receipt number series being assigned to each Department/Division(s). The Department/Division(s) should not be issued or have in its possession more than a one month supply of receipt books at any one time. The Department Designated Supervisor must maintain custody of the unused receipt books until the employee who issues out receipts needs them.
3. Only one cash receipt book should be used per cash handler. The Department/Division(s) should issue a new unused receipt book to the employee only upon the completion of the used book. Employees need to notify their Division Manager or Designated Supervisor when a book is almost used so a new book can be obtained from the Financial Services Department.

### Automated Receipts

1. Department/Division(s) using the I-Series Miscellaneous, Cash Receipts Application or Stand-Alone Applications must use duplicate computer paper in order to generate a two-part receipt, with the original receipt issued to the customer and the duplicate copy submitted to the Finance Department.

### Separation of Duties at the Department/Division Level

Employee B:

The responsibilities of Employee B include the handling of cash, checks money orders and credit cards, the issuance of receipts and the preparation of the bank deposit. For the purposes of this policy, an employee is defined as either a full-time or part-time City employee hired to perform specific tasks that may include the collection of monies. Contractual employees are not allowed to have cash handling responsibilities.

### Handling of Cash, Checks, Money Orders, and Credit Cards

1. Checks or money orders must be endorsed immediately at point of receipt with a stamped restrictive endorsement indicating "For Deposit Only – City of Laredo Department/Division Name." Checks or money orders which are embezzled due to the lack of a restrictive endorsement will be viewed as negligence on the part of the City employee issuing the receipt who failed to endorse the transaction.
2. Employees are prohibited from cashing checks or money orders with funds from their cash receipts. Collections must be deposited intact. Any refunds or purchases cannot be made with funds from the daily collections. Department/Division(s) issuing refunds are responsible for ensuring that a method for issuing refunds is suggested to and approved by the Financial Services Department.
3. Each cash-receiving department should maintain strict control over the access to cash and should maintain a safe, vault or similar secure area for the storage of cash on hand. It is highly recommended that a fireproof safe box be purchased. Employees who have cash unsecured in this manner will be personally responsible for loss of funds. Cash should not be left unsecured on desktops or in unlocked drawers.
4. Employees are strictly responsible for their own change fund. Employees are prohibited from handling change funds that belong to other employees.

5. Each employee who receives cash should have a separate cash box or register drawer and should be responsible for balancing his or her cash on hand at the close of each business day. This employee is responsible for preparing the bank deposit slip and securing funds in a locked bank bag.
6. Employees relieving cashiers for breaks or lunch must have their own cash drawer and must open individual receipt batches.

#### Issuance of Receipts

1. A receipt must be issued for each intake of cash, checks, money orders, and credit cards. Receipts cannot be replaced with pre-numbered documents such as “building permits” or “birth certificates”, etc. The receipt must identify the receipt number, the customer name, payment type for which the money was collected, an identifier for the person issuing the receipt and the date and time the receipt was issued. For those Department/Division(s) using either the I-Series or a Stand-Alone Software Program for issuing receipts, if the automated system being utilized is inoperable, then the Department/Division must issue Manual Receipts as a backup. Once the automated system is back online, the manual receipts must be entered into the automated system.
2. In case of error, the receipt should be marked “void” and the original and second duplicate copy should be attached to the Cash Receipt Listing in proper numerical order. The original receipt should have the signatures of the Supervisor authorizing the “void” transaction and the employee generating the receipt. For automated receipts, the receipt must be voided by the Supervisor.
3. Distribution of the Triplicate Copy Receipt: (a) The original receipt should be issued to the customer in receipt of over-the-counter payments. (b) The second duplicate should be forwarded to the Financial Services Department for accounting purposes as described in “Preparation of the Cash Receipt Listing” (c) A third duplicate receipt should be retained by the receiving department in a permanently bound book for accounting/auditing purposes. For those Department/Division(s) still using Manual Receipts, upon full usage of the book, it should be turned into the Department Director who will ensure that records are properly stored. Any new receipt book should be issued to the employee at this time.
4. Automated Payment Systems: A confirmation number will be provided by the online service provider as proof of payment. This confirmation number will take the place of the issuance of a receipt.

### Preparation of the Bank Deposit

1. Each Designated Supervisor is responsible to ensure that all cash, checks, money orders and credit card transactions are balanced at the end of the day for each employee with collections.
2. The employee collecting the revenue must perform a cash count, which requires all cash and coin to be organized by denomination. A cash count sheet should be prepared in triplicate and signed by the revenue collecting employee (Exhibit 1). If no cash was received, the cash count sheet should indicate "No Cash Received." Checks and money orders must be listed in the cash count sheet and two copies must be made of the checks and money orders. One copy of the checks and money orders will be forwarded to Financial Services with the Cash Receipt Listing, and the other copy will be maintained at the Department/Division level. Those Department/Divisions that currently use the DIY Remote Access check scanning system will not be required to submit copies of checks or money orders received since images are electronically captured; **however, Department/Divisions will be required to submit a "Deposit Results" report in detail along with a deposit confirmation notification.** Department/Divisions utilizing the DIY Remote Access check scanning system must maintain the original checks received for a period of thirty (30) days in a secure location. Each department is responsible for shredding of original checks past the retention period.
3. Once the employee collecting the revenue has completed Step #2 above, they should advise their Designated Supervisor, who will then perform a cash count, in the presence of the employee. If the cash count is correct, the Designated Supervisor will sign the three copies of the cash count sheet. One cash count sheet will be forwarded with the deposit, one will be forwarded to Financial Services as support to the Cash Receipt Listing and the third will be maintained by the Department/Division(s). The white and yellow copies of the deposit slip will be forwarded to the bank and the pink copy will remain with the Department/Division.
4. Once the amount is confirmed, the employee must secure the funds in a locked bank bag in the presence of the Designated Supervisor and submit the funds for deposit. The employee collecting the funds will always maintain custody of the collected funds until they are secured in a locked deposit bag and submitted for deposit, unless a central cashiering procedure is approved by Internal Audit and Financial Services.

5. Funds collected before the closing of each Department/Division's designated cut off times must be kept in a safe box / vault and secured until the next business day. Collections received after designated cut off times must also be secured in a safe box / vault until the following business day.
6. In the event that an employee is unable to complete the end of day closing process, the Division Manager or the Designated Employee shall assume the role of Employee B above and prepare the deposit in the presence of another employee.

Employee C: Employee C has the responsibility of preparing the Cash Receipt Listing or perform the cash posting through the I-Series.

Preparation of the Cash Receipt Listing

1. A separate employee (not Employee B) must prepare the Daily Cash Receipt Listing (Exhibit 2). The "Cash Receipt Listing" is prepared based on the receipts issued, copies of the checks, money orders and credit card transactions received and an approved Cash Count Sheet. Department/Divisions using the DIY Remote Access system are not required to submit copies of checks and/or money orders.
2. Locations using the I-Series System for Cash Receipts must submit the Cash Posting and General Ledger (G/L) Batch Generation.
3. Under no circumstance will a copy of a receipt be submitted. If "voided" receipts are accidentally torn or damaged, the entire receipt must still be submitted to the Financial Services Department.
4. The Cash Receipt Listing should be supported by the duplicate copy of issued and voided receipts organized by receipt number, a copy of the Cash Count Sheet, a copy of the checks, money orders and credit card transactions received and the strip which is detached from the secured deposit bag. For those Department/Division(s) using the I-Series, the Cash Receipt Listing must also be supported by the Cash Posting and G/L Batch Generation.
5. Those Department/Division(s) are not required to submit the above mentioned documents due to the high volume of transactions must have a written and approved waiver signed by the Financial Services Department Director on file. In addition, these locations must ensure that these documents are properly stored and readily available for audit.

6. Remit all Cash Receipt Listings to the Financial Services Department by 5:00 pm the next working day. The Financial Services Department will date and stamp the Cash Receipt Listings. All Department/Division(s) submitting Cash Receipt Listings in violation of this policy will be reported to their respective Department/Division Manager for corrective action. Non-compliance will be documented by the Financial Services Department and reported to the City Manager's Office and the Internal Audit Division.

Employee A: Employee A is the Designated Supervisor or designated employee that conducts a review of the bank deposit and the Cash Receipt Listing.

Review of the bank deposit and the Cash Receipt Listing

1. A Designated Supervisor must verify the bank deposit and Cash Receipt Listing. The verification will consist of ensuring there are no mathematical errors and that all transactions for which a receipt has been issued are included in the deposit.
2. The Designated Supervisor must review the receipt number series corresponding to the bank deposit to identify any breaks in the number series. Discrepancies should be investigated immediately. The employee preparing the bank deposit or the Cash Receipt Listing cannot perform the Designated Supervisor verification.
3. The Designated Supervisor must confirm that the totals from the Cash Receipt Listing, Cash Count Sheet and the Bank Deposit Slip agree. Discrepancies must be resolved immediately. If employee theft or loss of funds is detected, the Designated Supervisor must follow the Procedures for Lost or Stolen Funds section below.
4. The Designated Supervisor must perform a confirmation of the deposit as described in Step # 3 of Preparation of the Bank Deposit.

Financial Services Department Review

1. Department/Division Cash Receipt Listing will be reviewed by the Financial Services Department and the supporting receipt number series will be verified for completeness and posted to a control log. The Financial Services Department will log the beginning and ending number series of receipts issued for the deposit and identify any discrepancies, which will be immediately reported to the Department Director and the Internal Audit Division.

2. The Department/Division will be primarily responsible for verification and review of the deposits and cash receipt listings. The Financial Services Department will issue a notice of violation for non-compliance with the City of Laredo Cash Handling Policy. These notices of violation will be summarized in a monthly report and submitted to the City Manager's Office and Internal Audit for review.
3. The Financial Services Department employee designated with maintaining the control log, mentioned above, will also be responsible for issuing unused receipt books to the Department/Division(s) still using Manual Receipts.
4. Once the deposit slip is returned from the bank, the Financial Services Department will ensure that the deposit slips are properly stored and readily available for Internal Audit review.

#### General Requirements

1. Department/Division(s) receiving payments on accounts should ensure that a system is in place to enable the immediate identification of delinquent accounts and reconcile credits to the Cash Receipt Listing.
2. Every cash receipt location should post a notice indicating that City staff must issue a receipt for every transaction. The notice should indicate to the citizen that failure to receive a pre-printed receipt should be reported to the Division Manager or Designated Supervisor and the Internal Audit Division. Receipt notices may be obtained through the Internal Audit Division.
3. Lock Box Service for mail receipts is recommended for Department/Division(s) who receive payments through the mail and for which it has been determined that the service is cost effective and necessary. The Department/Division is responsible for contacting the Financial Services Department to identify the volume of mail receipts so that they may determine if a lock box system is cost effective. If the Department/Division does not require a lock box service, they are responsible to ensure that a list of receipts is prepared by someone other than the employee preparing the deposit.
4. Receipts should be recorded by the receiving department chronologically in a permanent journal or other accounting medium. The receipt book will serve to meet this requirement; however, Department/Division(s) that issue receipts related to programs such as summer swimming programs or clinic vaccination programs should maintain a registration log of all participants.
5. For those Department/Division(s), currently issuing manual receipts or receipts from the I-Series, who would like to migrate over to a Stand-Alone Program for issuing receipts, prior written approval from the Financial Services Department, the Internal Audit Division and the Information Technology/Support Department will be required.



6. Each Department/Division must either develop a Cash Coverage and Shortage Policy or utilize the City's Over and Shortage Agreement. The policy should be submitted to the Financial Services and Internal Audit Departments. The policy must have an employee acknowledgement signature indicating the employee understands the policy's content and understands their responsibilities with respect to the duties described therein.
7. Department Directors will ensure their Designated Supervisors are properly trained on the City of Laredo Cash Handling Policy. Designated Supervisors are responsible for ensuring that employees assigned cash handling responsibilities are properly trained in the City of Laredo Cash Handling Policy prior to being assigned these responsibilities.
8. Compliance with the City of Laredo Cash Handling Policy is the responsibility of each Department Director. The Department Director may designate one contact person who will receive reports of non-compliance with the Cash Handling Policy and who will be responsible for ensuring that discrepancies are investigated immediately.
9. Department/Division(s) are prohibited from handling cash receipts of non-City funds unless authorized by the City Manager.
10. For special events held at a remote location where funds are collected for a third-party organization or City sponsored functions, City employees must follow the procedures outlined in the City's Cash Handling Policy. Custody of collections on special events must always remain with the designated collector until either deposited at the City's depository institution or vaulted at a City facility, no exceptions. Security presence must be requested and planned in advance for events with collections. No funds shall be taken home.

Special events may occur where manual receipts are not a practical procedure. The department will be required to consult and obtain approval by the Financial Services Department on alternate method of accepting cash.

### **Procedures for Lost or Stolen Funds**

**If funds are detected as lost or "possibly" stolen, the following steps must be taken:**

- A. The cash receipts location's Designated Supervisor must notify the Department Director immediately who will in turn notify the Financial Services Department.
- B. The Department Director must provide the following information to the Financial Services Department:
  1. An estimate of the amount missing
  2. The suspected period of occurrence
  3. A description of the type of collections
  4. How the incident was detected and occurred
  5. Identification of the employees involved and the responsible Designated Supervisor

- C. Based on amount and event, Financial Services Department will remedy the occurrence by notifying the City Manager's Office, Internal Audit Division, and the Police Department.
- D. The City Manager will take necessary actions and designate the appropriate City departments to resolve the case. Resolution of case may result in cash reimbursement and/or disciplinary action leading up to termination.

**Failure to comply with any provisions of this policy will result in disciplinary action up to and including termination.**