POLICY STATEMENT

The Cash Management Program was established for the purpose of ensuring adequate internal controls to account for the handling of City Cash and to maintain public trust. The term "City Cash" applies to currency, coin, checks, credit, charge and debit card payments, other electronic payment media, and other negotiable instruments payable in money to the City.

ADMINISTRATIVE PROCEDURES:

I. Enforcement of the cash management program are included but limited to the following:

A. A random drawer audit conducted under the direction of the Director of Fiscal Operations.

B. Any deficiencies in regard to the set procedures will be reported to the Director of Fiscal Operations and the Assistant City Manager of Fiscal & Municipal Services in the form of a memorandum outlining the deficiencies.

C. The Director of Fiscal Operations will notify the Department Director involved and explain these deficiencies, and the Department Director will be responsible for taking appropriate action to correct deficiencies.

D. If in a subsequent audit these deficiencies still exist, the Director of Fiscal Operations will advise the Assistant City Manager of Fiscal & Municipal Services that the deficiencies still exist.

E. The Director of Fiscal Operations and the Assistant City Manager of Fiscal & Municipal Services will notify the Department Director involved and the City Manager of the existing situation.

F. The City Manager will review the existing situation and may take appropriate action to resolve deficiencies and ensure that the procedures as outlined are administered properly.

II. Delegation of Authority
A. The Director of Fiscal Operations is authorized to promulgate rules for establishing procedures for the receipt, handling and deposit by City officers and employees of City Cash into the City Treasury for: the method of documentation on all such transactions; regular reporting to the Director of Fiscal Operations; certifying and rescinding certification by the Director of Fiscal Operations of all City officers and employees who are authorized to receive or handle City moneys in the regular course of their employment or departmental activities; inspection of departmental cash records, including overages or shortages; inspection of departmental practices and procedures in handling City Cash; and contracting with agents to collect City Cash and their collection procedures. The Director of Fiscal Operations may enforce these rules through on-site inspections; by rescinding certification of any officer or employee who fails to comply with the Director of Fiscal Operations’ procedures and, in the event of noncompliance by a department or office, requiring that payments to personnel be authorized by the Director of Fiscal Operation, or deposited at his/her office.

B. The Director of Fiscal Operations, as the City’s banker, is required by law to receive, retain, and disburse all City revenue and keep detailed records of these transactions. The Director of Fiscal Operations is charged with the responsibility of overseeing the proper receipting and to safeguard all City funds. The Treasury will be conducting periodic cash drawer audits (unannounced) under the direction of the Director of Fiscal Operations.

C. The Director of Fiscal Operations delegates the administration of the Cash Management Program to the Cash & Debt Administrator.

D. Through certification, the responsibility and accountability of the daily collection of funds is delegated to the custodians and his/her supervisor.

III. Duties of City Departments

The Director of any City department who anticipates receiving City Cash on a regular basis in the course of its activities shall:

A. Assign the receiving of City Cash only to those persons who are certified by the Director of Fiscal Operations for performing these functions;

B. Collaborate with the Director of Fiscal Operations to establish and maintain a system of procedures, documentation and reporting on receipts handling and deposit of City money;

C. Notify the Police Department of any loss or theft of City Cash immediately upon discovery. Written notice shall be given no later than twenty-four hours after discovery.
D. Allow the Director of Fiscal Operations or his/her designee to make on-site inspections and observe the processing of City Cash, and to make inspections of departmental collection records.

IV. Duties of City Personnel

Any City officer or employee, who receives City Cash in the normal scope and course of his/her duties, shall:

A. Immediately deposit the Cash with a City depository designated by the Director of Fiscal Operations to the credit of the City. The delivery or deposit must be made on the same day to the Customer Service Division before 5:00 p.m. if the total receipts on hand are equal to or greater than $100.

B. Comply with rules promulgated by the Director of Fiscal Operations for handling and processing of City Cash and for documentation and dissemination of records, and with departmental internal procedures, established in conformity with the Director of Fiscal Operation’s procedures;

C. Notify the employee’s supervisor and Department Director of any loss or theft of City money immediately upon discovery. Written notice shall be given to them no later than twenty-four hours after discovery;

D. Be subject to disciplinary action, up to and including termination for failure to comply with each departments operating policies, Director of Fiscal Operations’ procedures, collective bargaining agreements and/or duties described in this policy.

V. Liability for Loss

A. As between a department and its officers and the Director of Fiscal Operations, the department has primary responsibility for care and liability for loss of City Cash in its custody until deposited in the City Treasury or entrusted to a cashier certified by the Director of Fiscal Operations; and the Director of Fiscal Operations thereafter. When deposit is made in an after-hours drop box of the City’s financial institution, or an armored car service making collection for the City, losses are assigned to the Director of Fiscal Operations if the Director of Fiscal Operations’ instructions for making deposits have been followed, and to the department otherwise.

B. Compliance with the procedures approved by the Director of Fiscal Operations establishes a presumption that a City department or office exercised due care in its custody and care of City Cash.
VI. Certification of Cashiers and Fund Custodians

A. Only persons who are certified by the Director of Fiscal Operations shall receive and handle City Cash on a regular basis in the scope and course of their employment. As a condition to certification or maintenance of a certification, the Director of Fiscal Operations will require that the fund custodian and supervisors complete a course of instruction or training and/or pass an examination on: the secure processing of moneys, cash procedures and applicable departmental rules, and thereafter take refresher instruction or training at periodic intervals or when the need arises.

B. All employees who receive and handle City Cash on a regular basis in the scope and course of their employment and all supervisors who oversee the cash handling function, shall complete such certification within six months of the approval of this policy or within six months of their appointment as fund custodian or supervisory function.

C. A signed Certificate of Responsibility from the fund custodian and supervisor must be obtained verifying receipt of this Cash Handling Policy and the Department of Fiscal Operations Cash Handling Training Manual.

VII. Establishment/Increase of Cash Funds

All requests for the establishment of cash funds must be made to the Director of Fiscal Operations. The Director of Fiscal Operations will maintain a complete listing of all cash funds. The department location, custodian and the amount of the cash fund are to be maintained upon this written listing.

A. A check request should be submitted to the Director of Fiscal Operations for the amount of the funds requested.

B. A written memorandum to the Director of Fiscal Operations from the Department Director requesting the establishment or increase of a cash fund shall be forwarded with the check request for consideration. The memo should explain the need for the establishment or increase of the fund.

C. A copy of the memo should be attached to the file copy of the voucher by the Director of Fiscal Operations when the check is issued by the Department of Budget and Management Services.

D. No funds are to be established out of cash receipts by any department.

E. Upon establishment of a cash fund, a fund custodian should be appointed by the Department Director. Cash funds must have one fund custodian responsible for the disbursement of cash. In the absence of the fund custodian, the department/division head should make all disbursements from the cash fund. Should it become necessary to change fund custodians, the Department Head should notify the Director of Fiscal Operations and request an audit of the cash fund to be performed prior to transferring the cash fund to the new custodian. The Director of Fiscal Operations will forward a copy of the cash audit worksheet to the Department Director upon completion of the cash audit.
VIII. Termination of Cash Funds

A. The Department Director should notify the Director of Fiscal Operations that the cash fund is to be closed and request that an audit be performed prior to closing the cash fund. The Department Director should furnish the Director of Fiscal Operations with a memorandum outlining the reasons for closing the cash fund.

B. The Director of Fiscal Operations and/or his staff will perform an audit of the cash fund and provide the Department Director with a copy of the final cash audit worksheet. Any shortages or variances are to be investigated and resolved by the Department Director and the Director of Fiscal Operations. If the shortages or variances cannot be resolved, the Department Director is to provide a written explanation to the effect that a shortage or variance occurred which he or she could not resolve. This response should be addressed to the Director of Fiscal Operations. A copy of the written explanation should be forwarded to the City Manager and the Assistant City Manager of Fiscal and Municipal Services.

C. Upon completion of the cash audit, the cash custodian should deposit any cash on hand with the Customer Service Division and provide a copy of the deposit slip to the Controller with any outstanding vouchers.

D. The Director of Fiscal Operations will provide the Controller with a copy of the final cash audit worksheet which details the expense accounts to be debited for preparation of a journal entry to close the cash fund. A copy of the Department Director’s memo outlining the reasons for closing the cash fund will also be provided to the Controller. A copy of the final cash audit worksheet and the Department Director’s memo should also be attached to the journal entry as supporting documentation.

IX. Security of Cash Funds

A. Cash funds are to be kept in locked boxes or drawers. The locked box is to be kept in a secure area where only the designated cashier or custodian, and the Department or Division Head, have keys and access to the funds.

B. Provisions should be made in departments where more than one cash fund exists to secure all funds which are not being utilized. Only the Department or Division Head, or his/her designated custodian, should have access to an employee’s cash fund in the event of their absence.

D. Only the person responsible for the cash fund and the Department or Division Head should maintain keys and have access to the funds.

E. Bank bags must be locked and kept out of sight when transporting city funds for deposit to the Customer Service Division.

F. All funds must be reviewed randomly (at least weekly) by the fund supervisor or designated personnel.
G. The use of surveillance cameras may be used to monitor city funds. A signed certificate of acknowledgement from the fund custodian and fund supervisor must be obtained verifying that they have been informed about the possible use of surveillance camera.

X. Regulation of Petty Cash Funds

Petty cash funds are available for making emergency or immediate purchases of items that are not routinely carried by the Warehouse in the Materials Management Department. Petty cash funds are to be maintained only for this purpose, and no department shall possess a petty cash fund without establishing such a fund as outlined above.

A. Maintenance of Petty Cash Funds

1. Cash funds must have one fund custodian responsible for the disbursement of cash. In the absence of the fund custodian, the department/division head should make all disbursements from the petty cash fund.

2. Each cash fund should have a set amount of funds to be accounted for. The Department of Budget and Management Services will not process payment authorizations to reimburse petty cash if the request exceeds the established amount of the petty cash fund.

3. The petty cash fund is to be reconciled on a daily basis by the fund custodian.

4. The cash custodian should process a payment authorization to reimburse their petty cash fund as necessary. The payment authorization requesting reimbursement of petty cash is to be processed with enough lead-time to prevent the remaining petty cash funds from being depleted prior to the issuance of the reimbursement check. All check payments to reimburse the petty cash fund are to be made payable to the City of Denton.

5. A petty cash voucher must be completed to support all disbursements of cash from the petty cash fund. The petty cash voucher must be completed in its entirety and approved by the Department/Division Head prior to the disbursement of any cash from the custodian.

6. Each petty cash voucher must be accompanied by a receipt ticket upon reimbursement or return of unused funds.

7. Three signatures are required on all petty cash vouchers. All petty cash vouchers must be signed by the employee receiving the cash and by the Department/Division head approving the transaction. The petty cash custodian will then sign the voucher as cash is actually disbursed from the fund.

8. Employees are not to be reimbursed for sales tax. It is the responsibility of the Department/Division Heads to ensure that employees are aware of the City’s exempt status.

10. Petty cash in advance is not to be held by any employee longer than a twenty-four period. Receipts and used funds must be returned and be reconciled to vouchers within the twenty-four hour period.
11. Expenditures for purchases made from the petty cash fund are not to exceed $50.00. Purchases that exceed $50.00 should be purchased on a departmental purchase requisition, as a normal purchase for items not regularly carried by Central Stores.

B. Prohibited expenses include the following:

1. Loans to employees

2. IOUs for employee personal use

3. Cashing personal checks for the Department/Division Head, petty cash custodian, or other employees

4. Traveling or training expenses (i.e. use of personal vehicle, parking and entertainment) – These expenditures should be reimbursed by submitting the proper expense report form to the Department of Budget and Management Services for audit, approval, and issuance of a reimbursement check. Petty cash funds may be used for official organized activities of the City Council or the various boards that function as part of City government.

C. Documents Which Serve as Support for Disbursement of Petty Cash

1. A cash register receipt, provided that the date is current enough to support said purchase;

2. Cash receipt tickets from the place of purchase provided that the date is current, items purchased are listed and the ticket is signed by the employee as receiving said merchandise;

3. Proof of purchase in the form of a valid receipt provided the date is current and the type of the purchase or expenditure can be easily determined; and,

4. No refunds for purchases will be made without proof of purchase.

5. A petty cash voucher properly completed with authorizations for a cash advance.

D. Proper Completion of a Petty Cash Voucher

1. All petty cash vouchers must be completed in ink or typewritten.

2. Three signatures are required on all vouchers.

   a) The Department Director must sign on the line approving the transaction.

   b) The petty cash custodian must sign or initial, beside the Department Director’s signature.

   c) The employee receiving the cash must sign for cash received.
3. The date of the petty cash disbursement must be completed.

4. Items must be listed separately in the place provided for each item description and the individual cost must be listed separately under item price.

5. The budget account number to be charged for the petty cash purchase must be properly completed.

6. The three-part form is then to be separated. The top, original copy of the voucher is to be retained by the petty cash custodian, while the second part of the form is to be returned and attached to the original to complete the transaction. The third part of the form is to be retained for the department’s records.

XI. Regulation of Change Funds

Changes funds, or cash drawers, are to be maintained for the purpose of making change. Change funds are not to be co-mingled with other cash funds. Change funds are to be maintained only for this purpose and no department shall possess a change fund without establishing such a fund with the Director of Fiscal Operations.

A. Maintenance of a Change Fund

1. Each change fund should have one person responsible for that fund or drawer at any one given time. In the areas where more than one change fund is used, each employee should work out of his/her own change fund. Employees are not to work out of another employee’s change fund.

2. Each change fund should be established for a set amount as outlined in Section VII. Establishment of Cash Funds, and this same amount should be maintained at all times. If an increase in a cash fund is needed, a memorandum sent to the Director of Fiscal Operations outlining the need and amount of funds requested is required.

3. Change funds are not to be used as petty cash funds. They are to be used only for making change.

4. Cash receipts are not to build up in a change fund. These receipts are to be removed and deposited as outlined in Section XII. Regulation of Deposits.

5. Receipts for all cash should be utilized so that an audit may be done at any time and the amount of the change fund can be verified.

B. Cashing of Personal Checks from a Change Fund

1. Cashing of personal, payroll, and expense checks is prohibited from all remote change funds.

2. Personal, payroll, and expense checks may only be cashed in the Central Cash Receiving Division (Customer Service) and is permitted if adequate change is available in the cash drawer without depleting the change fund.
a) Cashing personal checks for employees in excess of fifty dollars is not to be allowed.

b) Any employee is not to cash more than one personal check daily.

3. Any employee who has had two returned personal checks within a twelve month period will be denied check cashing privileges until such time that less than two checks have been returned in the most recent twelve months. All employee checks returned to the City of Denton will be handled according to Section XIII. Regulation of Return Checks.

XII. Regulation of Deposits

The City of Denton utilizes a central cash receiving unit, as all monies are paid or deposited to the Customer Service Division. Interdepartmental deposits made to the Customer Service Division shall be made according to the procedure as outlined below. City agencies, or departments, shall deliver their deposits daily to Customer Service before 5:00 p.m. if total receipts on hand are equal to or greater than $100. All deposits must be verified by a Customer Service Custodian.

Those departments that do not collect revenue on a daily basis, or whose deposit is not sufficient enough to make daily deposits, should make a deposit with the Cashiering Unit at least twice weekly. One of these deposits should be made on Friday to prevent cash from being stored in their departments over the weekend. Deposits for these departments should also be made the day prior to a scheduled holiday to remove all cash during a holiday.

A. Preparation of a Deposit

1. All departments making deposits will be furnished with a three (3) part deposit slip. All three (3) copies of the completed deposit slip will be forwarded with the deposit itself in locked deposit bags. The deposit slip shall include the initials of the person preparing the deposit, as well as the department name, in the lower right hand corner of the slip.

2. Deposit slips should be filled out to reflect currency (or bill), coin and check totals, with a sum total for these at the bottom. An adding machine tape reflecting these totals should accompany the deposit slip to avoid the need for listing each check separately.

3. Departments (such as the Police and Parks and Recreation Departments) that collect monies to be posted to various accounts shall submit a summary sheet denoting the accounts that monies are to be posted to. These summary sheets shall be included with each deposit.

B. Deposit and Verification of Receipts

1. Deposits shall be made to the Customer Service Division.

2. When deposits are made to the Customer Service Division, the Chief or Lead Representative will verify the deposit by performing a recount of monies and a review of the deposit slip. Once a deposit is verified
as correct, a copy of the deposit slip will be stamped by a verification stamp and returned immediately to
the person making the deposit for the department's own record.

3. The Chief or Lead Cashier will maintain a logbook to record the receipt of locked bank bags with
deposits after she/he has completed verification. The deposit date, bag number, and cashier initials will
be entered on the log upon deposit to indicate receipt. The person delivering the locked bank bag will
also initial the logbook to verify delivery.

4. Each time a deposit is made, a new bank bag will be issued to the person making the deposit. Each
department shall have designated bags for use by their department only.

C. Maintenance of Bank Bags and Keys

1. Bank bags with deposits shall be kept locked at all times when not preparing or verifying deposits. The
   keys to the locked bank bags will be maintained by designated persons for each depositing department,
   the Chief or Lead Cashier, and the bank.

2. The Chief or Lead Cashier is responsible for ensuring safe transfer of all deposits to the armored car
   service on a daily basis.

3. It will be the responsibility of the Department Head to secure and limit access to bank bag keys. Access
to these keys should be limited to the person or persons preparing the deposit. Personnel changes which
affect the possession of keys or the preparation of deposits should be reported to the Director of Fiscal
Operations.

D. Losses/Shortages/Oversages

The Director of Fiscal Operations makes a clear distinction between a “Loss” and “Shortage” of City
money. This is determined by the cash handler’s ability to obtain physical custody of the money and how
that person safeguards the money.

1. A shortage is an unintentional collection error such as a change making error. An overage occurs when a
   cash handler has collected too much money and cannot immediately return the excess to a specific
   customer.

2. On the other hand, a loss of City money is when a cash handler has obtained physical custody of money
   and then due to reasons like negligence, an act of God or an unlawful action, cannot deposit that money
   into the City Treasury.

3. An example of negligence is leaving City money unattended and not properly safeguarding that money
   from loss.

Cash Custodians must report all losses to their supervisor and the Director of Fiscal Operations immediately.
A detailed statement as to the circumstances of the loss must be forwarded to the Director of Fiscal
Operations within twenty-four hours.
E. Armored Car Procedures

The Director of Fiscal Operations recognizes the advantage of maximizing cash handler safety and increasing the amount of deposited cash available to the City’s investment programs. Investment income from timely deposits provides additional revenue for City services. As a result, the City has a contracted armored transport service available for the use of departments.

1. The fund custodian must prepare a receipt that lists each item or group of items to be picked up. The armored car personnel will sign the receipt in acceptance of the deposit and provide a copy of that receipt to the fund custodian. This receipt should include the pick-up date and the number(s) impressed on the deposit bag(s). At this point the fund custodian’s responsibility is released to the armored car service.

2. Fund custodians are encouraged to identify armored car personnel by requesting to see their identification and comparing that ID against the armored car company’s authorization list.

3. A copy of the armored car receipt must be forwarded to the Customer Service Division.

XIII. Regulation of Return Checks

1. All return checks will be charged a return check fee as determined by city council. The fee is applicable when a customer, taxpayer, or employee check for payment of fees, fines, court costs, taxes, utilities, or other charges has been dishonored by the maker’s bank and returned to the City of Denton. The fee plus the base amount of check will be payable to the city by means of cash, money order, or cashier’s check.

2. If a customer, taxpayer, or employee fails to honor the returned check within thirty days, the check will be turned over for collection.

XIV. Action Taken in Event of Theft

The danger of security and loss is a constant threat when handling money. Fund custodians are expected to safeguard City funds against loss. Custodians should be familiar with what to do in times of emergency. In these circumstances, protecting human life should be the first concern. Thefts are to be reported and handled in compliance with the “Fraud Directive”, reference number 509.01 in the City of Denton Policies and Procedures Manual.

Following the complete investigation performed in accordance with the “Fraud Directive”, the Director of Fiscal Operations will conduct a review of the cash handling procedures and related internal controls and issue a report of his/her conclusions on improvements to cash handling procedures. The report will be
discussed for implementation with the related department director in an effort to prevent future thefts from occurring.