

<b>City of New Berlin General Financial Policy</b>	TITLE: <b>Cash Handling Procedures</b>
AUTHORIZATION DATE: 10/13/15	LAST UPDATE: 10/13/15
POLICY SOURCE: Finance Committee	SCOPE: City - wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee 07/15/15, 11/8/18 Common Council 10/13/15, 1/8/19

### General

The establishment of strong internal controls for cash collections is necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls are also designed to protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. Included in the definition of cash are the following: coin, currency, checks, money orders, credit cards, accounts receivable charges, electronic funds transfers, and all cash equivalents.

### Policy

#### Internal Control

Internal controls regarding the handling of cash receipts should be as effective and efficient as possible. The purpose of internal controls is as follows:

1. Safeguard the assets against theft and inefficient use
2. Determine the accuracy and reliability of accounting data
3. Promote operational efficiency
4. Encourage adherence to prescribed managerial policies

With the above purpose in mind, the ideal internal controls over cash receipts would be:

1. Do not permit any one employee to handle a transaction from beginning to end
2. Separate cash handling from record keeping
3. Centralize the receiving of cash as much as possible
4. Record cash receipts immediately on pre-numbered receipts
5. Deposit each day's receipts intact
6. Make all disbursements by check

7. Provide adequate safeguards for handling, transporting and storing cash.

The following is a summary of the cash handling procedures including recommended procedures to strengthen internal accounting controls over cash receipts.

#### CASH RECEIPTS

1. All fees collected must be recorded immediately upon receipt
2. Receipts will be prepared for each cash transaction using the cash receipt system
3. All funds collected must be totaled and reconciled to receipts on a daily basis by the cashier. Any unusual variances must be investigated by the Finance Director.
4. The funds deposited intact with the bank on a daily basis by either the Finance Director or Accounting Manager.

#### ADDITIONAL CASH HANDLING PROCEDURES

The City recognizes the need for maintaining a Petty Cash fund to cover minor unforeseen expenditures that need to be made immediately. The dollar limit for a Petty Cash item is set at \$25.00 and requires the approval of the employee's supervisor.

All requests for reimbursement from Petty Cash MUST be made on a completed Petty Cash form with receipt(s) attached. After the Supervisor has approved the dollar amount and account number, the employee should submit the request to the Cashier or Department person responsible for the Petty Cash box.

The Cashier, and those Departments with Petty Cash funds, will periodically submit a report to the Accounting Manager requesting the fund be replenished. The report must have attached all of the forms and receipts that have been paid out since the last report.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the 15<sup>th</sup> day of Jan., 2019 as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.



David A. Ament, Mayor