I. **Purpose, Overview, and Scope of this Policy**

This document sets forth policies that govern the handling, deposit, and safekeeping of City Cash. Furthermore, this policy is intended to supplement other City personnel policies that govern rules of conduct and performance in the workplace.

This document provides a structured, central repository for a variety of Finance Department Policies which are organized into the following categories:

A. General Cash Controls  
B. Cash Receipting  
C. Balancing of Batches  
D. Overages and Shortages  
E. Theft or Loss  
F. Deposits  
G. Reconciliation of Deposits  
H. Petty Cash  
I. Checking Cashing  
J. Returned Checks  
K. Refunds  
L. Foreign and Mutilated Currency  
M. Banking Services and Account Opening  
N. Credit Cards  
O. Training  
P. Violations  
Q. Policy Review

This policy rescinds and replaces all previous Cash Control policies and remains in effect until updated by the City Council.

II. **Authority**

Updates to this policy require City Council approval.
III. Policy

The Finance Department is responsible for providing an accurate accounting of all City Cash, including revenues and expenses. Professional financial and accounting practices dictate that all funds received by the City be promptly deposited into a City bank or investment account. This ensures that City Cash is accounted for and available for investment or an authorized expenditure. The term “City Cash” applies to currency, coin, checks, money orders, credit charge and debit card payments, other electronic payment media, and other negotiable instruments payable in money to the City.

The City’s central cashiering function is performed by the Finance Department; however, other departments will receive payments for other items such as, but not limited to, fines, registrations, deposits, parking bail, etc. As such, employees that have been authorized to receive City Cash share the stewardship of financial assets for the City across departmental divisions.

Effective cash control management principles employ the use of industry approved best practices, as well as the implementation of sound internal controls. Utilization of the following will aid in the achievement of this common goal:

1. The City’s structure should provide for the segregation of functional responsibilities such as invoicing, receipt of payments, and record keeping. See Standard Operating Procedure No. SOP-FI-0009 - Finance Department Security.
2. The work environment must be conducive to safeguarding money. This includes proper office layout with counters, safes, cash boxes, and cash registers/terminals.
3. Where a work unit is not large enough to allow for proper segregation of functions, or if the work environment does not permit the optimal physical facilities, management oversight must be increased commensurately.
4. Limited access should be given to persons handling cash.
5. Sound practices and policies must be established and followed at all times in the performance of Department functions.

The City departments should endeavor to have all funds received to be accepted through the City’s financial software system. The system will accept, record, and deposit funds received daily as this increases cash processing efficiencies and provides more detailed support for reconciliations. When the financial software system is not available or possible, then the Finance Department must establish a policy that contains the elements of this policy.

A. General Cash Controls

1. The number of employees with access to cash funds shall be limited to assure internal control.
2. To the extent staffing levels permit, separation of duties from the function of custodian of cash balances and the accounting and record keeping of the same shall be maintained.

3. Where staffing levels do not permit segregation of duties, compensating controls such as strict individual accountability and thorough management review and supervision shall exist. Authorized personnel not assigned the custodial responsibility shall periodically examine, count, or perform other reviews of cash funds.

4. Physical protection of funds through the use of bank facilities, City vault, and locked cash boxes or drawers shall be practiced at all time.

5. City Cash on the premises will be held to an absolute minimum to ensure safety and maximize return on investments.

B. Cash Receipting

1. The Finance Department performs the central cashiering function therefore all evidence of deposits, i.e. deposit slips and department revenue summaries, shall be forwarded to the Finance Department as soon as possible to assure timely and proper credit in the receipting process.

2. All departments receiving City Cash shall have a collection record, such as a cash register tape or receipt book, that has the record of transactions including voids, refunds, or cancellations. All revenue collected over the counter shall have a receipt issued at the point of sale or collection whether handwritten or electronically generated.

3. All handwritten receipts shall be pre-numbered and issued from receipt books issued by the Finance Department to account for lapsed sequence.

4. All currency in the amount of fifty (50) dollars and above shall be checked with a counterfeit money detector pen prior to acceptance to verify the bills are not counterfeit.

5. Departments receiving checks as payable shall require the maker of the check to make it payable to “City of St. Helena”. Under no circumstances shall a check for the City be made payable to an individual or left blank.

6. All checks shall be endorsed (stamped or imprinted with City of St. Helena deposit information) immediately upon receipt.

7. Each check shall be inspected to ensure the following:
   a. Current date (post-dated checks shall not be accepted);
   b. Proper signature;
   c. No alterations;
   d. Bank name and routing number printed on check;
   e. If temporary check, payer’s name and address written on check;
   f. Not a third-party check; and
   g. Written amount matches numeric amount.
8. No checks shall be cashed through the use of any cash drawer.
9. All steps of each counter transaction must be completed, including steps to enter the transaction into the City’s financial accounting system and to place receipts in a secured location before a new transaction is started.

C. Balancing of Batches

1. All payments are processed through the City’s financial software system. Daily batches are created for the following:
   a. Cash and Check Transactions
   b. Credit Card Transactions
   c. Lockbox Transactions
   d. Online Payment Transactions
2. At the end of each day, the Finance staff member responsible for cash handling will balance the various batches created which reflects the dollar amount of all receipts and the batch dollar amount total. If any discrepancies are found the Finance staff member will review receipts and payments and make any corrections to posting errors.
3. A deposit slip is prepared from the cash/checks received and compared to the daily receipts listing.
4. Once the batch is balanced and the deposit prepared, a separate member of the Finance staff will proof the batch for accuracy, recount the prepared deposit, and commit the batch to the general ledger through the City’s financial software system.
5. The deposit will be placed inside a bank deposit bag and sealed.
6. Deposits are placed in the Finance vault until they are taken to the bank for deposit.

D. Overages and Shortages

1. It is the responsibility of the cash handler to ensure cash on hand equals the change fund plus actual receipts at all times.
2. All shortages and overages shall be reported to the Department Director and Finance Director immediately.
3. All cash overages and shortages, as well as any known circumstances surrounding the overage/shortage, shall be documented in a memorandum to the Finance Department within one (1) business day explaining the overage/shortage.
4. For cash shortages of twenty-five (25) dollars or more where theft is suspected, the following actions must take place:
   a. Department Supervisor or Employee:
      1. Notify the Department Director
      2. Notify the Finance Director of the occurrence
      3. Maintain a record of all overages/shortages
b. Department Director
   1. Within one (1) working day of determining theft is suspected, the Department Director must submit the record of all overages/shortages to the Finance Director. Copies must be provided to the City Manager and Human Resources Department.

c. Police Department
   1. Conduct an investigation in cooperation with the Department involved and the Finance Director.
   2. Provide the Finance Director with investigation findings.

d. Finance Director
   1. Provide a copy of the report to the City Manager, Department Head, and Human Resources (if applicable).

5. Recording Cash Overages/Shortages
   a. Employee
      1. Enter cash overages and shortages into the Overage/Shortage report and post it to the Financial software system.
      2. Complete overage/shortage report for supervisor.
   b. Supervisor or Department Director
      1. Review documents and re-count change drawer.
      2. Maintain a record of all overages/shortages.
   c. Finance Department
      1. Maintain a list of overages/shortages by Department.

E. Theft or Loss
   1. Once a theft or loss has been identified, it shall be immediately reported to the Department Director, Finance Director, City Manager, and the St. Helena Police Department. Do not conduct any type of investigation or discuss with other staff.
   2. All theft or loss shall be documented in a memorandum to the Finance Director within one (1) business day.

F. Deposits
   1. The general operating standard for deposits of City Cash to the bank shall be within twenty-four (24) hours or the next business day of receipt of those funds. Departments shall weigh reasonableness and practicality versus security in determining the timing for the deposit of small amounts. All deposits not made daily shall be held in a secured location such as a safe.
   2. All receipts of City Cash must be deposited with the Finance Department in accordance with this policy and the cash handling procedures identified per department that have been approved by the Finance Department.
   3. All security and bid deposits or escrow funds received in cash shall be treated as City Cash and deposited accordingly.
4. Departmental receipts shall never be used to replenish petty cash, other funds, or for the purchasing of items.

G. Reconciliation of Deposits
   1. On a monthly basis, the Finance Department, shall reconcile the listing of receipts to bank deposits reflected on the monthly bank statement. This individual is not the same as the primary cash handler.
   2. Any discrepancies shall be immediately investigated and reported to the Finance Director.
   3. Reconciliation of the monthly bank statements can be done by any member of the Finance staff except for the cash handler.

H. Petty Cash
   1. Petty cash disbursements and reconciliations shall be made in accordance with Petty Cash Policies identified in Policy No. P-FI-0014.

I. Check Cashing
   1. No checks shall be cashed from any City cash drawer.

J. Returned Checks
   1. Occasionally a deposited check may not clear the bank for one or several reasons; such as non-sufficient funds, account closed, stop payment, funds held, stolen checks, forgery, endorsement, or signature. The Finance Department assumes responsibility for collections.
   2. Upon receipt of a returned check the Finance Department will do the following:
      a. Reverse the payment in the City’s financial accounting system.
      b. Notify the Department responsible for the payment.
      c. Charge the customer the appropriate service charge for the returned check. This fee is based on the City’s adopted fee schedule.
      d. Send a letter notifying the customer of the returned payment, allowing for twenty-one (21) days to make payment including the service fee by an alternate form of payment such as cashier’s check, money order, or debit/credit card.
      e. If the customer fails to make payment, the account will be turned over to the City’s contracted Collection Agency after 120 days in accordance with Standard Operating Procedure No. SOP-FI-0013.
   3. The Finance Director has the authority to refuse the acceptance of checks as deemed necessary.
K. Refunds
   1. Refunds will only be made to the original entity (person or organization) that submitted the original payment to the City.
   2. Refunds shall be made by check or as a credit to a credit card only.
   3. Cash will never be used for a refund.

L. Foreign and Mutilated Currency
   1. Foreign currency and coin shall not be accepted. Only currency and coins issued by the United States Federal Reserve Board are legal tender. Traveler’s checks must state “U.S. Dollars”.
   2. No mutilated currency or coin, including bent coin, shall be accepted.

M. Banking Services and Account Opening
   1. The Finance Department is responsible for the City’s banking relationships.
   2. Opening new or closing bank accounts must be approved by the City Council.

N. Credit Cards
   1. Credit card payments should be made through: online payment platforms, in person, or called in to an authorized person in the Finance Department.
   2. Information collected for credit card payments must be done in a Payment Card Industry (PCI) compliant manner which includes the following safeguards:
      a. Security
         1. Credit card information can only be taken in person or by phone.
         2. Credit card information must be treated as confidential and paper containing credit card data must be physically secured (e.g. locked in a vault/locker, cabinet, desk, etc.).
         3. Credit card information shall not be taken over email at anytime.
      b. Storage
         1. Credit card information should not be stored on the computer or on a memory device at any time.
         2. Printed reports containing cardholder data are to be physically retained, sorted, or archived only within secure City office environments, and used only for the minimum time deemed necessary for their use.
      c. Destruction
         1. Credit card information may only be destroyed by shredding and in accordance with the City’s Records Retention Policy.

O. Training
   1. All staff shall be familiar with this cash control policy and must acknowledge receipt of this policy using the attached form.
2. All staff that handles City Cash shall be trained on the Cash Control policy by the Finance Department.

P. Violations
   1. Any employee found to have violated this policy may have his/her cash handling authorization limited or revoked completely and may be subject to formal disciplinary action up to and including termination from City employment.

Q. Policy Review
   1. The Finance Department shall perform a review of all City Cash handling policies, procedures, functions, and processes on a regular basis, but at a minimum of every two years.
   2. The City’s independent auditors shall review the City’s cash management controls through the course of their annual audits as needed.
CASH OVERAGE/SHORTAGE INCIDENT REPORT

<table>
<thead>
<tr>
<th>Department Name:</th>
<th>Incident Date:</th>
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<tbody>
<tr>
<td>Contact Person:</td>
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<tr>
<th>Type of Incident</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Shortage:</td>
<td></td>
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<tr>
<td>Overage:</td>
<td></td>
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<tr>
<td>Other – List:</td>
<td></td>
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</tbody>
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Explaination:

Print Name: ____________________________________________________________________
Department Cash Custodian  Signature   Date
Print Name: ____________________________________________________________________
Department Supervisor  Signature   Date
Print Name: ____________________________________________________________________
Finance Director   Signature   Date

Please attach a copy of the Financial software system entry.
ACKNOWLEDGEMENT OF RECEIPT

Finance Policy No. P-FI-0017
Cash Controls

My signature below is confirmation that I have received a copy of Finance Policy No. P-FI-0017 Cash Controls and that I understand that it sets forth the City’s policy regarding the handling of City Cash. I understand that this policy is intended to supplement other City personnel policies that govern rules of conduct and performance in the workplace. I further understand and agree that it is my responsibility to read and familiarize myself with the provisions of this policy and to contact the Finance Department in the event that I have questions or need clarification of the Cash Controls policy.

I understand that the City reserves the right to revise and update the Cash Controls policy at any time.

___________________________________
Employee Signature

___________________________________
Employee Name – Please Print

___________________________________
Date of Receipt
CITY OF ST. HELENA

RESOLUTION NO. 2018-147

Resolution approving City of St. Helena City Council Policy P-FI-0017 Cash Controls Policy and repealing and rescinding any previous policies or administrative memoranda which are inconsistent with City Council Policy P-FI-0017.

RECITALS

A. The City recognizes that fiscal policies and procedures are necessary for efficient, effective, and proper accounting of City spending; and

B. City Council Policy P-FI-0017 Cash Controls Policy has been reviewed by City Council; and

C. To avoid any inconsistencies with policy application, it is necessary to repeal and rescind any previous policies and procedures which conflict with City Council Policy P-FI-0017 Cash Controls Policy.

RESOLUTION

NOW, THEREFORE, the City Council of the City of St. Helena resolves as follows:

1. Approves City of St. Helena City Council Policy P-FI-0017 Cash Controls Policy; and

2. Repeals and rescinds any previous policies or administrative memoranda which are inconsistent with City Council Policy P-FI-0017 Cash Controls Policy.

Approved at a Regular Meeting of the St. Helena City Council on October 23, 2018, by the following vote:

Mayor Galbraith: Yes

Vice Mayor White: Yes

Council Member Dohring: Yes

Council Member Koberstein: Yes

Council Member Ellsworth: Yes

APPROVED:

Alan Galbraith, Mayor

STATE OF CALIFORNIA

Cindy Tzaropoulos, City Clerk

ATTEST: