

# SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

## *POLICIES & PROCEDURES MANUAL*

### POLICY 20.060 - CASH HANDLING PROCEDURES

Date: July 2021  
Revision No.: 1  
Supersedes: August 2018  
First Adopted: August 2018

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#### **POLICY:**

The purpose of this policy is to ensure control and safekeeping of business assets of monetary value by staff of the San Bernardino Municipal Water Department, and to ensure proper and consistent cash receiving, processing, and handling procedures.

#### **SCOPE:**

This policy applies to all staff handling, accepting, or storing cash and cash equivalents.

#### **RESPONSIBILITIES:**

1. Director of Finance shall ensure review, revision, and update of this policy as needed.
2. Administrative Services Manager shall ensure execution of practices as contained herein and provide for adequate training of staff.
3. Customer Service Supervisors and designees shall ensure adherence of this policy on a day-to-day basis and ensure violations of this policy are reported to Administrative Services Manager and/or Director of Finance.

#### **DEFINITIONS:**

*Cash* - May be comprised of coin, currency, checks, money orders, credit card transactions, and electronic fund transfers.

*Staff* - Staff may consist of Customer Service Representative I, Customer Service Representative II, Customer Service Representative III, Billing & Collections Supervisor, or Customer Service Supervisor. For the purpose of this policy, and unless otherwise specified, the term utilize to staff in reference to this policy is "Customer Service Representative."

**Historical practices shall not constitute justification for deviation from the following guidelines/procedures.**

### **PROCEDURES**

The Department shall maintain, as deemed appropriate, physical security systems (i.e., alarms, panic buttons, motion detectors, security cameras, etc.) to ensure the safety of funds and personnel in areas where cash is collected, reconciled, and stored. In addition, access to counter, cash handling, and storage areas will be restricted to authorized personnel.

### **CASH DRAWER MAINTENANCE & SECURITY**

1. As directed, or when assigned to Cashiering, Customer Service Representative will retrieve their assigned cash drawer containing \$100.00, or \$150.00. Drawers are marked accordingly.
2. Customer Service Representative is responsible for verifying the cash drawer contains \$100.00 (or \$150.00 if indicated) prior to processing any payments. Verification of cash in drawer will take place in the area designated for balancing drawers.
3. Customer Service Representative is responsible for the contents, security, and keys for the cash drawer at all times.
4. Customer Service Representative must lock all cash and cash equivalents in a drawer or other secure receptacle whenever leaving the counter area, including for break and lunch periods.
5. Customer Service Representative shall maintain adequate change in their drawers. Change can be requested through a Customer Service Representative III or Customer Service Supervisor.
6. Coin, cash, and checks should be arranged in a consistent manner.

- a. Separate compartments shall be used for different currency denominations and checks. Using standard practice of locating smaller denominations to the far right and larger denominations to the left helps prevent accidental distribution of incorrect denominations.
  - b. Cash accumulated should be neatly separated and clipped to assist in balancing activity
7. Each cash handler will utilize their unique user ID, password, Cash Receipts payment batch, and cash fund not accessible by or shared with other individuals.
8. Staff is prohibited from sharing cash drawers.
9. Random checks/audits of cash drawers may be done at any time by a supervisor or supervisor's designee.
10. At the end of each business day, each Customer Service Representative will remove their cash drawers from the front counter, and place cash drawer in a locking cart receptacle (rolling cash drawer cart or designated receptacle).
11. All cash and cash equivalents, including the locking cart receptacle, shall be stored in the Department's secured vault, with vault access limited to Managers, Supervisors, or lead staff. Vault access shall include a multi-authentication process. Safes must be kept locked at all times except when access by authorized personnel is needed.
12. The Customer Service Supervisor, Billing & Collections Supervisor, or Customer Service Representative III is responsible for placing the locked cart receptacle in the Department's secured vault.
13. The Department uses a designated armored car service to deposit funds, and to receive change orders from the Department's bank account.
14. Bank deposits via the designated armored car service must occur daily to minimize the accumulation of large amounts of cash or cash equivalents and will be prepared by the Customer Service Supervisor, Customer Service Representative III, or Billing & Collection Supervisor. On occasion and in the

absence of aforementioned staff members, a properly trained Customer Service Representative II may prepare the deposit.

### **CASH DRAWER OPERATIONS**

1. All cash or cash equivalents received must be processed through the Department's designated cash receipting software.
2. Customers must be given a receipt for each transaction.
3. If the designated cash receipting software is not available, handwritten receipts must be issued to the customer and a duplicate copy retained by staff at the point of transaction. Customer Service Representatives must ensure handwritten receipts contain the following: Date, Name, Phone Number, Service Address, Account Number (if available), total paid, type of payment, change given.
4. If a handwritten receipt is issued due to the unavailability of the receipting software, transactions must be entered as soon as the software is available and prior to reconciliation of the cash drawer.
5. If a payment needs to be voided, Customer Service Representative III or Supervisor must be notified immediately and made aware of the circumstances. Supervisor or CSR III will void the transaction, and the cash handler can re-enter the payment correctly if needed.

### **CASH PAYMENTS**

1. When accepting cash, only U.S. currency and coins will be accepted.
2. Recount cash in front of the customer to verify amount received, or when giving the customer change.
3. Leave money in the view of the customer, but out of reach of the customer.
4. Each cash handler should take reasonable precaution to detect counterfeit money prior to acceptance, utilizing methods made available for such. This includes utilization of designated counterfeit bill detectors, and visually reviewing bills for appropriate watermarks, security thread, color shifting ink, and paper quality. When in doubt about the authenticity of currency, a supervisor should be notified.

5. To reduce errors, do not rush and avoid unnecessary conversation during each transaction.

### **CHECK PAYMENTS**

1. Prior to acceptance, Customer Service Representative will review all Checks, Cashier's Checks, and Money Orders to ensure the following:
  - a. Check is made out to City of San Bernardino Water Department, SBMWD, or similar name.
  - b. Check is written in blue or black ink.
  - c. Check has a valid signature.
  - d. Check has a valid date, no postdated checks accepted.
  - e. Ensure the numeric value on each check (Courtesy Amount Recognition or CAR) matches the amount written in words (Legal Amount Recognition or LAR).
2. No change may be given on a check payment.
3. The Department does not cash third-party checks.
4. The Department does not cash checks for employees or customers.
  - a. This includes any checks issued by the Department to employees for payroll, reimbursement, or any other purpose.
5. An endorsement stamp or its mechanical equivalent shall be used to restrictively endorse deposits of cash equivalents as soon as possible but no later than the close of business on the date of receipt.

### **BALANCING/RECONCILING OF CASH DRAWERS**

1. Customer Service Representatives will reconcile their cash drawers daily.
2. All cash reconciliation and balancing activities shall take place in a specified, designated area.

3. Each Customer Service Representative is responsible for balancing his/her own drawer.
4. Reconciliation should not take more than 30 minutes, even with a large volume of payments.
5. In the event a Customer Service Representative is unavailable or is unexpectedly absent, two staff members, preferably including at least one Customer Service Representative III or Customer Service Supervisor, will reconcile the cash drawer in the designated area.
6. The Customer Service Representative shall accumulate receipts from payments or deposits as part of the normal business operation. At the end of the day or shift, or as directed by Customer Service Supervisor or designee, all cash receipts should be reconciled/balanced to control figures from the utility software system.
7. Verification of cash received through each drawer must be counted and confirmed by someone other than the cash handler responsible for the collection. Verification of cash is done by a Customer Service Supervisor, Customer Service Representative III, or a Customer Service Representative II.
6. Documentation of cash differences (both overages and shortages) must be maintained for each Customer Service Representative for subsequent review by a supervisor or supervisor's designee.
7. Should a discrepancy occur, the Customer Service Representative will be requested to do the following:
  - a. Attempt to determine if the discrepancy is related to cash transactions or check transactions.
  - b. If variance is cash related recount all cash, including confirming the beginning balance of \$100 or \$150, as indicated in the cash drawer.
  - c. Print out the system detail to review transactions for correct payment code processing.
  - d. If a correction is needed, supervisor or designate must be made aware of circumstances and approve any voids, re-entries, or changes.

- e. If after review, a variance is unresolved, the variance will be recorded by Cashier Supervisor or Customer Service Representative III.
8. Excessive and/or repeated variances or discrepancies in cash or checks indicate that there is a misunderstanding of proper cash handling procedures. If encountering difficulty with daily cash transactions, it is the Customer Service Representative's responsibility to contact their supervisor for clarification and/or guidance.
9. Frequent variances (defined as three or more within a month) or large accumulated variances (defined as more than \$15.00 within a month) will be referred to the Director of Finance or designee for additional investigation. Repeated instances or variances will be incorporated into performance evaluations, and may lead to disciplinary action, up to and including termination.

#### **ACCOUNTING AND CONTROL FUNCTIONS/SEGREGATION OF DUTIES**

The person receiving cash and issuing cash receipts should not be the same person who performs reconciliation, enters journal entries, and reviews financial statements and activities. All collected funds reported shall be verified to bank deposit receipts.

In addition to random checks/audits of cash drawers by Customer Service Supervisor or designee, Accounting/Finance staff may perform random check/audits of cash drawers independent of any Cashiering/Customer Service staff.

#### **REPORTABLE LOSSES**

Any instance of known or suspected misappropriation of missing cash or checks shall be reported to the Administrative Services Manager immediately. In the event of a robbery or burglary, police authorities should be notified immediately along with Department Safety and Management staff.

#### **Policy Review**

Board Approved:	<u>8/14/2018</u>
No Changes:	<u>7/2019</u>
No Changes:	<u>7/2020</u>
Minor changes GM Approved:	<u>7/2021</u>

**ACKNOWLEDGEMENT OF MANDATORY COMPLIANCE WITH  
CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT POLICY ON  
CASH HANDLING PROCEDURES**

I hereby acknowledge receipt of the City of San Bernardino Municipal Water Department Policy on Department Cash Handling Procedures (Policy No. 20.060). I have read the policy and understand that compliance with this policy is mandatory, and violation of this policy may result in discipline up to and including termination.

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Date

\_\_\_\_\_

Employee Printed Name

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Employee Signature