



# ADMINISTRATION AND REGULATORY AFFAIRS DEPARTMENT

## Departmental Policy

Subject: **Cash Handling**

D.P. No:

**2-4**

Effective Date:

**January 30, 2014**

### 1. AUTHORITY

- 1.1 Article XVI, Section 2-503, of Chapter 2 of Code of Ordinances, Director – Powers and Duties.

### 2. PURPOSE

- 2.1 To create a Departmental cash handling policy in accordance with Administrative Procedure 4-8, §6.
- 2.2 To further clarify cash procedures as they apply to the Administration & Regulatory Affairs Department (ARA).
- 2.3 To ensure the accurate recording and timely collection of all insufficient funds (NSF) checks.

### 3. OBJECTIVES

- 3.1 To establish procedures that govern cash handling.
- 3.2 To establish procedures that govern check collection points.
- 3.3 To establish procedures that govern insufficient fund checks.

### 4. SCOPE

- 4.1 This policy applies to all employees reporting to the ARA Director.

### 5. DEFINITIONS

*Cash Collection Point (Change Fund)* – A fund used to transfer legal tender, i.e., coin, currency, checks, money orders, debit cards and credit card transactions to facilitate the receipt of fees/fines or other payments.

*Check Collection Point* – A point designated exclusively to receive checks for a division.

### 6. POLICY

- 6.1 It shall be the policy of ARA for all employees involved in the collection of payments to adhere to the procedures outlined herein.

Approved:

Date Approved:

Page 1 of 6

1/30/2014

6.2 Persons with a documented history of theft are forbidden to take part in ARA cash handling operations. Should a person with such a history be assigned a cash handling responsibility in ARA, said person is hereby compelled to inform of and divulge details associated with this history to his/her manager. Failure to do so may result in disciplinary action up to and including indefinite suspension.

## 7. PROCEDURES

### 7.1 Check Collection Point

#### 7.1.1 Roles and Separation of Duties

7.1.1.1 A check, once received, will be conveyed through the check logger, depositor, recorder, and finally, the approver.

7.1.1.2 No individual shall be assigned multiple roles.

#### 7.1.2 Check Collection Point Manager:

7.1.2.1 Shall reside in the Administrative Services Division (ASD) and be designated by the Chief Financial Officer;

7.1.2.2 Shall maintain check point collection role rosters for each division;

7.1.2.3 Shall ensure that all check collection point roles are assigned for each division and backups are in place where deemed appropriate; and

7.1.2.4 Shall conduct audits and retain general oversight of all check collection points within ARA.

#### 7.1.3 Check Logger

7.1.3.1 Checks shall be received by the check logger.

7.1.3.2 The check logger may only receive checks for divisions as assigned. Each division shall have a check logger assigned to it.

7.1.3.3 Checks received shall be recorded in a journal upon receipt. All due diligence shall be executed in forwarding inappropriately delivered checks to their appropriate destinations.

7.1.3.4 The deposit slip number will be logged once provided by the depositor.

7.1.3.5 The check logger is responsible for delivering checks to the depositor in a timely manner.

#### 7.1.4 Depositor

7.1.4.1 Once checks are received from the check logger, the depositor shall facilitate actions and documentation for proper bank deposit. Checks must be made payable to the City of Houston or applicable department and must be endorsed promptly payable to the City of Houston.

7.1.4.2 Once the deposit has been completed, a copy of the deposit slip and check(s) will be provided to the recorder.

7.1.4.3 The deposit slip number shall also be provided to the check logger.

7.1.5 Recorder

7.1.5.1 Once documentation has been received from the depositor, the recorder shall create and park entries in SAP.

7.1.6 Approver

7.1.6.1 The approver shall review and approve/post parked entries in SAP.

7.2 Change Fund

7.2.1 Segregation of Duties:

7.2.1.1 Cashier/Change Fund Custodian

7.2.1.1.1 The individual assigned to a single change fund. Multiple persons working out of a single change fund is prohibited.

7.2.1.1.2 Change fund custodians are responsible for the integrity and accuracy of their change fund.

7.2.1.1.3 Each change fund shall be reconciled daily by the designated Cashier/Change Fund Custodian at the beginning and end of each shift.

7.2.1.2 Change Fund Manager

7.2.1.2.1 Responsible for the integrity of all change funds under his/her control.

7.2.1.2.2 Responsible for depositing change funds to the safe/central repository.

7.2.1.2.3 Responsible for conducting change fund audits as needed.

7.2.1.3 Transferring Currency or Checks

7.2.1.3.1 All transfers of currency or checks to another fund or location shall be documented by the Change Fund Manager's designee's signature.

7.2.1.3.2 Equivalent currency exchanges do not need to be documented if the exchange is immediate and made at the location of the change fund.

7.2.1.3.3 Only the Change Fund Manager may authorize individuals to transfer currency or checks.

7.2.1.4 If needed, a Cashier/Change Fund Custodian may make a deposit to a safe/central repository when witnessed and documented by a Change Fund Manager's designee.

7.2.3 Cash Receipts

7.2.3.1 Receipts for all cash collections shall be provided to customers at the point of sale.

7.2.3.2 All receipts must contain the date, the method of payment, the amount charged to the customer, the change provided, and the identification of the cashier and department.

7.2.3.3 Each receipt shall have a unique identifying number generated by the cash handling system, which shall use a continuous numbering system.

#### 7.2.4 Non-accepted Currency

7.2.4.1 All individual bills with a value of \$20.00 or more shall be tested for authenticity using a counterfeit detector pen. If the currency is counterfeit, then it shall not be accepted as a form of payment.

7.2.4.2 Foreign currency will not be accepted by ARA.

#### 7.2.5 Checks

7.2.5.1 The following criteria are required in order for a check to be accepted by ARA.

7.2.5.1.1 The check must be drawn from a bank in the United States.

7.2.5.1.2 The check issuer must have a valid driver's license or state issued identification card.

7.2.5.1.3 The customer's name must not appear on the division's non-sufficient funds (NSF) list. If it is determined that the customer has unsettled NSF checks, all services should be denied until all outstanding NSF checks have been resolved. The change fund custodian shall not attempt to collect for outstanding NSF checks.

7.2.5.2 Checks must be made payable to the City of Houston or applicable department and must be endorsed promptly payable to the City of Houston.

7.2.5.3 Personal checks may not exceed the amount due to the City. Special dispensation has been granted to ARA business units located in the Houston Permitting Center (HPC) in accordance with A.P. 4.8, Cash Handling, §7.3.2.6.

7.2.5.4 Business checks that exceed the amount due to the City may be accepted, however, no change shall be provided. The balance due may be refunded by mail once the check has been successfully processed by the bank. Special dispensation has been granted to ARA business units located in the HPC in accordance with A.P. 4.8, Cash Handling §7.3.2.6.

### 7.3 NSF Checks

#### 7.3.1 NSF Bank Notices

7.3.1.1 The Administrative Services Division (ASD) shall be responsible for the dissemination of NSF bank notices to the appropriate division(s) for handling.

- 7.3.1.2 ASD shall be responsible for maintaining an electronic copy of all NSF bank notices.
- 7.3.2 Returned Check Database or Spreadsheet
  - 7.3.2.1 Each division shall be responsible for compiling, maintaining and updating a returned check database or spreadsheet.
  - 7.3.2.2 Each division shall be responsible for maintaining an electronic copy of the returned check database or spreadsheet with instructions that no checks shall be accepted from any person or entity whose name appears on the list. A person or entity may be removed from the list once all NSFs have been resolved.
- 7.3.3 NSF Check Entry
  - 7.3.3.1 A general ledger entry shall consist of a debit to the appropriate NSF receivable/revenue account and a credit to the appropriate cash account.
  - 7.3.3.2 Any licenses or permits issued shall be revoked if a check is rejected for NSF.
  - 7.3.3.3 Parking citation payments will be reverted to an unpaid status.
  - 7.3.3.4 A NSF fee will be applied if a check is rejected for NSF.
    - 7.3.3.4.1 This section does not apply in the case of checks drawn on or issued by a financial institution which has had its funds frozen if such freezing occurs after the attempt to pay the bill, charge, fee, tax, fine or other indebtedness or obligation. In such event the party attempting such payment shall not be charged the dishonored check fee if the bill, charge, fee, tax, fine or other indebtedness or obligation is paid within ten days from the date such party has been mailed a written notice that payment on the check has not been honored.
- 7.3.4 Collection Efforts
  - 7.3.4.1 Each ARA Section shall be responsible for sending a returned check form letter to the individual or company advising them of a returned check, the returned check fee and the due date the check should be replaced.
- 7.3.5 Write-Off of Uncollectible NSF Receivables
  - 7.3.5.1 Prior to NSF write-off, processes described in A.P. 4-4, Accounts Receivable and Collections Policy, shall be adhered to.
  - 7.3.5.2 Once the Finance Department has determined that the NSF is unrecoverable, ASD shall be responsible for preparing a Request for Council Action regarding the write-off of uncollectible NSF receivables. ASD shall also prepare general ledger entries for the write-off.

7.4 Uncharacterized Cash Collection

7.4.1 Cash collected informally, such as through a common area receptacle or for a charity as a part of the Combined Municipal Campaign, shall be received, counted and logged by one employee and reconciled by different employee.

8. POLICY COMPLIANCE

8.1 ARA Employees failing to comply with this policy will be subject to disciplinary action up to and including indefinite suspension.

8.2 Employees who are disciplined for violations under this policy shall have all authorized rights afforded to them by the city charter and/or the code of ordinances.