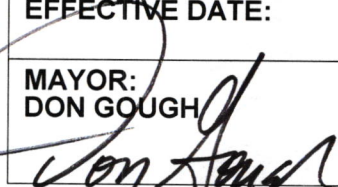




**CITY OF LYNNWOOD  
POLICY/PROCEDURES**

<b>TITLE: Cash Receipting Policy/Procedures</b>		
<b>EFFECTIVE DATE:</b>	<b>SUPERCEDES: 12/8/08</b>	<b>PAGES: 3</b>
<b>MAYOR: DON GOUGH</b> 	<b>DEPARTMENT HEAD: LORENZO HINES, JR.</b> 	<b>MANAGER: KIM DEMMERT</b> 

**Section Index:**

- 1.0 General**
- 2.0 Definitions**
- 3.0 Cash Receipting**
- 4.0 Deposit Preparation**
- 5.0 General Internal Controls**
- 6.0 Exceptions**

**1.0 General**

- 1.1 The purpose of this policy is to inform employees of proper cash receipting and internal control procedures. Strong internal controls for cash are necessary to prevent mishandling of City funds. They are designed to safeguard employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process.
- 1.2 This policy applies to all City employees and Departments
- 1.3 This policy is being initiated by the Administrative Services Department.

**2.0 Definitions**

- 2.1 "Cash" is defined as currency, coin, checks, money orders, travelers' checks.

**3.0 Cash Handling and Receipting**

- 3.1 A receipt must be issued for each payment received. At a minimum, manual pre-numbered receipts must include the name of payer, purpose of payment, date, mode of payment (cash, check, or credit card), and the identification of the department and the person issuing the receipt. Cash Receipting System generated receipts must contain similar information. Generic receipt forms may not be used.
- 3.2 All checks, money orders, and traveler's checks must be restrictively endorsed immediately upon receipt with an endorsement stamp made payable to the City of Lynnwood.
- 3.3 All checks must be written for the transaction amount only; no cash can be given back to the customer.
- 3.4 All voided/canceled transactions should be explained by the cashier and approved and initialed by the area supervisor. A copy of the original receipt must be retained.
- 3.5 When cashiers are assigned their own cash drawer they must be counted and reconciled at the end of their shift. If cash drawers are used in multiple shifts by multiple cashiers they must perform the transactions using their own access

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codes and the drawers must be counted and reconciled at the end of each shift. To prevent another employee from accessing the system using your access code you must log off when you leave your work station unattended.

- 3.6 All funds collected must be reconciled by mode of payment daily. Total cash must be compared to the cash register totals or cashiering system reports, to the numbered receipts, and to the totals of funds received by mode. The reconciliation should be reviewed and approved by an employee who is not directly responsible for receipting the funds. The person reviewing this work should print new system reports to reconcile the cashiers work.
- 3.7 Daily cash transactions must be imported into the City's financial system upon completion of the reconciliation in a timely manner (This function is completed in the Treasurer's Division.)
- 3.8 Deposit slips, transaction receipts, and reconciliation worksheets must be sent to the Finance Supervisor upon completion of reconciliation, no later than 10:00 AM the following day. Dates and tracking numbers on these documents should be positioned so that they are easily read and not obscured by staples.
- 3.9. Over/short amounts must be recorded separately, investigated, and resolved to the extent possible and initialed by the supervisor on duty.
- 3.10 Cash drawers should always be locked in the safe when not in use. During the shifts the cash drawers should remain locked unless cashier is processing a transaction. Items that have not been processed with the accompanied cash and/or checks should not be left unattended at any work station. Deposits that have been prepared and ready for the armored car to pick up should always remain in the vault until signed for by the armored car attendant.
- 3.11 Cash receipts may not be used to cash checks from employees or customers.
- 3.12 Credit card refunds are permitted through the cash receipting systems only. All other refund requests, with supportive document of the original transaction, should be sent to the Finance Supervisor, and, after verification of the original receipt processed, a Treasurer's check will be issued.

**4.0 Deposit Preparation**

- 4.1 All departments must settle the credit card batches and prepare a deposit each business day.
- 4.2 All funds received must be deposited daily. Checks may not be post-dated and held for future processing.
- 4.3 A deposit slip must be completed in triplicate for each deposit, with cash and checks recorded in the appropriate space. A calculator tape of the checks must be included with the checks bundled for deposit. Deposit tickets must be legible and checked carefully for accuracy.
- 4.4 Deposit(s) must include the original white deposit slip and an additional copy and placed in pre-numbered deposit bag(s) and sealed. Deposit bag(s) that have been prepared and ready for the armored car to pick up should always remain locked in the safe until signed for by the armored car attendant for delivery to bank vault.

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- 4.5 Any deposit errors or other reconciliation issues must be documented on the daily reports and initialed by the area supervisor and submitted to the Finance Supervisor.

**5.0 General Internal Controls**

- 5.1 A staff member in each department who is not directly responsible for receipting cash must print new reports, review and initial verifying that the work balances with the deposit.
- 5.2 Staff responsible for administering accounts receivable must not perform cash receipting.
- 5.3 All checks received must be immediately endorsed with a restrictive endorsement stamp made payable to the City of Lynnwood.
- 5.4 During hours of operation, all forms of cash must be kept in a secure place with restricted access. At other times, all cash should be stored in a safe.
- 5.5 Access to the safe should be limited to supervisors and few employees. The combination must be changed when there is a change in responsible personnel. It is the responsibility of the Supervisor to contact the Assistant Finance Officer to request the combination be changed.
- 5.6 Monthly bank statement reconciliations must be performed by an independent person who does not have cash custody or cash receipting responsibilities. Any differences that are identified during the monthly bank reconciliation should be researched and resolved in a timely manner.
- 5.7 All cash receipts and related documents must be maintained in accordance with record retention schedules. Cash register tapes, deposit slips, credit card receipts, copies of manual cash receipts, validated deposit slips, etc., should be kept for six years. These records should be maintained by a staff member who does not prepare deposits.

**6.0 Exceptions**

- 6.1 Credit Cards may not be accepted for payment of Bail and most deposits. Credit cards may be accepted for room or pool rentals at the Lynnwood Recreation Center.
- 6.2 The Finance Director or Finance Supervisor must approve exceptions to this policy. For example, in cases where there is insufficient staff available to maintain complete separation of duties, an alternate process to safeguard City funds must be established and approved by the Finance Director or Finance Supervisor. Requests for exceptions must be submitted to the same in writing.

**7.0 Credit Card Use**

- 7.1 Credit cards may only be used for amounts not greater than \$2,500.00 unless Customer is willing to pay the City's credit card fee for accepting that credit card.

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**7.0 Credit Card Use**

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**Cover Memo for  
Contract/Requisition/Purchase Order  
Routing Requests  
(Required by the Mayor's Office)**

Date: May 20, 2013

From: Kim Demmert & Lorenzo Hines

Department: Administrative Services

The Mayor's Office receives numerous requests to approve contracts, requisitions and purchase orders. To efficiently process departmental requests, the Mayor would like a cover memo that answers the questions below to be attached to each item requesting his approval. Please be concise in your answers and don't edit or change the questions.

**Please put your approval request in a Red Folder.**

1. What is it? In plain layman's terms, describe simply and clearly what it is you want the Mayor to approve.

We are submitting an updated Cash Receipting Policy to make basically four changes:

- 1) Change wording of "Assistant Finance Director-Treasury" to "Finance Supervisor"
- 2) Change wording of "Brinks" to "the armored car"
- 3) Change policy of no credit cards accepted for deposits to "Credit cards may be accepted from room or pool rentals at the Lynnwood Recreation Center.
- 4) Currently the city does not pass the credit card fee the city pays to the customer. We would like to set a limit at \$2500.00. Credit card may be accepted for amounts over \$2500.00 if the customer is willing to pay the City's credit card fee for accepting that credit card. (Currently, the city pays 3% of the amount charged to the credit card processing company.)

2. How much is the cost, if applicable? If a grant, what matching money is required by the City?

No additional cost

3. If applicable, what is the source of funds paying for it? How much of it is General Fund money?

N/A

4. What is the specific budget line item and how much is remaining in the budget line item BEFORE the requested item is approved?

N/A

5. How critical is it for the Mayor to approve the requested item. What are the consequences of NOT APPROVING it?

Current policies are out of line with current practices.