

SUBJECT: PROCEDURES FOR CASH HANDLING

I. PURPOSE:

The City of Long Beach's central cashing function is performed by the City's Financial Management Department, Financial Services Division. Other departments receive cash, checks and credit card charges for services, and authorized employees share the responsibility for stewardship of financial assets for the City.

The purpose of this regulation is to establish uniform policies and procedures for Cash Handling to safeguard public funds and prevent mishandling of cash. Authorization and control of cash for all departments shall be executed in accordance with the provisions of this regulation.

II. SCOPE:

This regulation is applicable to all City departments and offices under the direction of the City Manager. In the interest of administrative uniformity, it is recommended that City elected offices and other independent offices and departments of the City comply with these procedures.

III. AMENDMENT

The City Manager may amend or update the policy, procedures and contents in this regulation in accordance with the provisions set forth in Administrative Regulation AR1-1.

IV. PROCEDURES – GENERAL CASH CONTROLS:

- a. It is the Department Manager's responsibility to ensure proper internal controls over the handling & safekeeping of cash are established, maintained and regularly monitored. This includes system controls as well as manual process controls. While departments may have unique cash collection processes, all general controls listed in this Administrative Regulation should be implemented.
- b. The number of employees with access to cash funds shall be limited to assure proper internal controls. The Department Director shall grant access authority.
- c. Segregation of Duties – The function of the cashier or custodian of cash balances must be physically separated from accounting, record keeping, and approval functions to ensure no one employee or group of employees has total control over the cash handling process.
- d. Supervisory oversight – A supervisor not assigned to cash custodial responsibility must verify and approve the daily reconciliation and the FAMIS Deposit Receipt.
- e. Safeguarding/limited access to cash and safe:
 - i. Cash held overnight should be kept in a locked safe or other secure area; cash should be verified and placed in the safe in dual custody.

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- ii. The number of authorized employees with access to the safe should be limited to the fewest number necessary for the conduct of business.
- iii. Combinations or keys to safes or cash register drawers should be restricted to authorized employees and be secured at all times during business and non-business hours.
- iv. Safe combinations or locks should be changed as necessary, and immediately following the departure or permanent reassignment of a cashier. Authorized employees with access to safes and/or cash register drawers should be instructed to maintain confidentiality of safe combinations and location of keys.
- v. A cashier and counter supervisor shall oversee the removal and placement of the cash register drawers into or from the safe daily. A separate cash drawer shall be issued for each employee who handles cash. Do not share cash drawers.
- vi. For departments with cashiering systems, a cash register shall be used for all transactions and to secure cash during operating hours.
- vii. The beginning cash drawer balances shall be verified by the cashier and a supervisor daily to assign accountability.

VI. CASH RECEIPTING:

- a. All departments with cash operations shall have a permanent collection record, such as a cash register tape, that has the record of transactions including invoices, refunds or cancellations. All revenues collected in cash shall have a receipt issued at the point of sale or collection whether handwritten or electronically generated.
- b. All handwritten receipts shall be pre-numbered and used in sequential order; receipt books shall be verified daily to ensure sequence numbers are not used out-of-order.

VII. OVERAGES AND SHORTAGES:

- a. It is the cashier or cash custodian's responsibility to ensure cash on hand equal cash receipts at all times and the supervisor must verify the cash equals the cash receipts.
- b. Significant shortages and overages shall be reported to the Department Director, the Director of Financial Management and the City Auditor immediately.
- c. Cash overages and shortages, as well as any known circumstances surrounding the overage/shortage, shall be recorded and kept on file.

VIII. CASH DEPOSITS:

- a. The general operating standards for deposits of cash and checks to Central Cashiering or the bank shall be within twenty-four hours or the next open business day of receipts of those funds. Refer to City Administrative Regulation 21-1 for additional information.

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- b. All deposits shall be made intact; departmental receipts shall never be used to replenish petty cash or other funds.

IX. WRITTEN POLICIES AND PROCEDURES:

- a. It is strongly recommended that written cash handling procedures be developed and maintained by each department that manages cash receipts.
- b. Written procedures shall include authorization of person(s) to collect cash; off-site cash collection procedures; maintenance of cash receipt documentation; security and reconciliation of cash; preparation of bank deposits and deposit receipts, approval and deposit of cash to the bank or Central Cashiering; over/short procedures; and procedures to notify the appropriate City authority in event of a loss or theft.

X. TRAINING:

- a. All staff that handle cash shall be familiar with these cash handling policies.
- b. All staff that handles cash shall be trained on cash handling procedures by the department.

XI. DEFINITIONS:

- a. **Cash** refers to U.S. currency and coin.
- b. **Reconciliation** is a balancing process that accounts for the accuracy and any differences between cash register tape totals and actual cash totals and actual cash receipts totals.

City Manager



Date

3/1/11