



City and County of San Francisco

Office of the Controller

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Cash Handling Guidelines

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Contact: Alan Pavkovic, alan.pavkovic@sfgov.org, 415-554-6609

APPROVED FOR DISTRIBUTION:

(signature)

Mary Fitzpatrick, Accounting Operations and Systems Director

Purpose of Guidelines

The purpose of this document is to provide departments with guidelines for documenting their cash handling procedures.

Authority

These guidelines are issued under the authority granted to the Controller's Office in City Charter, Article I, Sec. 3.105.

OVERVIEW OF CASH HANDLING PROCESSES AND CONTROLS

Cash is defined as coin, currency, checks, electronic fund transfers, and credit card transactions. All cash received by any officer or employee of the city and county for, or in connection with the business of, the city and county, shall be deposited with the Treasurer or a City bank account no later than the next business day after its receipt. However, if your department's operations cannot meet this requirement, please contact your fund accountant. Transactions for these receipts should be recorded in the City's financial system, FAMIS, on or about the same time the money is deposited.

It is the responsibility of City departments to have effective controls in place to accurately collect and safeguard cash, properly and timely deposit all cash due to the City, monitor cash balances, and record the correct amount and type of cash collected and deposited in the City's financial systems. Departments must develop written policies and procedures that will guide staff on safeguarding cash, processing transactions, handling, reconciling, and recording collections. There should be adequate separation of duties and good internal controls in all phases of cash handling.

This document is a general guideline for cash handling processes and controls. It is not a detailed instruction because the various revenues received by City departments each require specific procedures. This covers the following areas:

- Written cash handling procedures
- Segregation of duties

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- Security
- Tracking of cash
- Payment collection and depositing of cash receipts
- Inventory control over cash receipts
- Controls over credit cards
- Reconciliation of daily collections
- Training of cash handling staff

Cash Handling Guidelines

These guidelines are intended to give a framework and major control points for cash handling. They may not apply to all City departments. Departments must document their cash handling processes based on their operations and requirements. Departmental procedures must ensure that proper internal controls are established to safeguard their cash and assets.

Both manual and automated systems should ensure internal control. For automated systems, the documentation should identify explicit control points and processes, including any associated manual procedures.

Written Cash Handling Procedures

- Documentation should include the following as applicable:
 - General information as to sources of cash received, bank accounts, and/or investments held with trustees
 - Cash receipts processes describing methods of receiving customer payments and how customer deposits are processed
 - Cash, checks, debit and credit card payments
 - Wire transfers
 - Payments by mail
 - Interactive Voice Response System (IVR)
 - Online and ACH payments through third party electronic billing system, Paymode, or Automatic Bill Pay, etc.
 - Cash and checks received directly by Accounting
 - Lock box deposits
 - Reconciliation of deposits
 - Research processing
 - Unidentified payments received
 - Returned checks from bank
 - Accounting procedures for recording collections and deposits
 - Analytical review by staff that do not handle cash to monitor daily cash balances and trends or variances
 - Inventory control over receipt books
- Develop written policies and staff procedures for performing duties with respect to the safeguarding of cash.
- Develop, formalize, and update staff procedures for processing transactions and handling collections in performing their duties.
- Train staff in the handling of cash based on their duties.
- Document and maintain a list of names and titles of all persons:

	<ul style="list-style-type: none"> ○ Collecting cash ○ Recording cash receipts ○ Depositing cash ○ Reconciling cash ○ Having access to safes, vaults, etc. ○ Preparing accounting entries for financial system ○ Managing revolving funds
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Segregation of Duties	<ul style="list-style-type: none"> ■ Enforce dual custody and segregation of duties for handling and managing cash by implementing the following procedures: <ul style="list-style-type: none"> ○ Only employees who need the combination to the safe should have it ○ At least two staff should be present to open a safe ○ The supervisor should observe and verify each cashier's cash count for end-of-day balancing ○ Cash counts certified by two employees should occur for all deposits prepared for armored courier pickup ○ Cash acceptance certified by two employees should occur for armored courier shipments ○ Individuals present during cash counts and acceptances should sign directly on the cash count forms ○ Signature required on reconciliation documents indicating their presence for the cash deposit reconciliation and that totals agree ○ Prohibit employees responsible for collecting cash from preparing bank deposits ○ Back-up policies in case of absence of key employees
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Security	<ul style="list-style-type: none"> ■ Analyze the security needs of each cash collection point and strengthen security controls whenever necessary. This might include: installing security cameras that can monitor all areas where cash is collected and handled, providing additional security guards, and securing the safe and cash registers or drawers. <ul style="list-style-type: none"> ○ Restrict Cashier areas to Cashier personnel and other authorized persons. Access doors to area should be locked at all times. ○ During business hours, all active cash drawers should be secured in a locked drawer at the cashiers window, including lunches and breaks. ○ The key to the cash drawer should remain in the sole custody of the cashier and should never be given to anyone else or left in the drawer when the cashier is away from the window. ○ Unused cash drawers must remain in the vault storage during the day. ■ Avoid counting cash in view of the public during hours of operation. To prevent this process from being observed, windows should be covered or counts should occur in locations beyond the public's view. ■ Ensure that another employee or security officer accompanies any employee transporting large amounts of cash and checks. This procedure will minimize risk to staff's personal safety and decrease the risk of cash being unprotected. ■ Enhance the Point of Sale (POS) systems to regularly prompt users to
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	<p>change their password. Industry standards indicate passwords should be changed every 60 to 90 days and users should not be allowed to reuse old passwords. Frequently changed passwords have the benefit of preventing predictability and provide greater protection of confidential customer information.</p> <ul style="list-style-type: none"> ▪ In the event that an emergency requires that the section staff evacuate from the area, all negotiable instruments must be locked and secured immediately. The key to the cash drawers will remain in the possession of the assigned cashier. All checks and any unopened mail must be placed in a secure location. After all items are locked up, the building must be evacuated immediately until further instructions from authorized personnel. ▪ See Appendix A regarding robbery procedures.
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<p>Tracking of Cash</p>	<ul style="list-style-type: none"> ▪ Perform and document beginning counts of the cash placed in each drawer. ▪ Remind employees to log out of the POS (Point of Sale) system. ▪ Implement a cash management system that allows each cashier to have their own cash drawer and can then be held responsible for any cash shortages and overages. ▪ Ensure that cash registers allow individual users to input a unique log-in code when they conduct a transaction. This will help track any shortages or overages, or misappropriation of cash so they can be properly investigated and resolved.
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<p>Payment Collection and Depositing of Cash</p>	<ul style="list-style-type: none"> ▪ Establish procedures to have supervisors routinely collect revenue from the cash collection point. Adding this procedure will increase the location's ability to protect its cash collections, especially during busy times such as mornings, weekends, and the summer months. ▪ Require deposits of cash with the Treasurer or a City bank account no later than the next business day after its receipt. However, if your department's operations cannot meet this requirement, please contact your fund accountant.
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<p>Inventory Control over Cash Receipts Books and Cash Register Receipts</p>	<ul style="list-style-type: none"> ▪ Develop an inventory control system for receipt books. Such a system would use the range of numbers preprinted on receipts in the books currently in stock to record books used and returned. When reorders are necessary, departments should request the printer place sequential numbers on the face of the books so that an inventory control system can be maintained using those numbers. In addition, departments should ensure that copies of these sequentially numbered receipts are compared to cash collected. ▪ Implement policies and procedures related to customer receipt issuance at the location to systematically account for sales transactions. In particular: <ul style="list-style-type: none"> ○ Install a cash register that generates sequenced receipts that contain transaction amount, date, time, quantity, and description. ○ Place a sign at each transaction location that receipts are
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	<ul style="list-style-type: none"> ○ required to be provided to customers. ○ Maintain copies of issued receipts generated for accounting, balancing, verification, and auditing purposes. <ul style="list-style-type: none"> ▪ Establish and monitor a record retention policy for all cash receipts documentation.
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Controls over Credit Cards	<ul style="list-style-type: none"> ▪ Ensure that customers always sign the merchant's copy of the credit card receipt if more than \$25.00. ▪ Ensure that customer credit cards are returned promptly upon completion of a transaction. No department should take possession of a customer's credit card at any time. ▪ Ensure that employees do not initiate the processing of transactions that may cause them to exceed the day's closing time. They should complete all transactions before closing at the end of their shifts. <p>Refer to the Office of the Treasurer Tax Collector's Payment Card Acceptance and Processing Policy for policies on credit and debit card payments at the following hyperlink: http://www.sftreasurer.org/</p>
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Reconcile Collections Daily	<ul style="list-style-type: none"> ▪ Ensure that cash, checks, and credit/debit card collections on cashier's balance sheet at the end of the day match the cashier's recap. Note any discrepancies on the cashier's recap. ▪ Ensure that a supervisor review and approve any adjustments to financial reports, verify that adjustments are appropriate and discrepancies are adequately explained in the report. ▪ Cash reports should be forwarded to staff with responsibilities for daily reconciliation: <ul style="list-style-type: none"> ○ Cashier Workstation Summary ○ Cashier Recap ○ Deposit Summary ○ Cash Summary ○ Check Summary ○ Credit Card Summary ○ Credit Card Detail ○ Phone Payments ○ Electronic Payments
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Train Cash Handling Staff	<ul style="list-style-type: none"> ▪ Ensure employees are well trained in important cash handling functions and maintain adequate segregation of duties by: <ul style="list-style-type: none"> ○ Implementing a detailed annual training program of cash-handling procedures. ○ Ensuring back-up staff's ability to perform each segregated set of cash-handling functions. ○ Documenting all training that is provided. ○ Exploring ways to train staff involved in collections to increase their ability to detect counterfeit currency, such as using a counterfeit pen.
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Summary

Departments must develop cash handling policies and procedures for their specific operations. Procedures must reduce the risk of errors and irregularities and should incorporate good internal controls, including segregation of duties. Procedures must be documented and communicated to staff. Management should monitor compliance with these procedures and update them as needed to reflect changes in conditions.

APPENDIX A ROBBERY PROCEDURES

[Excerpt from Office of Treasurer & Tax Collector – Policies and Procedures Manual - Cashier Division]

In the event of a robbery, the first priority is the safety and well being of the personnel involved and the taxpayers that are present. It is important to cooperate with the robbers as much as possible to insure that the situation will not become more dangerous for the persons involved.

When a robbery occurs, carefully follow these instructions:

- Remain calm and comply with the demands of the robber as much as is reasonably possible.
- When it is safe to do so, press the alarm button located under the counter of the cashier station.
- When the robber leaves the cashier window, attempt to observe the direction that the robber is exiting the building.
- Notify a supervisor immediately of the situation. The supervisor will alert the Deputy Sheriff (or Security) stationed by the cashier booth if he or she has not yet responded to the alarm.
- Do not touch the area of the station where the robber was standing. Cover the counter area with paper so that any fingerprints will be preserved.
- Write down any identifying characteristics of the robber that were observed by the victims.
- Do not discuss the description of the robber with other employees or taxpayers until the police have completed their report.