

ORDINANCE NO. 2021-6

Introduced by Joel Hagy

AN ORDINANCE ADOPTING A CITY-WIDE CASH HANDLING POLICY FOR THE CITY OF HURON AND DECLARING AN EMERGENCY.

WHEREAS, the City desires to adopt a city-wide cash handling policy to ensure adequate internal controls to account for the handling of the City's municipal cash and to maintain public trust.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Huron, Ohio:

Section 1. That the policy set forth in Exhibit A attached hereto and made a part hereof shall be, and hereby is, adopted as the City-Wide Cash Handling Policy of the City of Huron.

Section 2. That the various municipal officers having authority over the City's municipal cash shall, henceforth, act in accordance with such policy.

Section 3. This Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public, health, safety and general welfare and for further reason that the policy adopted herein is needed for the protection and preservation of public funds; wherefore, this Ordinance shall be in full force and effect from and immediately after its adoption and due authentication.

ATTEST:


Clerk of Council


Sam Artino, Mayor

Adopted:

23 FEB 2021



CITY-WIDE CASH HANDLING POLICY

A. PURPOSE:

The Cash Handling Policy is established for the purpose of ensuring adequate internal controls to account for the handling of the City of Huron's ("City") municipal cash and to maintain public trust. The procedures to enforce and controls to ensure that this Cash Handling Policy is carried out are to include but are not limited to those outlined below:

- a. Written documentation evidencing assigned authority (see Cash Handling Policy Employee Acknowledgement Form below).
- b. Random drawer audits conducted under the direction of the Director of Finance. A requirement that any non-compliance with this policy or deviation from set procedures will be reported to the Director of Finance in the form of a memorandum outlining the non-compliant act or procedural deviation.

B. DELEGATION OF AUTHORITY:

- a. The Director of Finance is authorized to promulgate rules for establishing procedures for the receipt, handling, and deposit of municipal cash by municipal employees and persons performing cash handling functions where there are municipal operations being performed, and funds that are to be placed into the municipal treasury. For the purpose of this policy, city employees, employees of companies that perform services operating departments or facilities for the City, volunteers, and all other persons involved in cashier related functions involving municipal cash, whether the employee(s) is/are full or part-time are covered by the terms of this policy. Incorporated within the authority granted via this policy is the right to require regular reporting to the Director of Finance; inspection of departmental cash records, including overages or shortages and inspection of departmental practices and procedures in handling municipal cash. The Director of Finance may verify and inspect for compliance with promulgated policies, procedures and rules to assure that they are being adhered to through on-site inspections.
- b. The City is required by law to keep detailed records of transactions involving the receipting, retention, and disbursement of all City revenue. The Finance

Department is charged with the responsibility of overseeing the proper receipting and safeguarding of all municipal funds.

- c. Responsibility and accountability for the daily collection of funds is delegated to the principal municipal cash custodian of each operating location involved in cashiering operations along with his/her supervisor.

C. DUTIES OF CITY PERSONNEL:

Any City employee who receives municipal cash in the normal scope and course of his/her duties shall:

1. Ensure the delivery or deposit is made in compliance with ORC Section 9.38 and comply with rules promulgated by the Director of Finance for handling and processing of municipal cash.
2. Notify his/her supervisor and department head of any loss or theft of municipal money immediately upon discovery. Written notice shall be given to them no later than twenty-four hours after discovery.
3. Shall count, balance, report and relinquish cash drawer collections in excess of the cash drawer amount to the facility's principal municipal cash custodian no later than the end of his/her shift each day.
4. Each cash custodian/the department head or manager shall prepare deposit records and deposit the day's collections in accordance with the following process:
 - a. City personnel must deposit all public moneys received by that person with the Finance Department or properly designated depository (bank) on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars (\$1,000). If the total amount of the public moneys so received does not exceed one thousand dollars (\$1,000), the person shall deposit the moneys within three (3) business day next following the day of receipt, provided the person is able to safeguard the moneys until such time.
 - i. Safeguarding the public moneys include proper segregation of duties on handling the cash (signoffs, reviews); securing cash received for deposit in a locked safe within a secured area; restricted access to the safe. This process must be approved by the Finance Director.
5. Municipal employees are subject to disciplinary action for failure to comply with the duties described in the Cash Handling Policy.

D. LIABILITY FOR LOSS

Primary responsibility for care and liability for loss of municipal cash in its custody is recognized at the department/facility level until deposited with the Finance Department or bank. Compliance with the procedures approved by the Director of Finance establishes a presumption that a municipal department/facility is exercising due care in its custody and care of municipal cash.

E. ESTABLISHMENT/INCREASE OF CASH FUNDS

All requests for the establishment of cash funds, (i.e. cash drawer and petty cash funds) must be made to the Director of Finance. The Director of Finance will maintain a complete listing of all cash funds. The department/facility, custodian and the dollar value of the cash funds are to be maintained on this written listing.

1. A check request signed by the department head; specifying the type of fund (cash drawer or petty cash), the amount being requested, and an explanation describing the basis for the requested funds is required to be submitted to the Director of Finance. (Email is acceptable)
2. It is not permissible for cash funds to be established out of cash receipts by any department/facility.
3. A cash fund will not be established until a principle cash fund custodian has been designated by the department head/facility manager. Cash funds must have only one principle cash fund custodian responsible for managing cash funds. In the absence of the principle cash fund custodian, the supervisor is responsible for the control and management of cash funds.
4. Should it become necessary to change fund custodians, the supervisor must notify the Director of Finance and an audit of the cash fund be performed prior to transferring the cash fund to a new principal cash fund custodian. An audit of the cash fund will not be performed unless and until the new custodian is present.
5. Upon receipt of the cash fund money, the new custodian will sign the custodian acknowledgement form maintained by the Director of Finance.

F. TERMINATION OF CASH FUNDS

- a. When the need arises to close a municipal cash fund, the department head/facility manager shall notify the Director of Finance that the cash fund is to be closed by providing a memorandum (email is acceptable) specifying the reason for the closure. At the point funds are to be relinquished, an audit of the cash fund shall be performed in the presence of the department

head/facility manager or the municipal cash fund custodian. Any discrepancy from the proper balance shall be noted and addressed at that time. The Director of Finance shall void and return the department head and custodian's signed Cash Handling Policy Employee Acknowledgement Form.

- b. Upon completion of the cash audit and relinquishment of the funds to the Director of Finance or his designee, the cash will be deposited into the municipal depository and appropriate accounting entries recorded to reverse the recognition of the municipal cash funds on the general ledger.

G. SECURITY OF CASH FUNDS

- a. Funds must be secured in a safe when not being used operationally or receipts are not being prepared for deposit.
- b. Provisions should be made in departments where more than one cash fund exists to secure all funds that are not being currently utilized.
- c. Only the department head, principle cash fund custodian and alternates should maintain keys and have access to municipal cash funds on hand and relinquished daily receipts when they are not in operational use or being prepared for deposit.
- d. Bank bags must be locked and kept out of sight when transporting municipal funds for deposit at the municipal depository.
- e. All cash funds must be reviewed for propriety on a randomly by the department head/facility manager.
- f. Petty cash funds shall remain secured until need arises to perform a transaction involving petty cash.
- g. Cash register drawers shall not be left unattended without the cash register being locked and the register's key removed and retained on the person of the responsible employee.
- h. Cash register drawers shall be removed from each cash register before the close of business each day, relinquished to the department head/facility manager, principle municipal cash fund custodian or on duty alternate, and placed in a vault or safe.

H. CASH DRAWER GUIDELINES

- a. Cash drawers should generally be used for the following:
 - i. Making change to the public,
 - ii. Receiving payment for multiple types of transactions.
- b. Adequate receipts and documentation must be maintained to support all transactions made from the cash drawer.
- c. A cash drawer custodian may be revoked at the discretion of the Finance Director.

I. CASH**DRAWER****BALANCES**

Department	Fund Limit
Finance Department	\$150
Boat Basin	\$200
Parks/Rec Office	\$100
Fabens Park Concessions	\$500
Nickel Plate Beach Parking	\$500
Court	\$200

J. OVERAGES AND SHORTAGES

Both overages and shortages should be noted and tracked by the custodian and then reviewed and certified by a department supervisor. Significant amounts should be immediately reported to the department director and the Finance Director. If there appears to be a growing pattern or anything unusual or strange about the overages and shortages, that information must be disclosed immediately.

K. CASH DRAWER PROCEDURES

- a. Custodians of cash drawers shall issue a receipt to the customer for all transactions.
- b. The custodian shall for a specified period of time complete a cash reconciliation form for deposit with the Finance Department and submission to the Finance Department and recording of revenue in the City's accounting system.
- c. If a discrepancy exists between the "Total Cash on Hand" and the "Valid Cash Balance", then the custodian needs to inform his/her supervisor who then contacts the Finance Department. The discrepancy should be noted on the reconciliation with supervisor sign-off, if the unreconciled discrepancy is not known.

- d. For seasonal cash drawers (e.g. Nickel Plate Beach), the custodian shall audit and deposit the funds with the Finance Department in the off-season.

L. REGULATION OF PETTY CASH

- a. Petty cash funds are used for expenditures of \$100 or less made by a City employee.
- b. Adequate receipts and documentation must be maintained to support all transactions made from the Petty Cash Fund.
- c. A petty cash fund or custodian may be revoked at the discretion of the Finance Director.
- d. The amount of the petty cash fund may be reduced at the discretion of the Finance Director.

M. ESTABLISHED PETTY CASH FUNDS

Department	Fund Limit
Finance Department	\$235

N. ESTABLISHING NEW PETTY CASH FUNDS

Departments wishing to establish a new petty cash fund shall contact the Finance Director.

O. CLOSING A PETTY CASH FUND

If it is determined that an existing petty cash fund is no longer needed, the custodian must close the fund. The remaining cash and all receipts should be taken to the Finance Department for deposit.

Contact the Finance Department to obtain the appropriate account information before the deposit is made. Supporting documentation will be forwarded to the Finance Department for reconciliation.

P. PETTY CASH PROCEDURES:

- a. The requester shall complete the Petty Cash Reimbursement Form (attached). Describe the purchase/expenditure in the description/explanation area and enter the total amount requested for reimbursement. A receipt for the expenditure must be attached to this form. The form must be signed and dated by the requestor and approved by the Finance Director with his/her signature and the date.

- b. On a periodic basis, the custodian counts the currency and coins in the petty cash fund, sums the receipts in the petty cash fund file. The combined dollar value of the currency, coins and the receipts must equal the petty cash fund total assigned to the custodian. The custodian then completes a Petty Cash Reimbursement Form and a check request to reimburse the petty cash fund for the amount of the outstanding receipts.
- c. If a discrepancy exists between the total of the currency, coin and receipts and the petty cash fund total assigned to the custodian, the custodian needs to inform the Finance Department petty cash fund to ensure that sufficient currency and coin are on hand to reimburse employees for expenditures.

This policy was reviewed and adopted by the Finance Committee on February 8, 2021; and City Council on February 23, 2021; Ordinance 2021-6.

GLOSSARY

- Municipal Cash** – Currency, coins, checks, charge payments, other electronic payment media, and other negotiable instruments payable as money to the municipality or to operations owned or affiliated with the municipality.
- ORC 9.38** – This Ohio Revised Code Section states, “A person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.”

CITY OF HURON
CASH HANDLING POLICY
Municipal Cash Fund Custodian
Employee Acknowledgement Form

I, _____, accept and acknowledge I am a municipal cash fund custodian for the below named department/facility of the City of Huron. I accept and understand the responsibility delegated to me. I understand and agree, as department head/facility manager/municipal cash custodian, that I may be held responsible and accountable for municipal cash that is administered under my care and authority on behalf of the City of Huron, as provided in the Cash Handling Policy of the City.

Department/Facility Name: _____

Signature: _____

Print Name: _____

Date: _____

CITY OF HURON
CASH HANDLING POLICY
Municipal Petty Cash Reimbursement Form

Department/Facility Name: _____
Original Petty Cash Fund Balance: _____
Amount of Requested Reimbursement: _____

Recap of Disbursements

Vendor Name	Date of Purchase	Account Code	Amount
Total:			

Requestor (Custodian) Signature: _____
Print Name: _____
Date: _____

Finance Director Signature: _____
Print Name: _____
Date: _____