



Cash Handling Policy

Policy Number: N/A

Effective Date: February 1, 2016

Approved By: Roger L. Stancil, Town Manager

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POLICY

This policy governs the handling of Town Cash in accordance with [North Carolina General Statutes \(N.C.G.S.\) 159-32](#).

Town Cash is defined as currency, coin, checks, credit, charge and debit card payments, other electronic payment media, and other negotiable instruments payable in money to the Town.

PURPOSE

Employees of the Town shall conduct their cash transactions in a manner that is consistent with the law and the Town values of Ethics and Professionalism. All Town employees are expected to comply with the cash handling procedures outlined in this policy and any subsequent procedures approved by the Finance Officer.

The Director of the Business Management Department is authorized to issue procedures consistent with this policy. Cash Handling Procedures issued by the Business Management Department will be considered an addendum to this policy.

APPROVAL

Roger L. Stancil, Town Manager



Finance Cash Handling Procedures

Policy Number: N/A

Effective Date: February 1, 2016

Approved By: Kenneth Pennoyer, Business Management Director

PROCEDURES

A. Certifications of Receivers, Cashiers, and Tellers

1. Only persons who are certified by the Finance Officer, or their designee, shall receive and handle Town Cash on a regular basis. As a condition of certification or maintenance of certification, the Finance Officer may require that the employee complete a course of instruction or training and/or pass an examination on the secure processing of moneys, cash handling procedures and applicable departmental rules, and thereafter take refresher instruction or training at periodic intervals or when the need arises. It is anticipated that all officers and employees who receive and handle Town Cash on a regular basis will complete certification within six months of the approval of this Policy.
2. Cash handlers must take refresher courses every two years to remain certified (or at an interval designated by the Finance Officer).

B. Department Procedures

1. Departments must write their own cash handling procedures consistent with this Cash Handling Policy and approved by the Finance Officer. An example or template of a cash handling procedure can be found in the [Rules and Procedures for Handling Town Cash](#) appendices.

C. Responsibility for custodianship of Town Cash

1. The department receiving cash has primary responsibility for care of Town Cash in its custody until deposited or entrusted to a Business Management revenue collector certified by the Finance Officer.
2. Town employees are responsible for Town Cash in their possession until it is deposited or passed, in a manner consistent with established procedures, to another Town Employee authorized to receive Town Cash.

RELATED INFORMATION

- A. [NCGS 159-25 \(4\)](#) states that the Finance Officer “shall receive and deposit all moneys accruing to the local government or public authority or supervise the receipt and deposit of money by other duly authorized officers or employees”. The Director of Business Management and the Assistant Director are the Town’s Finance Officer and Deputy Finance Officer, respectively. To ensure compliance with Town Codes and State Statutes, the Finance Officer is authorized to establish procedures:

RELATED
INFORMATION
CONT.

1. for the receipt, handling and deposit by Town officers and employees of Town Cash into the Town Treasury;
2. for the method of documentation of all such transactions; for regular reporting to the Finance Officer;
3. for certifying Town employees who are authorized to handle Town Cash;
4. for inspection of departmental records, including cash overages or shortages; for inspection of departmental practices and procedures in handling Town Cash; and
5. for contracting with agents to collect Town Cash and establishing third-party collection procedures.

RESPONSIBILITIES

A. All Employees

1. Promptly deliver cash receipts to the Finance Officer, their designee, or the Town's Revenue Office, or, when so authorized, deposit the Cash with a Town depository designated by the Finance Officer to the credit of the Town. The delivery or deposit must be made within twenty-four (24) hours or next banking day after receipt unless otherwise authorized by the Finance Officer;
2. Comply with procedures for handling and processing of Town Cash and with departmental internal procedures, established in conformity with this policy;
3. Notify the employee's supervisor and the Finance Officer of any loss or theft of Town money immediately upon discovery. Written notice to the Finance Officer shall be given no later than 24 hours after discovery;
4. Be subject to disciplinary action, up to and including termination for failure to comply with this policy, departmental policies, and/or duties described in this Policy.

B. Business Management Department

1. The Business Management Department is responsible for training and certifying persons with cash handling responsibilities. Cash Handling Training courses will be offered twice a year.

C. Department Heads

1. Assign tasks related to receiving Town Cash only to those persons who are certified by the Finance Officer for performing those functions;
2. Ensure that new employees take cash handling training and that current cash handling employees get re-certified every two years (or at an interval designated by the Finance Officer).

PROCEDURES CONT.

3. Collaborate with the Finance Officer or his/her designee to establish and maintain a system of procedures, documentation and reporting on receipts handling and deposit of Town cash, and assigning the responsibilities for safeguarding the cash drawer keys;
4. Notify the Finance Officer of any loss or theft of Town Cash immediately upon discovery. Written notice shall be given no later than twenty-four (24) hours after discovery;
5. Allow the Finance Officer or his/her designee to make on-site inspections and observe the processing of Town Cash, and to make inspections of departmental collection records.
 - a. Prohibit transactions that are not directly related to the business of the Town. This includes cashing checks for Town employees and accepting checks for more than the transaction amount and providing cash back to a customer.
6. To accommodate new employees with cash handling responsibilities, the department may request that the Finance Officer or his/her designee train an employee(s) to conduct cash handling training for their department if there is no cash handling training course sponsored by Finance at that time. Employees who are trained by the departmental designee must still attend a bi-annual training conducted by Finance in order to be certified.

APPENDICES

- A. Rules and Procedures for Handling Town Cash
- B. Void and Refund Request Form

SCOPE

This policy replaces and supersedes any previous Town policies, departmental policies, handbooks, or unwritten policies or practices covering the same subject. Departmental policies in compliance with this policy are referenced in Section XI below, **Related Information**.



Rules & Procedures

Cash Handling

Town of Chapel Hill, North Carolina

1. Authority

These rules and procedures are established in accordance with the Town of Chapel Hill Cash Handling Policy.

2. Scope

These rules and procedures apply to the collection of all Town Cash as defined in the Cash Handling Policy in the Department/Division; and to all employees in the department/division responsible for the handling of Town Cash.

3. Daily Cashiering Operations

As directed by the Cash Handling Policy, each department must establish procedures for the acceptance of cash at each work site consistent with the Cash Handling Policy. The Finance Officer will review and approve all procedures involving the handling of Town Cash. These procedures should be written to address the circumstances of each cash receiving location. The following procedures are currently followed for all Treasury operations. Please use these procedures as a template for developing site-specific procedures for your department.

a) Opening Activity/Cash Drawer Setup

Each employee responsible for handling Town Cash on a reoccurring basis should maintain an individual drawer, lockbox, or register, for which they are solely responsible. At the beginning of each daily shift the cash handler should do the following:

- i. **Arrange coin and currency in a consistent manner.** The cash drawer or lockbox is divided into separate compartments for different currency denominations, checks, credit card receipts, etc. In most instances, the smaller denominations are located closer to where you position yourself; larger denominations are farther away. This setup helps prevent the accidental distribution of incorrect denominations.
- ii. **Verify the dollar amount of beginning cash.** If beginning cash should be \$100, for example, verify this amount through an opening count of all cash. The cash count should be recorded and initialed by the individual making the count.

b) Hours of Operation

During the cash handler's hours of operations, the following procedures should be followed to monitor the cash drawer:

- i. When the cash drawer or lockbox begins to get full and/or several large bills have been received, excess cash should be rubber banded and, if time allows, transferred from the cash drawer to a safe or other secure location. The amount transferred from the cash drawer should be documented in a logbook to maintain consistent records.
- ii. All cash and coins should be locked in the cash drawer, lockbox, safe, or other secure location when not in use.
- iii. Never leave the cash drawer or lockbox unattended. If the cash drawer must be left unattended for any period of time, then the cash drawer and lockbox must be locked by the attendant.
- iv. Never let anyone handle the drawer, unless under the direct supervision of the cash handler.
- v. Town Cash is **NEVER** to be used for the purpose of making change for the personal use of the cash handler, cashing personal checks, or providing temporary "loans" for the benefit of the cash handler or other individuals.

The cash operation in which you work must have a permanent collection record, such as a cash register tape or a handwritten log sheet that records all transactions including voids, refunds, or cancels. This permanent record must be retained by your department for a duration of five (5) years.

4. Receiving and Receipting Town Funds

All checks exchanged for Town goods and services are to be made payable to the "Town of Chapel Hill."

All checks made payable to the Town of Chapel Hill must include the pre-printed name and address of the payer on the check. Cash Handlers must also write the following information on all checks when accepting check payments for Town services:

- a) The telephone number of the payer.
- b) The drivers license number or vehicle license number of the payer, or some other form of identification such as passport or North Carolina identification card.
- c) Cash Handlers must write the location from where the check was accepted (ex: "Parking/Rosemary", "Parks & Rec/Hargraves").

Departments preparing their own deposits must include appropriate backup information, including the name of the depositor, the amount deposited, the date of deposit, and general ledger number where the deposit is to be allocated for each item received. *These materials provide the Finance department with a standardized audit trail should payments require research.*

5. Losses/Shortages/Overages/Voids

The Finance Officer makes a clear distinction between a “Loss” and “Shortage” of Town Cash:

- A **Shortage** is an unintentional collection error such as a change making error. This is when the Cash Handler has collected less money than what the Daily Cash sheet has recorded.
- An **Overage** occurs when a Cash Handler has collected more money than what the Daily Cash sheet has recorded and cannot immediately return the excess money to a specific customer.
- A **Loss** of Town Cash is when a Cash Handler has obtained physical custody of money and then, due to reasons of negligence (such as leaving the drawer unattended), a natural disaster (such as a hurricane), or an unlawful action (such as a robbery), cannot deposit that money to the Finance department.
- A **Void** is when a Cash Handler needs to correct a transaction that has been recorded in the computer system. When the cash handler processes a void (or a refund) they must fill out the Void and Refund Request Form and explain the reasons for the void/refund. These slips must be turned in with the cash by the end of the day. Supervisors must review void activity on a monthly basis in order to ascertain rising trends in the number of voids/refunds in their department.

Any loss should be immediately reported to the supervisor and to the Finance Officer. The Finance Officer should be sent a detailed statement as to the circumstances of the loss within 24 hours.

6. Closing Activity

At the end of each work day, the following steps should be followed:

- a) The permanent collection record must be balanced by reconciling it to the Cash Handler’s drawer or lockbox.
- b) The amount of moneys received must be verified by a second person, preferably a supervisor, and that person must “sign off” that the moneys have been verified.
- c) All funds collected must be deposited within 24 hours of receipt.
- d) All remaining Cash must be secured in a safe or a vault.

7. Balancing Cash Drawer

At shift closing, the Cash Handler needs to account for any loss, shortage, or overage of Cash in the cash drawer. This process is referred to as “balancing”, which is the accounting and documentation of all Town funds received by the Cash Handler that day. Balancing involves:

- a) Adding of currency, coin, credit/debit card drafts and checks.
- b) Determining the dollar total received from the Daily Cash Sheet and subtracting the beginning cash.
- c) Comparing the total money received with the total transactions recorded on the Daily Cash sheet. These two amounts should be the same.

Balancing should occur out of public view in a location away from the collection area to protect the safety and security of the Cash and Cash Handler. While individual cash handlers have different methods for balancing cash drawers, there are several steps that all balancing processes should include:

- a) Remove all Cash from the cash drawer.
- b) Count currency and coin. The Cash should be counted as many times as it takes to get the same total twice.
- c) Cash Handlers should list all checks and credit/debit card drafts on either an adding machine tape or a bank deposit slip and transfer the number of checks and drafts and the total dollar amount of checks and drafts to their deposit slip.
- d) Cash Handlers should then “exchange” from the remaining cash on hand to bring the change fund back to the preferred mix of currency denominations as determined by the Cash Handler’s department.

8. Filling Out Deposit Slips

There should be at least two copies of the deposit slip in addition to the original. These copies create an audit trail and allow for balancing as well as a check and balance system. Distribution of deposit slips should normally be:

- a) Original deposit slip goes to the bank or Revenue Office along with any coin/currency/check.
- b) One copy is retained by the receiving department for their internal records.
- c) One copy is processed by the bank or Cashiers and returned to the Cash Handler providing documentation that the deposit was received.

Cash Handlers should place the day’s collected moneys and two deposit slips into a tamper-proof deposit bag, which can be sealed with a lock and key.

9. Intent of Rules and Procedures

All cash handlers are responsible for protecting the cash assets of the Town of Chapel Hill. These procedures are provided to assist Cash Handlers in carrying out their duties. It is expected that Town employees will exercise good and prudent judgment when handling cash.



VOID AND REFUND REQUEST FORM

ATTENDANT INFORMATION

Handler Name: _____

Location of Register: _____

Date of Payment: _____

Payment Amount: _____

TYPE OF REQUEST

- ☐ **Void** (request to cancel/void the payment shown above)
- ☐ **Refund** (request to have payment shown above refunded back to the citizen)
- ☐ **Correction** (corrections to the payment shown above with corrections shown above)

Correct Amount \$ _____

Amount Corrected \$ _____

REASON FOR VOID/REFUND/CORRECTION

SIGNATURE

Cash Handler: _____

Date: _____

Supervisor: _____