

| Head, Clara & Maria Policies and Procedures | | | |
|--|-------------------------------------|--------------------------------|---------------------------|
| DEPARTMENT: Finance | | | POLICY #: F-02 |
| POLICY NAME: Cash Handling Policy | | | |
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PURPOSE

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

POLICY

This Policy sets out good business practices for handling cash and 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.

DEFINITIONS:

For the purposes of this policy “cash” will include:

- Currency – Canadian dollar denominations – i.e. Coins, dollars, Money Orders, Bank Drafts, Certified cheques & Cheques
- Foreign Currency – i.e. U.S. Dollars, Cheques, Money Orders & Bank Drafts

SCOPE

This policy applies to all Departments and all staff whose duties involve receipting, handling and/or processing of cash and cash receipts of any type.

GUIDELINES

1. All payments should be secured and added to the current deposit sheet and/or processed within 24 hours of receipt and deposited within a timely manner.
2. The deposit sheet will only include one page for each deposit.
3. Un-deposited receipts should be adequately safeguarded and stored in a secure device and location, such as a safe or locked area.

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4. Documentation for each transaction may be generated manually (receipt form) or through the use of a cash receipts that will provide detailed and/or summary information.
5. Where practical, use automated systems (deposit sheet or cash receipts) to increase cash processing efficiency to provide more detailed support for reconciliations and provide an audit trail.
6. Each individual cash drawer be reconciled at end of a shift, documented, signed off by the responsible cashier(s) and drawer to be secured in a locked location.
7. Segregate duties between collection, recording, reconciliation and deposit processes.
8. Daily reconciliation and counting of receipts should be done away from public view, in a secure area. 911/TREASURY/Policy for Cash Handling/Nov 2015 Page 2
9. 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 the Treasurer or Supervisor.
10. 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.
11. All cash should be counted by the cashier and verified by the treasurer/supervisor, if possible. Both individuals should sign off on a cash count sheet.

Security Controls - Cash Drawers, Safes & Lock Boxes:

1. Access to cash drawers should be limited to the cashier collecting the cash and/or the treasurer and manager.
2. Assign responsibility to the cashier for ensuring the security of the cash drawer after each use.
3. Where possible, cash drawers should not be visible to the general public.
4. Require periodic withdraw of cash by the cashier during the days of large collections to ensure the amount of cash in drawer does not become excessive. Utilize drop safe where appropriate, or otherwise ensure cash that is withdrawn is in a secure location.
5. Where possible, cashiers should have access to a security alarm or buzzer that would alert management or security personnel of robberies or any other threatening activities.

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6. At end of day, ensure cash drawer is locked and secured in a safe secure area.
7. Any un-deposited cheques or cash will be stored in a secure facility at the end of each business day.
8. Safes and lock boxes must be kept in a secure area and shall be locked at all times when unattended.
9. Only limited staff shall have safe combinations or keys to lock boxes where funds are being locked for safekeeping.

Processing Cheques, Money Orders, and Bank Drafts:

Staff may accept cheques only when the cheque is made payable directly to Head, Clara and Maria Townships.

Upon receipt of cheques, money orders or bank drafts the receiver must:

1. Ensure the date, amount and payee are correct and that the cheque is signed by the patron.
2. All cheques should be endorsed on the back of the cheque with the Head, Clara and Maria's deposit stamp.

Cash Loss

1. Staff is expected to take reasonable precautions not to lose funds in their care, and not to accept counterfeit funds. However, during the course of the daily reconciliation of cash to the revenue, shortages can occur. Depending on the value and reason for the cash loss, the following shall occur:
 - a) Cash loss identified as a cash shortage. Include cash discrepancies due to clerical errors, cash mishandling, loss of deposits, deposit not equal to cash identified at the bank.
 - b) Cash shortages which are identified by the Department should be recorded on the revenue sheet with a clear explanation.
 - c) If the cash shortage is identified by Finance staff or the bank, staff will investigate, notify the cashier, and make the appropriate journal entry to record the shortage.

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d) Cash loss as a result of missing funds or theft must be reported directly to the Treasurer/Manager for further investigation.

Responsibilities Staff:

1. Receiving funds on behalf of the municipality;
2. Adhere to this policy and all administrative procedures; and
3. Maintain records for audit.

Management:

Establish an effective internal control system which includes:

1. Delegate responsibility for cash handling duties;
2. Maintain proper segregation of duties;
3. Require that staff handling cash be properly trained;
4. Require that staff follow all cash handling and depositing policies and procedures;
5. Review receipts and reconciliations on a regular basis;
6. Specify the actions to be taken by management based on the dollar amount and/or frequency of overages and shortages; 7. Investigate unusual variations in revenue.

Finance:

1. Monitor deposits to ensure cash is being deposited;
2. Perform timely bank account reconciliations and investigate any discrepancies between internal records and the bank's records;
3. Perform trend analysis of cash deposits and activity levels, which may identify anomalies or potential fraud;
4. Manage services to ensure safe delivery of funds to the bank.

Compliance:

In cases of policy violation, the Municipality may investigate and determine appropriate corrective action.