 <b>CITY OF CARSON</b>		<b>POLICY/PROCEDURE</b>
NUMBER: 3.4		SUBJECT CASH RECEIPTS POLICY
ORIGINAL ISSUE: 7/1/69	EFFECTIVE: 7/1/69	
CURRENT ISSUE: 8/4/09	EFFECTIVE: 8/4/09	CATEGORY CITY TREASURER
SUPERSEDES 7/1/69 ISSUE		

**I. PURPOSE AND SCOPE**

To establish a policy and standard management procedure for the processing of and accounting for all incoming cash receipts and cash funds for the City of Carson.

The City of Carson deposits substantial sums of money each year carrying out the many functions and services that it provides. Taxpayers have a right to expect that the municipality's operations be carried out efficiently and expeditiously with adequate financial control and accountability.

The objective of this policy is to attempt to strike a balance between the need for division operating efficiency and flexibility and the need for financial control and accountability. It is also the purpose of this policy to implement uniform policies and procedures for depositing and maintaining funds that will ensure quality service and operational efficiency.

In the event a City employee receives cash, it should be properly safeguarded, accounted for, and documented. Under no circumstances should disbursements be made from cash receipts (e.g., for purchases or to cash personal checks for employees or associates).

Wherever possible, duties such as collecting cash, maintaining documentation, preparing deposits, and reconciling records should be separated among different individuals.

If separation of duties is not possible, compensating controls such as strict individual accountability and thorough management supervision and review are required.

Cash transactions involving the City, and its work groups, divisions and off-site locations are subject to all applicable state laws and City policies. It is the responsibility of each work group to receive adequate training on cash handling procedures and controls.

City employees are responsible for handling cash transactions accordingly. Failure to comply with all City policies regarding cash handling procedures may be considered a major rule violation and result in disciplinary action and/or reporting to law enforcement authorities.

The following guidelines serve as a model for establishing appropriate controls and provide opportunities to enhance control procedures over the collection, custody, and deposit of cash receipts:

## II. GENERAL

### Organization of the Cashiering Function

The City Treasurer's Office has primary responsibility for the collection, control and custodianship of all City funds and securities including those for which the City has agreed to act as fiscal agent on behalf of individuals, other institutions, organizations and governmental agencies.

### Specific Authority of the City Treasurer

The City Treasurer has specific authority to do the following:

- Establish and terminate cash funds and locations of cashiering operations and set limits on the use of funds.
- Establish and enforce policies and procedures governing the receipt, handling, custody and disbursement of money and securities.
- Require the establishment and maintenance of records giving full account of monies received and paid by the City.
- Select banking depositories to be used and policies governing their use.
- Establish and maintain banking arrangements for receiving, holding and disbursing City monies and securities.
- Authorize at the bank those individuals who can endorse checks, cancel endorsements or receive money from the bank in accordance with the Carson Municipal Code.
- Delegate responsibility and authority to others and define the limits of responsibility and authority of those designated persons.
- Establish and enforce minimum security standards applicable to all City cash handling operations.

### Collection/Payment Locations

Any request or requirement for the collection of monies for or payment of monies to the City at a location other than the City Treasurer's Office must be authorized by the City Treasurer and the General Manager of the applicable division as a cash receiving location.

Cash receipts are collected on behalf of the City of Carson as follows:

City Hall

Payments are accepted for all services offered by the City. Acceptable forms of payment are cash, check, money order, cashier's check or Visa/Mastercard credit/debit card.

Community Center

Payments are accepted for facility rental-related fees, transportation-related fees and all Human Services Division fees. Acceptable forms of payment are cash \$5.00 or less, check, money order, cashier's check or Visa/Mastercard credit/debit card.

Sports Complex

Payment is accepted for Membership Fees, miscellaneous equipment purchases and facility rental fees. Acceptable forms of payment are cash \$5.00 or less, check, money order, cashier's check or Visa/Mastercard credit/debit card.

Sheriff's Station

Payments are accepted for administrative tow fees. The acceptable form of payment is cash.

Recreational Facilities/City Hall Annex

Payments are accepted for recreational activities coordinated by off-site location. Acceptable forms of payment are cash \$5.00 or less, check, money order, cashier's check or Visa/Mastercard credit/debit card.

Internet Online Services

Payments are accepted for business license-related fees. Acceptable forms of payment are Visa/Mastercard credit/debit card. No later than January 1, 2010, internet payment acceptance will include all city permit fees, room and equipment rental fees.

All funds are to be properly receipted and recorded to the City's general ledger. Daily and monthly cash receipt reports shall be prepared by the City Treasurer's Office.

City funds are not to be co-mingled with non-city funds. The collection or safekeeping of non-city funds by City employees is strictly prohibited. The only exception is the City Treasurer's Office and they may hold non-city funds only at the exclusive direction of the City Treasurer.

Periodic audits of all collection centers off-site of city hall will be conducted jointly by City Treasurer and Finance staff to verify compliance with the cash receipts policy. Annual audits of the City Treasurer's cash receipting procedures will be conducted by the City's contracted auditing firm.

### III. PROCEDURES

#### Receipts

All money received must be counted and the amount verified by the cashier or employee responsible for the collection of funds before it is placed in the cash drawer or secured location.

All transactions shall be receipted utilizing either: a) a pre-printed, numerically sequenced city receipt distributed to the off-site location by the City Treasurer's Office, b) an electronically generated receipt (city hall/internet), c) a cash register tape in divisions which utilize cash registers, or d) a duplicate pre-numbered ticket (for small cash transactions, e.g. teen dances). Receipts shall include all applicable information such as the name of payor, address, reference (city service provided), account number, date and form of payment. Where required, the receipt shall be signed by the payor. The original receipt is to be provided to the payor, a copy of the receipt is retained for submission with cash receipts, and if collected at an off-site location, a copy of the receipt is retained for the issuing division's records. When duplicate pre-numbered tickets are utilized, the top copy is provided to payor and the bottom copy is submitted to the City Treasurer's Office with the daily cash receipts. Exceptions require written authorization from the City Treasurer's Office.

An incorrectly completed receipt form or an incorrect entry on a cash register must be voided (all copies) and a new receipt form or cash register entry executed. Copies of the voided transaction and the re-issued receipt must be maintained and deposited with the City Treasurer's Office along with all other receipts.

Special division sales tickets or receipt forms which provide more than the minimum information or which are more adaptable to division needs may be authorized by the City Treasurer.

Receipts for unidentified payments are completed to the extent information available. These payments are not to be held by the division until identified, but are to be deposited immediately with the City Treasurer's Office and credited to a special "suspense" account pending identification.

#### Acceptance of Payments

##### Cash:

- Cash in excess of \$5.00 is not to be collected at off-site locations after January 1, 2010. Exception: Locations or specific events designated by the City Treasurer when no other forms of payment can be secured.

##### Check:

- payable to the City of Carson
- pre-printed name and address required
- include phone number and California driver's license or identification number
- no temporary or out of state checks shall be accepted at off-site locations

- no post-dated checks
- payors listed on "Bad Check Writer's List" are ineligible from this form of payment
- no checks under \$5.00
- include city receipt number on check
- **No employee may cash personal checks made payable to the City, paychecks, or any third party checks.** Exception: checks issued by the City may be negotiated by payee at the City Treasurer's Office with approval by the City Treasurer.

Money Order:

- payable to the City of Carson
- include payor's name, address, phone number and California driver's license or identification number
- include payor's name
- include city receipt number

Cashier's Check:

- payable to the City of Carson
- include payor's name, address, phone number and California driver's license or identification number
- include city receipt number

Credit Card:

- Visa/Mastercard only
- verify proof of ownership (driver's license, government identification card, military identification or passport)
- follow procedures referenced in Exhibit 1 attached

Debit Card:

- all check cards with Visa/Mastercard logo
- verify proof of ownership (driver's license, military identification, passport)
- follow procedures referenced in Exhibit 1 attached
- payor to enter pin number to complete transaction

Safekeeping of Cash Receipts

Upon completion of the cash receipt transaction, the city receipt and form of payment are to be immediately secured. Cash receipts shall be safekept in the means available at the off-site location, e.g., cash register, vault, safe or locking cabinet.

All unused city receipts shall be safely kept and maintained in a locking safe, vault or file cabinet. Distribution of blank receipts shall be recorded in a logbook for accountability. Lost, stolen or voided receipts are to be reported to the City Treasurer via written

notification as soon as possible.

### Refunds

Cash refunds shall be processed through the City's standard refund procedure.

### Reporting Cash Received

All monies received must be reported to the City Treasurer's Office in a Cash Receipts Report format.

Under **no** circumstance shall any employee or division utilize personal or City funds to compensate for shortages or overages. All shortages or overages must be brought to the attention of the City Treasurer's Office prior to submission.

### Custodianship of Cash Receipts

The General Manager of each department within the City must establish and maintain a current list of off-site custodians who will assume lead responsibility for cash receipts at their location. The list shall also include persons authorized to accept cash receipts on behalf of the city. Said list shall be updated as changes occur or once quarterly whichever is sooner; a copy of the list shall be provided to the City Treasurer.

Each custodian is responsible for ensuring compliance with this SMP at their off-site location which includes but is not limited to: making whatever provisions are necessary to properly safeguard the cash receipts, supervise the collection of cash receipts, consult with and resolve discrepancies with the City Treasurer's Office and ensure that transportation of the cash receipts to the City Treasurer's Office is completed.

Each person responsible for receiving money for the City is held individually accountable for those funds until properly relieved of the responsibility by:

- Depositing the funds with the City Treasurer's Office,
- Transferring the funds to the City Treasurer's Office or pre-authorized banking institution via the City's contracted courier service.

### End of Day Balancing and Deposit of Funds

At the end of the workday, the cash receipts collected shall be balanced and recorded as follows:

Community Center Locations (Community Center Operations, Human Services Division and Transportation Division):

The monies collected shall be balanced to the city receipts issued. All receipts are to be recorded in an appropriate summary format i.e., Registration Financial Form (Human Services and Transportation Divisions) or Community Center Recap Spreadsheet (Community Center Operations). Receipts shall be listed in numerical order, including voided receipts; the various forms of payment received shall be detailed by category. The balanced receipts shall be signed off as to

content by the off-site custodian and another employee acting as witness then returned to safekeeping until submitted to the City Treasurer's Office. Cash receipts shall be submitted to the City Treasurer's Office on a same day basis when possible, but no later than the next business day.

#### Recreational Facilities/City Hall Annex:

The monies collected shall be balanced to the city receipts issued. All receipts are to be recorded in an appropriate summary format i.e., Registration Financial Form (Parks and City Hall Annex), Aquatic Daily Cash Report (Pools) or an electronically generated report (i.e., Checkfree and Recware software applications). Receipts shall be listed in numerical order, including voided receipts; the various forms of payment received shall be detailed by category. The balanced receipts shall be signed off as to content by the off-site custodian and another employee acting as witness then returned to safekeeping in a locking bag issued by the City Treasurer's Office pending courier pick-up. The locking bag is to be provided to the City's contracted courier service for delivery to the City Treasurer's Office the next business day.

#### Internet/Online:

On a daily basis, the divisions that have received online payments shall provide the City Treasurer's Office with detail for each online transaction so it may be receipted in the city's electronic cash receipting system.

#### Sheriff's Station:

The monies collected shall be balanced to the city receipts issued. All receipts are to be recorded on the Sheriff's Department Financial Form. Receipts shall be listed in numerical order, including voided receipts. The balanced receipts shall be signed off as to content by the off-site custodian and another employee acting as witness then safekept in the means available at the Sheriff's Department, e.g., cash register, vault, safe or locking cabinet until submitted to the City Treasurer's Office. Cash receipts shall be submitted to the City Treasurer's Office on a bi-weekly basis.

#### City Hall:

Cash receipts submitted by off-site locations and internet based transactions shall be verified for accuracy then receipted in the city's electronic cash receipting system and ultimately recorded in the city's general ledger. All monies collected in a business day shall be balanced to the receipts issued by the city's electronic cash receipting system. A Daily Cash Report shall be generated each business day. The balanced receipts shall be safekept in the City Treasurer's vault then deposited with the city's bank the following business day.

#### Reports

The City Treasurer's Office shall prepare a Daily Cash Report for distribution to each division that submitted receipts for that day's work; said report shall be distributed the next business day. The original cash receipts and Daily Cash Report shall be provided

to the Finance Division; a copy of the report shall be maintained by the City Treasurer's Office. Monthly recap reports shall be provided to the Finance Division and a copy maintained by the City Treasurer's Office.

#### Verification

The Finance Division shall review the Daily Cash Report for general ledger account number accuracy, verify daily deposits to the bank statements and maintain the original cash receipt records.

#### Work Group/Division Procedures

Each City work group/division responsible for the collection of cash receipts shall submit written procedures specific to their operations which incorporate the City's Cash Receipts Standard Management Procedure to the City Treasurer and Finance Officer on an annual basis.

#### Daily Transport of Funds/Receipts

The city's contract courier shall be responsible for providing adequate security and/or devices as required to accomplish the safeguarding of deposits and receipt of funds.

### **IV. ORIENTATION AND TRAINING**

#### Implementation

To facilitate conduct in accordance with this policy, a copy of this policy shall be made available to, and signed for by general managers, employees, and elected officials upon approval of this SMP by the City Council and, in the future upon hiring, appointment or election to office and at such other times as may be necessary.

Each work group/division shall develop procedures for collecting, handling and maintaining City funds consistent with this SMP no later than September 1, 2009.

#### Training

Each work group/division in conjunction with the City Treasurer's Office shall provide training on the City's policies and procedures to employees who collect and/or maintain City funds. Each employee receiving training shall sign written verification that they have been trained on the proper handling of funds and have received a copy of the City's policy.

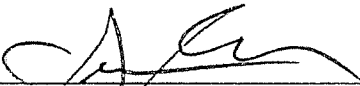
### **V. EXCEPTIONS**

Exceptions to this procedure shall be authorized by the City Treasurer with concurrence from the City Manager.



**VI. AUTHORITY**

City Council approval of agenda item no. 18 dated August 4, 2009.

  
\_\_\_\_\_  
Jerome Groppes  
City Manager

8/4/09  
\_\_\_\_\_  
Date

**VII. EMPLOYEE ACKNOWLEDGEMENT AND SIGNATURE**

I have read and understand the City of Carson's SMP No. 3.4 – Cash Receipts Policy and hereby agree to adhere to said policy. I understand that failure to comply with all City policies regarding cash handling procedures may be considered a major rule violation and result in disciplinary action and/or reporting to law enforcement agencies.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee Name (please print)