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THE CORPORATION OF THE CITY OF WINDSOR
POLICY

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Primary Owner:	**Finance**	Policy No.:	**CS.A7.07**
Secondary Owner:	**n/a**	Approval Date:	**February 26, 2018**
		Approved By:	**CR99/2018**
Subject:	**Corporate-Wide Cash**	Effective Date:	**Immediate**
	Receipts Control Policy	Procedure Ref.:	**Various - Departmental**
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1. POLICY

1.1 The City will exercise due diligence to safeguard cash receipts from theft and misappropriation.

1.2 All receipts, including cash, cheques and other financial instruments will be deposited promptly.

1.3 The recording system will supply all information necessary to comply with applicable laws and regulations.

2. PURPOSE

2.1 To prevent, deter and detect errors, fraud or theft.

2.2 To promote the safeguarding of cash receipts under secure conditions, accurate recording and prompt deposit to the City's bank account.

2.3 To outline best practices for all aspects of cash receipts handling.

2.4 To provide a comprehensive guideline for the development of departmental cash receipts control procedures.

2.5 To emphasize segregation of duties and/or independent verification as a prime feature of departmental procedures for cash receipts handling.

2.6 To facilitate timely and accurate recording and reporting of cash receipts in the financial system.

3. SCOPE

3.1 This policy applies to all City of Windsor departments, agencies, boards, commissions and committees (ABCs) funded by the City of Windsor, in whole or in part, or whose governing body contains City of Windsor representation and whose financial transactions are accounted for within the City of Windsor's financial systems.

3.2 Exclusions from this policy include:

3.2.1 ABCs that process financial information within their own financial system, AND/OR have submitted, to the City's Finance Department, alternative, board approved cash control policies or procedures.

4. RESPONSIBILITY

4.1 The **Chief Financial Officer & City Treasurer (CFO-CT),** or designate, is responsible to:

4.1.1 Review departmental and ABC documented procedures, that facilitate compliance with this policy and make recommendations for improvement as necessary.

4.1.2 Fulfill all responsibilities specific to cash receipts and deposits as detailed in Section 5.1

4.1.3 Direct the review of this policy at a minimum every five years and recommend updates as required.

4.2 The **Manager of Financial Accounting,** or designate, is responsible to:

4.2.1 Communicate and provide on-going support on the use of this Policy.

4.2.2 In coordination with the Coordinator, Corporate Cash Controls develop and maintain a cash control review and monitoring program.

    (a) In circumstances of high risk and recurring policy violations, escalate to appropriate senior management levels.

4.2.3 Investigate cash shortages and/or overages in excess of $100.

    (a) Provide guidance and/or mitigating strategies in an effort to eliminate such occurrences.

4.2.4 In the event of suspected cash misappropriation, liaise, as required, between Finance, the affected department and the City's internal auditor and in compliance with the Fraud and Misuse of Assets Policy.

4.3 The **Executive Directors, in conjunction with Managers of Administration and Heads of ABC's**, or designates, are responsible to:

4.3.1 Facilitate compliance with this Policy and ensure that cash receipts handling procedures are established, communicated, monitored and updated as required.

4.3.2 Forward departmental cash receipts handling procedures, to the CFO-CT, for review as per Sec. 4.1.1.

4.3.3 Establish and maintain a program of surprise float/cash counts.

4.3.4 Report, to the Manager of Financial Accounting, cash shortages/overages greater than $100.

4.3.5 Report, to the CFO-CT, any and all suspected misappropriation of cash.

4.4 The **Coordinator, Corporate Cash Controls** is responsible to:

4.4.1 Under the direction of the Manager of Financial Accounting, develop and maintain a cash control review and monitoring program.

    (a) Report immediately, to the Manager of Financial Accounting, any alleged or identified cash misappropriation or high risk cash control practices.

4.4.2 Provide, corporate-wide, ongoing support on the interpretation and use of this policy.

4.4.3 Provide guidance on the development of departmental procedures.

4.5 **Employees** handling cash receipts are responsible to:

4.5.1 Become familiar with and comply with this Policy and cash receipt handling procedures developed for and implemented in their respective service areas.

4.5.2 Report to management, immediately, all cash shortage/overages.

4.5.3 Report to management any and all suspected misappropriation of cash.

5. GOVERNING RULES AND REGULATIONS

5.1 The **Chief Financial Officer & City 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) maintaining accurate records and accounts of the affairs of the municipality

5.2 The term **"Cash"** predominantly refers to paper currency, coins, cheques, money orders, debit and credit cards.

- Although the following are not to be considered as 'cash' for the purpose of this policy, they should nevertheless be secured as if they were cash: tokens, gift certificates, gift cards, passes and permits.

5.3 Departmental cash receipts control procedures will be established with due consideration to the guidelines outlined in this policy.

6. CASH HANDLING BEST PRACTICES AND GUIDELINES

6.1 Receiving cash

6.1.1 All cash must be immediately recorded upon receipt.

(a) Preferred recording methods include point-of-sale (POS) systems (e.g. AMANDA) or programmable cash register. In absence, unique - pre-numbered, controlled receipts must be used (e.g. TR Receipts)

(b) Customers must be provided an appropriate receipt. Receipts should include the following:

- Purchase price (broken down by line item/services rendered)
- Sub-total
- HST amount (where applicable)
- Grand total
- Method of payment (e.g. Cash, Visa, MC, Cheque)
- Change due (where applicable)
- Cheque number (where applicable)
- Unique Receipt/transaction number,
- Transaction date/time
- Name of department receiving cash
- Identification of cashier
- Name of customer (where applicable)

6.1.2 All cheques must be made payable to The City of Windsor or ABC's as applicable and be endorsed "Deposit to the credit of The City of Windsor (or ABC)," AND clearly identify the receiving department.

(a) Third-party cheques are NOT acceptable.

(b) Please refer to the Corporate Cheque Acceptance Policy for additional best practices.

6.1.3 For security and regulatory reasons, employees that receive cash amounts that are well above a normal amount for their department, and in all cases where payment, by paper currency, exceeds $10,000 (Canadian), must politely refer the customer to the Manager of Financial Accounting to complete the payment process.

6.1.4 When cash receipts are transferred between individuals, cash must be recounted and the gross dollar amount signed off by both parties.

6.2 Safeguarding of Cash

6.2.1 Cash must be kept secure at all times – lockable cash register, safe, floor safe, locked storage, etc.

(a) Safeguarding should take into account the amount of cash on hand during various periods.

(b) Active cashiering or cash counting stations are not to be left unattended, at any time, without being properly secured.

6.2.2 Physical access to cash will be restricted to authorized personnel.

6.2.3 Cash must not be sent through inter-office mail.

6.2.4 Cash should be counted in a non-public, secure area, out of sight.

6.2.5 Cash receipts must be deposited at least weekly and _daily_ where gross sales exceeds $500 (Including any combination consisting of cash, debit, credit, cheques, etc.).

6.2.6 Surprise counts of cash floats and petty cash should be performed and documented.

6.2.7 Under no circumstances can disbursements be made from cash receipts.

6.3 Security

6.3.1 Security assessments should be performed, by management, at a minimum annually or upon material changes within the cash receipts process. Assessment should include:

(a) A review of approvals/authorizations required and in place for the handling of cash receipts.

(b) Who has access to cash and why?

(c) Where is cash located, stored? What other activities surround cash storage locations?

6.3.2 Best practices in the consideration of security include:

(a) The use of security cameras.

(b) Documentation of custodian and other transfers.

(c) Not sharing passwords, keys or safe combinations.

(d) Maintaining a log of current employees with keys, combinations and access.

(e) Regular revision of passwords and combinations.

(f) Safe combination is changed when turnover occurs among staff who know the combination.

(g) Using separate, lockable, cash drawers for each cashier.

6.4 Cash over and short

6.4.1 Must be reported immediately to management on duty upon discovery.

6.4.2 Individual shortage/overage in excess of $100 must be reported immediately to the **Manager of Financial Accounting.**

6.4.3 Shortages, are to be replenished as soon as possible.

6.5 Refunds and Voids

6.5.1 In Ontario, suppliers are <u>not</u> legally required to offer refunds or exchanges.

6.5.2 Departmental policy may dictate whether or not:

(a) A refund is offered

(b) A refund is full or partial

(c) The good or service is exchangeable

(d) Credit is applied towards a future purchase.

6.5.3 All refunds and voided transactions must be approved by a manager/supervisor and be supported by:

(a) Documentation stating the reason.

(b) The name & signature of the person recording the refund or void.

(c) Name and signature of manager/supervisor responsible for reviewing/approving the refund or void.

(d) The name & signature of the person receiving the refund.

6.5.4 Where refunds are offered, they should:

(a) Be made in the original method of payment

(b) Be made to the original purchaser and include the <u>original</u> proof of purchase.

(c) When a personal or business cheque was accepted, as the method of payment, confirmation <u>must be</u> obtained that the cheque has cleared the City's banking system. Upon confirmation a City cheque is the <u>only</u> acceptable form of refund.

6.6 Segregation of Duties

6.6.1 Where practical, no individual will have responsibility for both the receipt of cash and:

(a) Opening mail

(b) Deposit of cash

(c) Bank reconciliation

(d) Issuance of invoices

(e) Applying payment in an accounts receivable system.

6.6.2 Where segregation is not practical, additional management review and supervision is necessary and mitigating practices must be considered to reduce risk of loss.

6.6.3 Establish a backup protocol to cover employee absences.

6.6.4 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)

6.7 Preparation & recording of bank deposits

6.7.1 Cash receipts must be counted and balanced daily.

6.7.2 Where a POS system or cash register is not in place, daily cash receipts must be recorded in a manual receipts summary or log as support for deposits. The log should include at a minimum:

(a) Details regarding amounts of paper cash/coin (e.g. number of $5, $10s, Loonies, etc.)

(b) Cheque details including date, amount, name on cheque

(c) Visa, MasterCard and debit amounts

(d) Grand total of receipts for the day

(e) Where possible a *dual control* should be utilized whereby two employees count and verify the daily receipts together and sign the receipts log.

6.7.3 Where possible the daily receipt summary (POS, cash register or manual) and cash receipts should be submitted to a separate individual responsible to complete the deposit. Where segregation is not possible supervisory oversight and verification (name/signature) should be performed.

6.7.4 Total cash receipts must be verified and the deposit slip completed in entirety.

(a) Deposit slips must be used in sequential order

(b) Clearly include name of preparer and associated department

(c) Copy of deposit slips to be retained for audit purposes

(d) Ensure US deposit slip is used for USD cash/cheques

6.7.5 Cash receipts must be deposited at least weekly and <u>daily</u> where gross sales exceeds $500. (Including any combination consisting of cash, debit, credit, cheques, etc.)

6.7.6 Where AMANDA is not used as a POS system all cash receipts should be entered into the AMANDA cashiering system for recording and reconciling purposes.

6.7.7 Where regular cash deposits exceed $1,000 consideration should be given to using armed guard services. The buddy system <u>must</u> be used for all employee deposit deliveries.

6.8 General Controls

6.8.1 Consideration must be given to the following where applicable:

(a) Petty Cash Procedure CS.B8.03

(b) All bank accounts must be authorized by the Chief Financial Officer & City Treasurer.

(c) Bank reconciliations should be performed monthly, completed by the end date of the following month, reviewed and signed by authorized individual.

(d) HST to be recorded/remitted in accordance with CRA regulations.

(e) All cash receipt related support must be filed and maintained in accordance with the City's Record Retention By-law.

7. <u>RELATED POLICIES AND PROCEDURES</u>

7.1 CS.B8.03 Petty Cash Procedure

7.2 Corporate Cheque Acceptance Policy

7.3 Fraud & Misuse of Assets Policy

7.4 CS.A1.09 Investment Policy

7.5 CS.A3.05 Trade Receivables Collection Policy

7.6 City of Windsor Record Retention By-law