


POLICY

| | | | | |
|---|------------------|---|----------------|----------------|
|  | Policy: | Cash Receipts Control | | |
| | Department: | Corporate Services | | |
| | Division: | Financial Services | By-Law No.: | N/A |
| | Administered By: | Treasurer | Approval Date: | Sept. 27, 2021 |
| | Replaces: | Cash Receipts Control (February 29, 2016) | | |
| | Attachment(s): | N/A | | |

1. POLICY STATEMENT

- 1.1. The Corporation of the Town of Amherstburg is committed to protecting and safeguarding all of its cash and non-cash receipts from theft and misappropriation.
- 1.2. The Town is steadfast in ensuring that all information necessary to comply with laws and regulations is recorded.

2. PURPOSE

- 2.1. This policy ensures that by using best practices, all cash receipts are maintained under secure conditions, recorded properly in the Town's records and deposited promptly to the Town's bank accounts.
- 2.2. This policy utilizes the segregation of duties as a prime feature of procedures for cash receipts handling, with due consideration to materiality and practicality.
 - 2.2.1. Where segregation is not feasible, alternative procedures must be developed to reduce exposure and protect Town assets.
- 2.3. This policy ensures the completeness of the cash receipts recording system as it pertains to financial system recording and financial statement presentation and disclosure.
- 2.4. This policy ensures that users and stakeholders are properly trained in cash handling procedures and have a complete understanding of responsibilities and full knowledge of policy and procedure content.
- 2.5. This policy facilitates the effective and timely production of bank reconciliations.

3. SCOPE

- 3.1. This policy applies to all Town of Amherstburg employees, elected and appointed officials of the Town of Amherstburg, agencies, boards and commissions and committees funded by the Town of Amherstburg, in whole or in part, or whose governing body includes the Town of Amherstburg representation and whose financial transactions are accounted for within the Town of Amherstburg financial system.
- 3.2. Exclusions from this policy include:
 - 3.2.1. Any agency, board, commission or committee that process financial information within their own administrative structure, in which case the operator is responsible for cash policies, procedures and monitoring of the cash handling system.

- 3.3. This policy shall be reviewed every five (5) years from the date it becomes effective, and/or sooner at the discretion of the CAO or designate.

4. DEFINITIONS

- 4.1. **Cash** refers to paper currency, coins and cheques, however, where applicable, it also includes but is not limited to, debit and credit card receipts, gift certificates, gift cards, tokens, passes, permits and money orders.

Common definitions, acronyms, and terms are available in the Glossary located on the Town's Policies webpage.

5. INTERPRETATIONS

Any reference in this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a by-law or Town policy shall be deemed to be a reference to the most recent passed policy or by-law and any replacements thereto.

6. GENERAL CONDITIONS

6.1. Best Practices

- 6.1.1. Best practice general controls must be followed, which include, but are not limited to, these protocols:
- 6.1.1.1. Petty cash procedures must be adhered to.
 - 6.1.1.2. All bank accounts must be authorized for use by the Treasurer.
 - 6.1.1.3. Documentation must adequately support proper accounting/audit requirements.
 - 6.1.1.4. Proper tax liability recording of receipt transactions.
- 6.1.2. All employees are responsible to ensure that provisions of the *Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, Chapter 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.
- 6.1.3. Documented procedures over cash receipts handling in respective departments and agencies, boards, commissions and committees will be established with due consideration to the criteria documented in this policy.

6.2. Receiving Cash

- 6.2.1. All cash should be immediately recorded upon receipt.
- 6.2.2. The recordings may be made on a cash register, a computer system data entry terminal, or by means of pre-numbered receipt forms.

- 6.2.3. Each individual cash receipt should be identified and controlled by a unique sequential transaction number, such as a cash receipt number.
- 6.2.4. Cash receipt records shall provide the following:
 - 6.2.4.1. Name of department receiving the cash;
 - 6.2.4.2. Identification and signature of person receiving cash (whether electronically or otherwise);
 - 6.2.4.3. Cash or cheque indicator;
 - 6.2.4.4. Amount received and cheque number;
 - 6.2.4.5. Date payment received, and;
 - 6.2.4.6. Transaction number, receipt number or receipt form number.
- 6.2.5. All cheques must be made payable to the Town of Amherstburg or agency, board, commission or committee.
- 6.2.6. Cheques and similar items shall be endorsed at the time of opening mail or receipt and also identify the receiving service area.
- 6.2.7. Third-party cheques are not acceptable for payment purposes.
- 6.2.8. Customers are to be provided with a proper receipt for all cash transactions.
- 6.2.9. Under no circumstances should disbursements be made from cash receipts.

6.3. **Receipt Log**

- 6.3.1. 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:
 - 6.3.1.1. Name of person or organization cash was received from;
 - 6.3.1.2. Date and number of cheque or voucher;
 - 6.3.1.3. Amount of cash or cheque;
 - 6.3.1.4. Date payment received; and,
 - 6.3.1.5. Invoice reference if available.
- 6.3.2. 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.
- 6.3.3. Deposit slips must be independently verified and initiated.

6.3.4. The preparer shall sign the deposit slip and clearly indicate the preparer's name and service unit, and a copy of the completed deposit slip should be retained by the preparer.

6.3.5. Deposit slips shall be used in sequential order as printed and all numbered receipts must be accounted for, including voided receipts.

6.4. **Refunds and Voids**

6.4.1. All refunds and voided cash transactions shall be supported by documentation stating the reason for the refund or void.

6.4.2. The documentation shall also include the signature or initials of the person recording the refund or void and the signature or initials of a supervisor responsible for reviewing refunds and voids.

6.4.3. Refunds shall also be supported by the name and signature of the person receiving the refund.

6.5. **Safeguarding Cash**

6.5.1. Cash shall be safeguarded at all times.

6.5.2. Cash should be kept secure at all times (safe, floor safe, locked storage, etc.).

6.5.3. Safeguarding procedures and facilities shall take into account the amount of cash on hand during various periods.

6.5.4. Physical access to cash shall be restricted to authorized personnel.

6.5.5. The amount of cash on hand overnight shall be minimized.

6.5.6. Cash shall not be sent through inter-office mail.

6.5.7. Use of regular armed guard services pick up shall be considered when transporting large amounts of cash.

6.5.8. Cash shall be counted in a non-public, secure area, out of sight.

6.5.9. Surprise counts of cash floats and petty cash shall be performed and documented by the accounts administrator.

6.5.10. The frequency of transfer of receipts shall take into consideration the amount of cash on hand and the level of activity.

6.5.10.1. Large volumes of frequent receipts may necessitate more frequent deposits to reduce the risk of having large amounts of cash on hand.

6.5.11. 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 (CDN), shall refer the customer to the Financial Services Division to complete the payment process.

- 6.5.12. All receipts shall be deposited at least weekly and daily in all circumstances where cash exceeds \$500.
- 6.5.13. Procedures surrounding the responsibility for receipts and access to safeguarding facilities shall be designed to comply with best practices for cash handling and encompass appropriate segregation of duties.

6.6. **Review and Reconciliation**

- 6.6.1. Cash receipts shall be counted and balanced daily.
- 6.6.2. A record of the cheques shall be included with the cheques that are bundled together.
- 6.6.3. Bank reconciliations shall be done monthly, completed by the end date of the following month, reviewed, by the authorized individual.
- 6.6.4. Comparison of receipts to deposit records shall be completed for all deposits.

6.7. **Cash Over and Short Amounts**

- 6.7.1. Amounts disclosed in cash balancing will be reported daily to the service area supervisor.
- 6.7.2. Amounts in excess of \$100 (CDN) will be reported immediately to the Treasurer of shortages of a recurring nature.
- 6.7.3. In all cases of shortage, cash floats and petty cash will be replenished immediately as required.

6.8. **Segregation of Duties**

- 6.8.1. Where practical, no individual shall have responsibility for both the receipt of cash and:
 - 6.8.1.1. Opening mail;
 - 6.8.1.2. Deposit of cash;
 - 6.8.1.3. Reconciling banks;
 - 6.8.1.4. Issuance of invoices; or,
 - 6.8.1.5. Posting of cash receipts to the accounts receivable subsystem.
- 6.8.2. Where segregation is not practical, additional management review and supervision is necessary and mitigating practices should be considered to reduce risk of loss.
- 6.8.3. A backup protocol shall be established to cover employee absences.

- 6.8.4. Staff handling cash shall spend at least one consecutive week per year where they are not completing cash handling duties (through vacation, job rotation, or other means).

6.9. Security

- 6.9.1. Security assessments shall include a review of approvals and authorizations required and in place for handling of cash receipts.
 - 6.9.1.1. Considerations shall include who has access to cash, why do they have access, where is the cash located and under what conditions, and what are the activities involved at the location.
- 6.9.2. Best practices in consideration of security include:
 - 6.9.2.1. The use of security cameras, CCTV, etc.;
 - 6.9.2.2. Documentation of custodian and other transfers;
 - 6.9.2.3. Not sharing passwords, keys or safe combinations;
 - 6.9.2.4. Maintaining a log of current employees with keys, combinations and access;
 - 6.9.2.5. Regular revision of passwords and combinations.
 - 6.9.2.6. Changing safe combinations whenever staffing changes occur among those with knowledge of combination; and,
 - 6.9.2.7. Using separate cash drawers fro each cashier.

7. RESPONSIBILITIES

- 7.1. **Council** has the authority and responsibility to:
 - 7.1.1. Adopt the *Cash Receipts Control Policy*.
- 7.2. The **CAO** has the authority and responsibility to:
 - 7.2.1. Ensure compliance with the *Cash Receipts Control Policy*.
- 7.3. The **Treasurer** has the authority and responsibility to:
 - 7.3.1. Responsibly handle all of the financial affairs of the municipality on behalf of and in the manner directed by the Council as detailed under the Municipal Act, 2001, Section 286 (1), including:
 - 7.3.1.1. Collecting money payable to the municipality and issuing receipts for those payments;
 - 7.3.1.2. Depositing all money received on behalf of the municipality in a financial institution designated by the municipality;
 - 7.3.1.3. Paying all debts of the municipality and other expenditures authorized by the municipality;
 - 7.3.1.4. Maintaining accurate records and accounts of the financial affairs of the municipality;

- 7.3.1.5. Providing Council with such information with respect to the financial affairs of the municipality as it requires or requests;
- 7.3.1.6. Ensuring investments of the municipality are made in compliance with the regulations made under Section 418 of the *Municipal Act, 2001*.
- 7.3.2. Complete reviews identifying areas of strength in cash handling processes and identifying opportunities for improvements.
- 7.4. The **Supervisor of Accounting** has the authority and responsibility to:
 - 7.4.1. Communicate and distribute policy requirements to the various Managers.
 - 7.4.1.1. In circumstances of material or recurring non-compliance, notification will be escalated to SMT and the encompassing directors and the heads of any agency, board, commission or committee.
 - 7.4.1.2. Review the Bank Reconciliation and inform supervisor of any irregularities found.
- 7.5. **Directors** have the authority and responsibility to:
 - 7.5.1. Facilitate compliance with this policy and ensure that necessary procedures are established, communicated, monitored and updated as required.
 - 7.5.2. Ensure that the required approval of established departmental procedures is obtained from the Director of Corporate Services as required in Section 7.1.2.
 - 7.5.3. Deliver any required policy training.
 - 7.5.4. Develop procedures specific to their respective service areas in proper format and of sufficient content to ensure best practices for cash control are in place and operating.
- 7.6. **Heads of Agencies, Boards, Commissions and Committees** have the authority and responsibility to:
 - 7.6.1. Facilitate compliance with this policy and ensuring that necessary procedures are established, communicated, monitored, and updated as required.
 - 7.6.2. Ensure that the required approval of established departmental procedures is obtained from the Director of Corporate Services as required in Section 7.1.2.
 - 7.6.3. Deliver any required policy training.
 - 7.6.4. Develop procedures specific to their respective service areas in proper format and of sufficient content to ensure best practices for cash control are in place and operating.
- 7.7. **Managers** have the authority and responsibility to:
 - 7.7.1. Ensure that cash receiving locations that act only as a transfer agent for other cash recording locations issue an appropriate interim receipt to the sender or payer that details the following:
 - 7.7.1.1. Date received;
 - 7.7.1.2. Name of payer;
 - 7.7.1.3. Address of payer;
 - 7.7.1.4. Amount received; and,
 - 7.7.1.5. Other pertinent information as deemed necessary.
 - 7.7.2. Maintain a log or register of receipts and dates of transfer to enable control of receipts pending subsequent system recording and issuance of a proper receipt, where applicable.
- 7.8. **Staff** have the responsibility to:
 - 7.8.1. Adhere to the *Cash Receipts Control Policy*.

- 7.8.2. Comply with cash receipt handling procedures developed for and implemented in their respective service areas.

8. REFERENCES AND RELATED DOCUMENTS

- 8.1. *Investment Policy*
- 8.2. *Fraud and Misuse of Town Assets Policy*
- 8.3. *Petty Cash Policy*
- 8.4. *Account Receivables – Collections Policy*