



Town of Whitby Procedure

Procedure Title:	Cash Handling Procedure
Procedure Number:	F 280-001
Reference:	Financial Control Policy F 280
Date Approved:	November 27, 2017
Date Revised:	Not Applicable
Approval:	CAO/Treasurer
Point of Contact:	Financial Services Department

Purpose

This Procedure sets out good business practices for the handling of cash and cash equivalents and the processing of cash receipts. The establishment of strong internal controls for cash collections is necessary to prevent mishandling of funds and to safeguard against loss. All Departments that handle cash must have an awareness of, and show a commitment to, strong internal controls for cash management. All Staff are responsible for establishing and maintaining the proper environment for internal controls.

The Corporation of the Town of Whitby will protect and safeguard all cash and non-cash receipts from theft and misappropriation.

To provide direction for ensuring proper controls over all revenue sources and types of receipts by properly safeguarding, depositing and recording funds.

To ensure that, using best practices for cash receipts handling, all cash receipts are maintained under secure conditions, recorded properly in the Town's records, and deposited promptly to Town bank accounts.

This Procedure is intended to supplement other existing cash handling procedures at Town facilities for specific purposes and should be read in conjunction with those.

Scope

This Procedure applies to all cash handling of any type, denomination or amount for the Town of Whitby including any Agencies, Boards and Commissions unless other policies have been established by these entities in accordance with authority granted by Council. It applies to the Library to the extent that it does not conflict with the role of the Board or Chief Executive Officer under the *Public Libraries Act*.

Authority

The **Commissioner of Financial Services/Treasurer** has responsibilities under the **Ontario Municipal Act, 2001**, section 286 (1), for:

- (a) collecting money payable to the municipality and issuing receipts for those payments;*
- (b) depositing all money received on behalf of the municipality in a financial institution designated by the municipality;*
- (c) paying all debts of the municipality and other expenditures authorized by the municipality;*
- (d) maintaining accurate records and accounts of the affairs of the municipality;*
- (e) providing the council with such information with respect to the financial affairs of the municipality as it requires or requests;*
- (f) ensuring investments of the municipality are made in compliance with the regulation made under section 418.*

This Procedure shall be administered by the Financial Services Department and the Treasurer shall have the authority to interpret any provisions in this Procedure necessary for the good and efficient conduct and business of the Town of Whitby. Any changes to this Procedure shall be approved by the CAO/Treasurer.

In all cases the Municipal Act, 2001, as amended, any Regulations passed there under and any other Provincial or Federal Legislation or Regulations and professional accounting principles shall prevail as it may pertain to the duties and responsibilities of the Treasurer and any financial matters.

All Employees are responsible to ensure that council decisions are implemented as set by council and meet the provisions of the *Municipal Freedom of Information and Protection of Privacy Act, RSO 1990, c.M.56*, as it relates to the storage and disclosure of client personal information and the preparation, handling, and storage of records, forms and reports are adhered to.

1. Definitions

1.1. For the purpose of this Procedure “cash” will include:

- Currency – Canadian dollar denominations, coins
- Foreign Currency – i.e. U.S. dollars and cheques from US financial institutions.
- Cheques, Money Orders and Bank Drafts drawn on Canadian financial institutions only.

- Debit Card Transactions
- Credit Cards

2. Responsibilities

2.1. Chief Administrative Officer is responsible for:

- 2.1.1. Approving this Procedure and any amendments from time to time.
- 2.1.2. Establishing Town-wide governance and oversight to ensure that:

2.1.2.1. Senior Departmental Managers:

- i. Are aware of their financial management responsibilities;
- ii. Have the necessary knowledge to carry them out; and
- iii. Monitor financial management performance within their areas of responsibility.

2.2. Commissioner of Financial Services/Treasurer is responsible for the following:

- 2.2.1. Ensuring this Procedure is adhered to through established corporate procedures and monitoring controls.

2.3. The Manager, Treasury Services or designate is responsible for:

- 2.3.1. Implementing this Procedure and undertaking and controlling any changes or revisions.
- 2.3.2. The communication and distribution of procedure requirements to Supervisors/Managers responsible for cash handling. In circumstances of material or recurring noncompliance, notification will be escalated to the Department Heads as appropriate.
- 2.3.3. Delivering any required procedural training and the development of procedures for corporate oversight and assist departments in developing specific cash handling procedures for approval by the Commissioner of Financial Services/Treasurer.

2.4. Department/Division Heads/Managers/Supervisors are responsible for the following:

- 2.4.1. Facilitating compliance with this Procedure and ensuring that necessary departmental procedures are established, communicated, monitored, and updated as required.

- 2.4.2. Ensuring that the required approval of established departmental procedures is obtained from the CAO/Treasurer as required in this Procedure.

2.5. Employees handling cash receipts are responsible for:

- 2.5.1. Complying with cash receipt handling procedures developed for and implemented in their respective departments.

3. Receiving Cash

- 3.1. All payments, including postdated cheques should be secured, deposited and/or processed within 24 hours of receipt or due date.
- 3.2. All cash should be immediately recorded upon receipt.
- 3.3. The recordings may be made on a cash register, a computer system data entry terminal or, by means of pre-numbered receipt forms.
- 3.4. Each individual cash receipt should be identified and controlled by a unique, sequential transaction number, such as cashier receipt number or cash receipt number. The cash receipt records should provide the following:
 - (a) Name of department receiving cash;
 - (b) Identification and signature of person receiving cash;
 - (c) Name of person or organization cash was received from, where applicable;
 - (d) Cash or cheque indicator;
 - (e) Amount received and/or cheque number;
 - (f) Date payment received;
 - (g) Transaction number, cashier receipt number, or receipt form number.
- 3.5. All cheques must be made payable to the Town of Whitby or Town owned facilities.
- 3.6. Cheques and similar items shall be stamped *For Deposit Only to the Credit of the Town of Whitby* at the time of opening mail or receipt and also identify the receiving department.
- 3.7. Third-party cheques are not acceptable for payment purposes unless issued by the Federal or Provincial Government in the name of the customer. Identification is required.
- 3.8. Customers are to be provided with a proper receipt for all cash transactions.
- 3.9. Under no circumstances should disbursements be made from cash receipts.

4. Certified Cheques

- 4.1. Where a certified cheque is required, as is the case for security for tenders and purchasing contracts, a money order or bank draft is deemed equivalent to a certified cheque.

5. Debit Cards

- 5.1. Debit cards are acceptable payment options, provided the Staff/Department has access to a Point of Sale (POS) machine for processing. Staff must do the following:

5.1.1. Process transaction through the POS machine, by following the POS procedures:

- i Confirm that the transaction was approved, and provide customer with copy of receipt generated through the POS machine;
- ii Enter payment in POS as debit payment;
- iii “Cash back” services are prohibited;
- iv Give customer a copy of the debit card receipt;
- v Retain paper/electronic copy of original receipt in a safe place, for reconciliation of revenue.

6. Credit Cards

- 6.1. Credit cards are accepted as payments for the following revenue sources at outside facilities for amounts up to and including \$5,000. The use of credit cards to pay for invoices in excess of \$5,000 requires the Treasurer’s approval prior to processing. No credit cards are accepted at Town Hall.

- Facility Bookings
- Community Services program fees as defined in the Town’s Fees and Charges By- law
- On-line Parking Tickets
- On-line License fees
- Any service charges associated with the use of credit and debit cards will be charged to the Department for which the revenue was taken.
- Sponsorship agreements

- 6.2. Credit cards are only accepted upon review and where it was determined that volume, charges and service requirements are sufficient to warrant their acceptance. When taking credit cards Staff must do the following where possible:

- i Confirm the expiry date of the credit card;
- ii Process through a POS machine;
- iii Have customer sign the credit card receipt, use the Tap or key in their Personal Identification Number (PIN) where appropriate;
- iv Ensure signature matches the card holder signature on the back of the card where a signature is required;
- v Give/email customer a copy of the credit card receipt;

- vi Retain a paper or electronic copy of the receipt, for daily reconciliation of revenue;
- vii “Cash back” services are prohibited;
- viii Staff must follow the Payment Card Industry (PCI) Standards and all internal Town procedures in order to protect the card holder and the Town.

7. Non-Sufficient Funds (NSF)

- 7.1. The Town is notified of non-sufficient funds (NSF) through the return of funds (typically cheques) from the bank or rejected electronic transactions (typically debit and credit card). Treasury will contact the applicable Department, journal the amount from the revenue account which was credited. All NSF transactions are subject to an administration fee.

8. Receipt Log

- 8.1. Where automated systems are not in place (or are unavailable) to provide a summary of cash receipts, the designated employee shall maintain a receipts log with the following minimum information:
- (a) Name of person or organization cash was received from;
 - (b) Date and number of cheque or voucher;
 - (c) Amount of cash or cheque;
 - (d) Date payment received;
 - (e) Invoice reference if available.
- 8.2. The designated employee must enclose a receipts summary or a photocopy of the receipts log, if applicable, with the daily receipts when handing over cash receipts to the person making up the daily deposit summary. Deposit slips must be independently verified and initialled.
- 8.3. The preparer should sign the deposit slip and clearly indicate the preparer's name and the service unit. Deposit slips should be used in sequential order as printed. A copy of the completed deposit slip should be retained by the preparer.
- 8.4. All numbered receipts must be accounted for, including voided receipts.

9. Counterfeit Cash and Foreign Currency

- i Staff shall not take currency which is suspicious. If taken in error, Management must be notified immediately and appropriate action be taken, including contacting the Police if necessary.
- ii The only foreign currency which can be accepted in lieu of Canadian funds is United States (USD) funds which will be translated at prevailing market rates.
- iii US currency must be processed & deposited separately.

10. Refunds and Voids

- 10.1. All refunds and voided cash transactions should be supported by documentation stating the reason for the refund or void.
- 10.2. All voided receipts must be marked VOID.
- 10.3. The documentation should also include the signature or initials of the person recording the refund or void and the signature or initials of a Supervisor/Manager responsible for reviewing refunds and voids.
- 10.4. Refunds should also be supported by the name and signature of the person receiving the refund.

11. Safeguarding Cash

- 11.1. Cash shall be safeguarded at all times.
- 11.2. Cash should be kept secure at all times – safe, floor safe, locked storage, etc.
- 11.3. Safeguarding procedures and facilities shall take into account the amount of cash on hand during various periods.
- 11.4. Physical access to cash shall be restricted to authorized personnel.
- 11.5. The amount of cash on hand overnight should be minimized.
- 11.6. Cash should not be sent through inter-office mail.
- 11.7. Manage the armoured car services to ensure safe delivery of funds to the bank.
- 11.8. Where possible, cash should be counted in a non-public, secure area, out of sight.
- 11.9. Annual verification of cash floats and petty cash should be performed and documented by departmental administration and/or Treasury Services.
- 11.10. The frequency of transfer of receipts shall take into consideration the amount of cash on hand and the level of activity. Large volumes or frequent receipts may necessitate more frequent deposits to reduce the risk of having large amounts of cash on hand.
- 11.11. For security and regulatory reasons, employees that receive cash amounts that are not a normal amount for their department, and in all cases where paper currency proposed to be offered as payment exceeds \$10,000 (Canadian), should engage their Supervisor/Manager to complete the payment process.

12. Review and Reconciliation

- 12.1. Cash receipts should be counted and balanced daily at a minimum. Revenue reports are prepared by Department Staff where deposits are decentralized (i.e. external Town facilities) or by Tax Staff when revenue is processed by the centralized tax counter (i.e. Town Hall).
- 12.2. Revenue reports are to be prepared and recorded into the General Ledger on a daily or weekly basis.

- 12.3. During the monthly bank reconciliation, the revenue deposited will be reconciled with the revenue recorded in the General Ledger (G/L) and any discrepancy will be followed up with the originating Department.
- 12.4. All cash should be counted by the cashier.
- 12.5. Some method of reconciliation should be included with the cheques that are bundled together.
- 12.6. Bank reconciliations must be completed monthly at a minimum, reviewed and signed by an authorized individual.
- 12.7. Comparison of receipts to deposit records should be completed for all deposits.

13. Cash over and short amounts

- 13.1. Amounts disclosed in cash balancing will be reported daily to the Supervisor/Manager.
- 13.2. Amounts in excess of \$100 will be reported immediately to the Manager, Treasury Services or delegate, who, in turn, will advise Department Heads of shortages of a recurring nature.
- 13.3. In all cases of shortage, cash floats and petty cash will be replenished immediately as required.

14. Segregation of Duties

- 14.1. Where practical, no individual shall have responsibility for both the receipt of cash and:
 - i Opening mail;
 - ii Deposit of cash;
 - iii Reconciling banks;
 - iv Issuance of invoices; and
 - v Posting of cash receipts to the accounts receivable subsystem.
- 14.2. Where segregation is not practical, additional Management review and supervision is necessary and mitigating practices should be considered to reduce risk of loss.
- 14.3. Ensure a backup protocol is established to cover employee absences;
- 14.4. Ensure that all Staff handling cash spends at least one consecutive week per year where they are not completing cash handling duties (through vacation, job rotation, or other means).

15. Security

- 15.1. Security assessments should include a review of approvals and authorizations required and in place for the handling of cash receipts. Considerations should include who has access to cash, why they have access, where the cash is located and under what conditions, and the activities involved at the location.

15.2. Best practices in the consideration of security include:

- i The use of security cameras, CCTV, etc.;
- ii POS terminals must be kept away from public view when not in use;
- iii Not sharing passwords, keys or safe combinations, where possible;
- iv Maintaining a log of current employees with keys, combinations, and access;
- v Where possible, cash drawers should not be visible to the general public;
- vi POS system access should be restricted based on individual Staff's roles and responsibilities;
- vii Regular revision of passwords and combinations;
- viii Changing safe combinations whenever staffing changes occur among those who know the combination;
- ix Using separate cash drawers for each cashier, where possible;
- x Periodic draw-downs by Management during the days of large collections to ensure the amount of cash in each drawer does not become excessive;
- xi Drop safe where appropriate, or otherwise ensure cash that is drawn-down is in a secure location;
- xii Cashier access to a security alarm or buzzer that would alert Management or security personnel of robberies or any other threatening activities, where possible;
- xiii Ensuring cash drawer are locked and secured in a safe;
- xiv Storing un-deposited cheques or cash in a secure facility at the end of each business day; and
- xv Any "paid" or "received" stamps shall be stored and locked at the end of each business day.

16. General Controls

- 16.1. The Financial Control Policy must be followed.
- 16.2. Documentation must adequately support proper accounting/audit requirements.
- 16.3. Proper sales tax liability recording of receipt transactions.
- 16.4. Whenever cash is transferred from a custodian to another responsible person or entity the cash should be recounted and the dollar amount transferred signed off by the two parties involved.

17. Records, Forms and Attachments

- 17.1. Reports issued in summation of cash received and deposited shall support the financial reporting system and facilitate bank reconciliation procedures.

- 17.2. Receipts issued in relation to cash payments received shall be in a form and substance meeting all Town requirements for best practice and account coding.
- 17.3. Format, filing and control requirements of receipts issued should be contained in supporting procedures of each department, and should include:
- i Date of issue
 - ii Sequential numbering
 - iii Details of applicable taxes
 - iv Chart of accounts coding
- 17.4. All cash receipts and related documents must be maintained in accordance with Town procedures.
- i Establish a starting cash drawer amount (cash float) requiring daily verification by the cashier responsible;
 - ii Each individual cash drawer to be reconciled when a cashier changes (i.e. end of a shift), documented, signed off by the responsible cashier(s) and deposited in a timely manner where practical.
 - iii Where possible, segregate duties between collection, recording, reconciliation and deposit processes;
 - iv Where possible, daily reconciliation and counting of receipts should be done away from public view, in a secure area;
 - v Cash back is not permitted during debit card transactions or any other transactions; and
 - vi Cashier(s) are obligated to report overages and shortages on the daily cash balance reports. Significant overages or shortages should be brought to the attention of their Supervisor/Manager.

Original Approved and Signed.

Matt Gaskell, Chief Administrative Officer, x2211

November 27, 2017

Date