

CASH HANDLING
POLICIES AND PROCEDURES
MANUAL



FINANCE, TREASURY AND ADMINISTRATION

JANUARY 1, 2022

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I. INTRODUCTION

The City of Spokane's (the City) Department of Finance, Treasury and Administration is responsible for overseeing the receiving, safekeeping, and disbursing of all moneys belonging to the City in any capacity.

The purpose of this Cash Handling Policies and Procedures Manual is to train City employees who handle cash to perform their cash handling functions effectively and efficiently, and to establish performance expectations.

All individuals involved with cash handling must be familiar with this manual to help ensure proper cashiering, technique, etiquette, and safety of City monies. Please contact Treasury Services with any questions regarding cash handling.

II. GENERAL INFORMATION

Expectations of Cash Handlers

Cash handlers represent the City and are expected to conduct themselves with a high level of integrity and professionalism. Cash handlers must adhere to the following performance responsibilities:

- **Receive and retain funds.** Perform transactions with accuracy and integrity.
- **Maintain customer account records.** Accurate records assure that accounts are credited properly.
- **Establish and maintain good customer relations.** Cash handlers are the City's face to the public.
- **Practice sound loss control.** Cashiers learn to establish their work area and routines to avoid distractions that can lead to mistakes and loss.
- **Perform operations, follow policy and procedures, and balance cash daily.**
- **Understand emergency protocols when confronted with a robbery, fire, or natural disaster.**

City policy defines "City Cash" as currency, coins, negotiable checks, money orders, electronic funds transfers, bankcard payments, demand deposits, and other accounts having demand deposit characteristics. The City accepts three payment methods for "over the counter" transactions. These are cash, check, and credit card/debit card. As a City cash handler, you need to be familiar with the different payment methods and be able to identify the elements that make each type of payment negotiable.

Legislative Authority

[Washington State Constitution, Article XI, Section 15 – Deposit of Public Funds](#)

[RCW 43.09.240 – Deposit of Collections](#)

[SMC 03.01A.260 \(C\) – City Treasurer](#)

Administrative Policies

See the City's website for the following Administrative Policies Related to Cash Management.

ADMIN 0410-21-05 – Cash

ADMIN 0410-21-06 – Returned Checks

ADMIN 0410-21-07 – Petty Cash and Change Accounts

Specific to credit cards:

[ADMIN 5600-19-08 – Payment Card Industry Compliance](#)

Internal Controls

These Policies and Procedures are intended to describe best practices and establish internal controls to safeguard the receipt and disbursement of City cash. It is the responsibility of each Department Director to provide for the proper and adequate control of cash following these Policies and Procedures. Individuals involved with cash handling must not be assigned conflicting duties at any point in the process, including a cashier's supervisor, deposit preparer, deposit handler, or accounting staff.

Customer Service

City cashiers play an important role in the public's perception of the City. Use of good judgment can prevent misunderstandings and will promote confidence and goodwill between the City and the public. The City takes pride in the fact that cashiers conduct themselves in a manner that exemplifies the City's values.

III. RESPONSIBILITY

Department of Finance, Treasury and Administration – Treasury Services

Treasury Services (Treasury) reports to the City Treasurer who is the custodian of all City monies. Treasury is responsible for protecting the City's public funds and ensuring the preservation of capital, providing liquidity to meet the City's operating needs through cash management activities, and generating a market rate of return from its investment activities; delivering merchant services (credit card processing); and contracting for and managing the City's banking relationships.

The City Treasurer is authorized to open and close bank accounts in the name of the City, and to ensure that adequate City-wide cash handling procedures are established. The City Treasurer is authorized and directed to:

- Oversee that the Cash Management Policies and Procedures are followed.
- Collaborate with the Director of Accounting to develop and implement methods of documenting all cash transactions.
- Establish procedures for collecting, depositing, recording, and transporting cash.
- Review department cash handling processes and assist departments in implementing proper cash handling procedures.
- Review all department cash overages/shortages and any theft of cash.
- Administer cash handling training to City employees.
- Make minor adjustments to the manual to ensure it reflects changes in federal/state/local laws as well as changing business conditions and or processes.

Department Directors and Managers

Responsible for ensuring that all applicable employees are aware of and trained on the Cash Handling Policies and Procedures.

Department directors and managers are responsible for following these Policies and Procedures and for:

- Ensuring that the Cash Handling Policies and Procedures are available to, and read by, all employees responsible for any step in the cash handling, reconciliation, and reporting process.
- Preparing and implementing additional departmental procedures, as needed, consistent with these Policies and Procedures, to ensure the safety of City employees and City monies within their specific business environments.
- Ensure that cash handling responsibilities are clearly within the scope of the employee's job. Temporary, seasonal or project employees that handle cash must acknowledge that they have read the Cash Handling Policies and Procedures and department-specific cash handling procedures and must pass background, criminal and credit checks.
- Providing for the proper control of cash by assigning cash handling responsibilities only to employees who have received training regarding the Cash Handling Policies and Procedures.
- Notifying the Chief Financial Officer, City Treasurer, the internal audit staff, and Risk Management of any theft or suspected theft of cash upon discovery. (See ["Reporting of Losses", section VII](#))
- Handling overages/shortages. Any cash overage or shortage must be charged to the appropriate account and must not be netted to the deposit.
- Allowing the City Treasurer, Director of Accounting, the internal audit staff, and Risk Management or their designees to make on-site reviews to observe the collection and processing of cash, and to review their documented cash handling policies, procedures, and records.

Dual Controls must be maintained at every point in the process. A manager or supervisor, or if neither is available, a second employee must count the funds received by the cash handler, and verify the totals are correct. There should be a separation of duties including a cashier's supervisor, deposit preparer, deposit handler, and/or accounting staff.

City Employees

Responsible for any step within the cash handling process shall:

- Read the City's Cash Handling Policies and Procedures and have received cash handling training related to their department-specific cash handling procedures.
- *Violation of these Policies and Procedures and/or department-specific cash handling procedures may be subject to disciplinary action, up to and including termination.*
- Sign the [Acknowledgement Form \(Appendix D\)](#) stating that they have read and agree to abide by these Policies and Procedures. This form should be returned to the department manager and retained by the department for audit purposes.

IV. INTERNAL CONTROLS

Internal controls are implemented to provide efficient and effective security measures for cash handling, and to protect the City's cash from waste, fraud, and theft. Strong internal controls should address both cash receipts and cash disbursements.

General

- **Dual Control.** Two people should be involved when receiving, counting, packaging, and depositing funds. This reduces the chance of errors or theft.
- **Staff present with the currency.** The customer will never be left alone with the payment, or with an unlocked cash drawer.

- **Responsibilities should be clearly established for a given task or for a given situation.** One person should be made responsible. When responsibility is shared, and something goes wrong, it can be difficult to determine an exact cause. Examples include: a cash drawer assigned to one employee, without other employees able to access it during the operating hours. A second person assigned to count the funds within a cash drawer before it is locked up in the safe, so all staff know this was completed and by whom.
- **Segregation of duties.** Responsibility for a series of related transactions should be divided between individuals so the work of one person serves as a check on that of another. As many separate employees as possible should be responsible for collecting City monies, depositing the monies, maintaining accounting records, and performing timely reconciliations. When this principle is observed, individuals are not as likely to misappropriate City monies or commit fraud. If the asset is misappropriated or fraudulent activities concealed, collusion is necessary. For suggestions on how to segregate duties in a small office, see [Appendix A – How to Control Cash in a Small Office](#).
- **Maintain adequate records.** Recordkeeping enhances control by making specific employees responsible for the care and protection of assets. Poor accounting controls may allow dishonest employees to take advantage of these weaknesses.
- **Rotate personnel.** An employee is less likely to be careless or to intentionally commit fraud when the action will likely be discovered when job responsibilities are rotated.
- **Extended vacation.** It is a cash handling best practice for all employees to be away from their work responsibilities for at least 5 consecutive business days in a calendar year (generally vacation leave). This allows someone else to perform their duties for a period of time and provides additional oversight for financial transactions.
- **Consistently review internal controls.** Periodic reviews or audits may reveal that prescribed procedures are not being followed or that enhanced control can be achieved with a change in the procedures.

V. CASH HANDLING

Currency

Currency is distributed to banks around the country by the U.S. Federal Reserve Banks. The serial number on each bill identifies the Federal Reserve Bank that issued the note. United States currency is available in seven (7) bill denominations, each bearing a portrait of a different famous American.

Denomination	Portrait	Reverse Side
\$1	George Washington	Great Seal and Pyramid
\$2	Thomas Jefferson	Signing of Declaration
\$5	Abraham Lincoln	Lincoln Memorial
\$10	Alexander Hamilton	US Treasury
\$20	Andrew Jackson	White House
\$50	Ulysses S. Grant	US Capitol Building
\$100	Benjamin Franklin	Independence Hall

Note the following characteristics to distinguish the legitimacy of each bill:

- The dollar value of each bill is numerically posted in all four corners on both sides.

- The dollar value is written out across the bottom of the face side.
- The Federal Reserve seal appears to the left of the portrait.
- The unique serial number of the bill appears on the face side of the bill.
- The number of the Federal Reserve district that issued the bill appears on the face side of the bill.
- The currency paper stock has a unique and familiar feel.

Never count currency directly into the cash drawer. **Always** place currency on the counter in full view – away from the customer’s reach – make the necessary change and complete the transaction. Then place the bills face up in the proper compartments of the cash drawer. Verbally count the money you have received, as well as the change you are dispensing. Use the anti-fraud tips in [Section VII – Procedures for Security and Loss Prevention](#) to guard against accepting counterfeit currency. Large transactions must be counted by a second employee before finalizing the transaction.

Coin

When opening a roll of coins, always empty the whole roll into the coin drawer. Customers paying with rolled coin must put their name, address, and driver’s license (or other ID number) on the outside of each roll.

These are the coin value, number of coins per roll, and value of rolled coin:

<u>Coin</u>	<u>Value</u>	<u>Coins per Roll</u>	<u>Value of Roll</u>
Penny	\$0.01	50	\$0.50
Nickel	\$0.05	40	\$2.00
Dime	\$0.10	50	\$5.00
Quarter	\$0.25	40	\$10.00
Half dollar	\$0.50	10	\$5.00
Dollar coin	\$1.00	25	\$25.00

Receiving Currency and Coins

- Never place money received in the cash drawer before the transaction is complete.
- Count all currency and coin in the presence of the customer.
- Separate currency from the coin.
- Count currency before the coin.
- Count each currency denomination separately.
- Count each coin denomination separately.
- Verify the grand total against the amount stated on the invoice.
- If any discrepancies exist between your total and the customer’s total, count the money again. If a discrepancy still exists, ask the customer to count the money.
- Put all currency and coin from the previous transaction in the drawer before beginning a new transaction.

Large Cash Transactions over \$10,000

The City is required to file IRS Form 8300 (see [Appendix C](#)) whenever the City receives more than \$10,000 in **coin or currency** in one transaction or in two or more related transactions.

Making Change

Change should be counted at least two times: once when the cashier counts it out of the cash drawer and a second time when the cashier counts it back to the customer.

Handling Mutilated Money

When a customer hands over torn or otherwise mutilated currency, first ask the customer if they have a different bill that is not damaged. If not, set aside the mutilated money in the cash drawer. Currency is mutilated whenever it is torn, written on, missing a portion, or otherwise damaged. Coins are mutilated whenever they are bent, worn, broken, or otherwise damaged.

If badly mutilated, submit the bill and/or coin to the bank in a separate deposit bag. If the bank rejects this currency, it will be easier to locate the deposit the bank has not accepted, if it is not part of the larger, combined total deposit.

Checks

A check is used to transfer funds from one party to another. The **drawer** is the party issuing and signing the check. The **drawee** is the financial institution on which the check is drawn. The City will accept payments for City services in the form of personal checks, corporate checks, cashier's checks, money orders, and traveler's checks for the exact amount of purchase. The City may be subject to financial loss if a financial institution refuses to honor payment of a customer's check. **The City does not accept third-party checks.** A third-party check is one written to someone who endorses the check by signing on the back, then gives the check to another party (i.e., the City) who endorses and cashes it.

The check payee should be the **City of Spokane**. No cash may be given back for a check transaction since that would constitute unlawful lending of City funds. No checks drawn on foreign currency are to be accepted.

Observe the following safeguards when accepting checks:

- The check must have a current date. Do not accept post-dated checks.
- The check must have a payee (name of the party paying for the City service).
- The amount must appear twice and must be in U. S. Dollars. The amount must be both written out and printed in numbers. If there is a difference between the written amount and the numerical amount, the written amount is the legal amount.
- The check must include the name of the financial institution on which it is drawn.
- The check must be signed by the drawer.
- If the drawer's name and address are not on the check, request the drawer to write this information in sight of the City employee. Do not alter check.
- Do not accept checks drawn on foreign currency. There will be both a fee for this and an inconsistent amount after currency conversion.
- Ask for identification to confirm that the party writing the check is the person whose name is on the account the check is drawn.
- The check does not include "Paid in Full" or a similar reference. If it does, return the check to the customer.
- Endorse checks immediately upon receipt using your department's endorsement stamp. An endorsement stamp should read:

Pay to the order of:
[BANK NAME]
FOR DEPOSIT ONLY
THE CITY OF SPOKANE
[Name of Department]
Account #XXXXXXXXXX

- If payment is received in more than one form (check, money order, currency), only one receipt should be issued for the total amount of the payment. A notation should be made on the receipt indicating the different forms of payment and the amount of cash.
- If payment is received that covers the payment owed on the accounts of more than one person or entity, separate receipts should be issued for each person or entity.

Remote Desktop Check Scanner

Some department locations may have a desktop check scanner. This allows the Payee to deposit the check remotely, without the check being sent to the bank physically. If your department receives checks regularly, and does not receive cash frequently, a desktop check scanner may be useful. To order a check scanner, contact Treasury.

Returned Checks

If a customer pays with a check that is later returned by the bank, there is no way to retrieve the merchandise, fees or service. However, if the customer has an established account (e.g. water), the credit in the amount of the returned check will be reversed.

If a check is returned by the City's bank, every effort will be made to recover the amount. Per Washington State Law (RCW 62A.3-515), if a check is dishonored, the payee may collect from the maker, "a reasonable handling fee". The handling fee charged by the City is currently twenty-five dollars (\$25) unless otherwise stated in the Spokane Municipal Code. If your department intends to assess a returned check fee, the policy and the amount of the fee should be identified in promotional materials and displayed in plain view of customers. If the check is uncollectible by the City, the check may be forwarded to the Office of the City Attorney as a final option to determine what additional actions, remedies, or fees are available for the recovery process. For more additional information, please refer to [ADMIN 0410-21-06 – Returned Checks](#).

Refunds

Refunds must be given in compliance with each department's published refund policy and are to be approved by a supervisor. At a minimum, a department's policy shall follow the thresholds as outlined in this manual and [ADMIN 0410-21-05 – Cash](#). The City does not process refunds out of the cash drawer at any of its payment locations. All refunds are to be made through Accounts Payable, or, if the original payment was made by credit card, then a refund must be made to the same credit card that made the original payment, or by ACH. Refunds exceeding \$100 must be approved by the Department's Director.

If the original payment was made by check, any refund should have a minimum waiting period of 10 business days to allow the check to clear.

Voids

A void is the immediate (same day) cancellation of a transaction and return of any funds received. If a refund is due to a customer during the same day that a transaction took place, the transaction can be voided by a supervisor. If the customer paid with cash, return the cash after voiding the transaction. If the customer paid by check, return their check to them; do not return cash for a transaction paid by check. If the customer paid by credit card, follow the credit card voiding procedures; do not return cash for a credit card transaction. If a refund is due based on a prior day's transaction, a credit card refund must be issued by a supervisor. A copy of the refund receipt should be given to the customer. If a customer requests the original receipt, it should be marked "refunded" to prevent subsequent use. For all voids and refunds, a reason should be documented and signed by a supervisor and saved with the day's credit card receipts. Refunds will be netted against the current day's credit card sales upon deposit by the bank.

VI. DAILY CASHIER OPERATIONS

Cash Responsibility

Employees who handle City cash must deposit that cash with the City Treasurer or the City's bank within 24 hours of receipt per RCW 43.09.240. There are circumstances when the Treasurer (or designee) may grant exceptions to this rule. Please see [ADMIN 0410-21-05 – Cash](#), "Exceptions to the Twenty-Four Hour Deposit Policy". See [Appendix C](#) for a copy of the Twenty-Four Hour Deposit Waiver.

Cash Drawer

A cash drawer should be used to manage and dispense cash. The drawer should be lockable with compartments for currency and coin, and removable to allow for checks or credit card receipts to be stored underneath. Drawers should be setup in a consistent manner to decrease the chance for errors, with cash separated into slots by denomination, portrait side up and facing in the same direction. For safety, balancing should occur out of public view in an area away from the collection area.

Cash Procedures

Cashiers must follow these procedures:

- At the beginning of each shift, count the amount of currency and coin in the cash drawer. This amount will be used to balance the cash at the end of the day.
- When the cash drawer begins to fill up or you have received several large bills, prepare a partial deposit slip and move the money underneath the cash drawer or into the safe. **Departments should have a policy regarding the maximum cash that may be kept in the cash drawer at any one time.**
- Only authorized employees are to touch or use the cash drawer.
- Never leave the cash drawer open or unattended, even if you are nearby.
- Lock the cash drawer when not in use.
- Lock all currency and coin in a safe except when the cash drawer is in use.
- Single cash transactions of \$1,000 or more, require a second employee to count the cash before the transaction may be finalized and the customer provided a receipt.

- Limit access to each cash drawer to one employee per shift. If a cash drawer assignment must change (e.g. a lunch break), the cash drawer must be reconciled before a new employee begins to use the cash drawer.
- Always issue the customer a receipt.
- Remove the band or wrapper from a bundle of strapped currency before issuing bills from it.
 - Strapped currency is counted a full value when balancing the cash drawer at the end of the day. Removing any bills without removing the wrapper will result in an incorrect count and will prevent balancing at the end of the day.
- At the end of each shift, each cashier is responsible for documenting all the money they have received. This involves balancing the cash drawer, moving ending cash to a safe or depositing City funds to the bank, and reporting all money received.
- At the end of each shift, each cashier must account for all increases or decreases of cash and balance their cash drawer. Balancing involves adding all currency, coin, checks, and credit card transactions to determine the dollar total received, subtracting the beginning cash balance and credit card transactions, and comparing the total with the total in the cash drawer. The two amounts should match. If they do not:
 - Recount the cash and checks collected.
 - If the cash and checks collected still do not balance, have a second cashier count the cash and checks.
 - If the cash and checks still do not balance, the supervisor should discuss with the cashier responsible for the cash drawer any unusual transactions that may be the cause of the imbalance.
 - If no reason for the imbalance can be identified, follow the procedure outlined in [ADMIN 0410-21-05 – Cash](#).
- After counting and balancing cash, designated staff should place the cash drawer and any sealed deposits in a safe.

The cash drawer should have a permanent record, such as a cash register tape, that records all transactions including voids, cancels, and refunds. All deposits received before the day's cutoff time are to be processed by the bank within twenty-four (24) hours. Deposits received after the cutoff time will be processed the following business day. Staff should review bank account activity daily to verify deposits were made timely and accurately.

Overage/Shortage

An overage or shortage is an unintentional collection mistake such as an error making change. Counterfeit bills are to be considered shortages. When balancing the daily cash drawer, if an employee is unable to account for a cash overage or shortage, they should notify their supervisor immediately. Accounting staff will review the "over and short" accounts each accounting period, provide feedback to the site supervisors on compliance with this policy, and alert the Treasury Manager if there are suspicious patterns of activity or other issues that need to be resolved.

Any material overage or shortage (variance of \$100.00 or greater) must be reported within 24-hours to the Chief Financial Officer and the City Treasurer; via a memo with the date, amount, the person responsible for the funds, amount of the bank deposit on which the variance is being reported, and a detailed explanation; and for posting the corrected journal entry in the accounting system within 24 hours.

If a shortage involves possible theft, the Chief Financial Officer, Risk Management, internal audit staff, and the City Treasurer are to be notified immediately. (See “Reporting of Losses” procedure under [Section VII](#))

Check Cashing

The City does not cash personal or commercial checks for customers or employees, including City payroll checks or expense reimbursements. Cash may not be given back as change for a check transaction. Checks must be for the exact amount owed; otherwise, a credit will be posted to the customer’s account.

Bank Deposits

Deposits must be taken to the bank daily. The City Treasurer may grant certain exceptions to this, provided the funds collected are under \$500, there is a proper safe to store the money, and the criteria of [ADMIN 0410-21-05 – Cash](#) are met. Additionally, the department will need to request the exception in writing. The armed courier service can pick up the deposit daily. This will need to be coordinated with Treasury.

For full instructions on how to prepare a deposit bag and courier service, see [Appendix B](#).

Deposits must be verified to the bank account the following business day. Transactions are viewable in the treasury management system as well as online bank statements. For questions about specific transaction postings, contact Treasury.

Checks that have been remotely deposited must be retained until the check has cleared and posted to the account. The City recommends the physical check be held longer, in case the check is returned or if there is reported fraud in accordance with City retention policies and procedures.

Courier service

Use the City’s contracted courier service for armored car service and change orders. Contact Treasury to arrange for courier service/supplies, providing the names of employees authorized to release deposit bags to courier personnel. Employees should check the badge and ID card of courier personnel each time that funds are released. Assign to certain personnel the authorization to release deposit bags to the courier. Do not release cash to courier if there are any questions or problems; simply state “the deposit is not ready” and contact the courier and/or Treasury.

Non-City Funds

Non-City funds (e.g., Fire House funds, coffee funds, “Friends Of” accounts for City parks) are not to be deposited in City accounts. All non-City funds are to be kept separate from any City funds. The City assumes no responsibility for non-City funds or their loss. Only the City Treasurer is authorized to open City bank accounts in the City’s name and/or linked to the City’s Tax ID. At the request of the City Treasurer, any non-City fund that is inappropriately or incorrectly linked to the City’s Tax ID number will be closed within 72-hours.

VII. PROCEDURES FOR SECURITY AND LOSS PREVENTION

In any emergency situation, human safety is more important than City funds.

Security

Department’s should have established emergency procedures and provide training to all cash handlers. Alert

co-workers, a supervisor, or Police in any situation that requires immediate assistance.

Loss Prevention – Counterfeit Money

Obvious counterfeit money, such as play money, should be given back to the customer immediately and not accepted as payment. Perform additional counterfeit verification procedures, such as using a bill detector pen, to validate the authenticity of bills \$50 or greater. The main features to look for before accepting any type of currency include the feel of the currency paper, watermarks, and security threads. Look at the portrait on the bill, not at the denomination in the corners; see [Section V – Cash Handling](#) for the correct portraits for each denomination.

If you are suspicious of a bill presented by a customer, politely excuse yourself and show it to a supervisor. If you both agree it is suspicious, return it to the customer and request another bill or another form of payment. Do not confiscate the suspicious bill and do not accept it for payment.

If a cash handler has identified counterfeit documents in their possession without knowledge of their origin, contact Secret Service; they will ask for serial numbers and other identifiers to confirm whether or not the bill is counterfeit. The US Treasury has incorporated security features into US currency:

<https://www.uscurrency.gov/denominations/bank-note-identifiers>

Robbery

A robbery is a person-on-person crime that occurs when an offender takes something of value by force or threat of force. Because it is a serious risk to employees, it is important to train employees and implement strategies to mitigate risk. Here are tips on how to respond in a robbery:

- Always assume there is a weapon even if you do not see one.
- Stay calm – do not panic.
- Be polite and accommodating. Do not upset, antagonize, or provoke the robber.
- Talk to the robber. Explain every movement you make such as “Now, I’m opening the cash register.”
- Act quickly, but avoid making any sudden movements.
- Do exactly as the robber says.
- Do not attempt any heroics.
- Observe the robber, but do not stare. Try to remember any distinguishing features (height, weight, scars, skin color, hair color, length of hair, clothing, speech patterns).
- Watch over any evidence the robber leaves. Remember everything the robber touches.
- Once you are sure it is safe to do so, close your office, alert a supervisor, and call 911.
- Ask witnesses to wait until the police arrive. If witnesses do not want to wait, try to get their names, addresses, and phone numbers.
- Lock doors until police arrive. Only allow City officials and Police to enter.
- Do not discuss the details of the robbery until all witnesses have spoken to the police; this can influence other employees’ memory of the event and distort the facts.

Securing City Cash

If you have an alarm system, change the codes whenever staff turnover occurs. If personal codes are used, deactivate codes when staff turnover occurs. In addition, whenever cash handler turnover occurs, key

combinations for safes must be changed. Do not allow customers into your facility during cashier opening or closing procedures.

Fire or natural disaster

In any emergency situation, remember your safety, and any human safety is more important than City funds.

In case of fire or natural disaster, please refer to the City's building specific Emergency Action Plans as well as any written departmental emergency procedures. The emergency procedures to be followed at the cash handler's specific facility should be discussed and approved with department management, and the cash handler should know where all the exits are at in the facility.

Reporting of Losses

1. In the event of a suspected loss of public funds, it is important that correct procedures be followed in order to minimize the loss, assist investigations, prevent improper settlements, expedite bond claims and protect employees from false accusations.
2. Any person, who discovers a loss or theft of City money, shall immediately notify their Department Manager, who shall immediately notify the Department Director. The initial verbal report shall be followed by a formal written report within twenty-four hours.
3. Any time the suspected loss is over \$100, the Department Director should notify the Chief Financial Officer and the City Treasurer immediately, followed by a formal written report within twenty-four hours to the Chief Financial Officer, the City Treasurer, and the internal audit staff. However, a policy of reporting lesser amounts may be established by Department Directors.
4. The internal audit staff may be consulted, who reports the suspected loss to the State Auditor's Regional Audit Manager, if appropriate. State agencies and local governments are required to notify the State Auditor's Office when fraud is suspected or detected. (RCW 43.09.185)
5. The internal audit staff may also file a report with the Police Department and/or the Prosecuting Attorney.
6. DO NOT attempt to correct the loss. Report it as previously stated.
7. DO NOT make a restitution agreement with the suspect.
8. DO NOT destroy any pertinent records. All original records should be secured in a safe place such as the Accounting Department vault. In the case of a loss in the Accounting Department, contact the Chief Financial Officer, the City Treasurer, or the internal audit staff about securing the records until the office of the State Auditor completes the investigation.

APPENDIX A

HOW TO CONTROL CASH IN A SMALL OFFICE

Often it is difficult to divide duties in a small office so that there are adequate controls over cash. Below is a table developed to help in situations where there are only two or three people in an office to perform these functions.

Legend:

* Person to perform the duty ■ Person should NOT perform the duty B Backup to person w/ the *

Three Person Office	Person I	Person II	Person III
Receive cash/check from customers, prepare cash receipt report	*	■	B
Prepare and make deposits to the checking account	*	■	B
Post activity to the check register and/or financial records (FMS, Quickbooks, etc.), from the cash receipt book and original purchasing documents, making sure purchases have been properly approved	■	*	B
Keep possession of the checkbook	B	■	*
Prepare check requests	*	*	■
Approve check requests, making sure to review supporting documentation (invoice, receipt, etc.)	B — Can NOT approve check requests prepared by self	Can NOT approve check requests prepared by self	*
Sign checks, making sure request is complete and approved	B	■	*
Balance/reconcile check register/books to the bank statement each month	■	*	■
Review the bank reconciliation, making sure that the ending balance on the check register agrees to the adjusted balance on the checking account statement	B	■	*
Have access to blank checks	B	■	*

NOTE: It is important to follow ALL of the boxes above correctly in order to have an adequate segregation of

duties. Lack of segregation of duties increases the risk of loss to the City.

Legend:

✱ Person to perform the duty ■ Person should NOT perform the duty B Backup to person w/ the ✱

Two Person Office	Person I	Person II
Receive cash/check from customers, prepare cash receipt report	✱	■
Prepare and make deposits to the checking account	✱	■
Post activity to the check register and/or financial records (FMS, Quickbooks, etc.), from the cash receipt book and original purchasing documents, making sure purchases have been properly approved	■	✱
Keep possession of the checkbook and/or has access to blank checks	✱	■
Prepare check requests	✱	B – Can NOT approve check requests prepared by self
Approve check requests, making sure to review supporting documentation (invoice, receipt, etc.)	B – Can NOT approve check requests prepared by self	✱
Sign checks, making sure request is complete and approved	✱	■
Balance/reconcile check register/books to the bank statement each month	■	✱
Review the bank reconciliation, making sure that the ending balance on the check register agrees to the adjusted balance on the checking account statement	B	Send to a central office to be reviewed, or have Person I review this work

NOTE: It is important to follow ALL of the boxes above correctly in order to have an adequate segregation of duties. Lack of segregation of duties increases the risk of loss to the City.

APPENDIX B

PREPARING DEPOSIT BAG AND COURIER PICKUP

I. Prepare a Deposit Slip (Exhibit A)

Deposit slips are uniquely coded to your department and location, so please use only those deposit slips that Treasury has ordered for your use. Do not share with another department.

Deposit amounts are split into three components and then totaled:

1. Total the Currency (bills)

- Count the currency.
- Enter total on the "TOTAL CURRENCY" line. Enter "0" if none.

2. Total the Coin

- Count the coin.
- Enter total on the "TOTAL COIN" line. Enter "0" if none.

3. Total the Checks

- Each check needs to be properly endorsed to the **City of Spokane**. This should be done immediately upon receipt of check. **Contact Treasury to order endorsement stamps.**
- Run two tapes on the checks directly from the checks themselves; do not run a second tape from first tape.
- Verify the tapes are equal.
- Keep one tape for your records.
- Save the other tape to include with poly bag.
- Enter total on "Line 1" **OR** list each check individually on lines 1 through 26. Use additional lines on the back, if needed.

4. Total Deposit

- Total the currency, coin and check amounts.
- Enter total in both TOTAL boxes.
- This total needs to match your Treasurer's Receipt total.
- Keep the yellow copy of the deposit slip for your records.

II. Bag the Deposit (Exhibit B)

Two sections of the bag require you to enter information:

1. Top Strip

- Enter the date and total deposit amount.
- Tear off and keep the top strip for your records.

2. Center of the Bag

- Customer Name – enter City of Spokane.
- Store Number – leave blank.
- Deposit Prepared By – enter your full name.
- Deposit Account Number – leave blank. Information is on the deposit slip.
- Said to Contain – enter dollar amounts for Cash, Checks, and Total Deposit.

Currency and coin go into the pocket. Checks go into the pocket with the deposit slip(s) facing the front. Seal both the top and bottom portions of the bag by removing perforated strips.

III. Fill out the Courier Customer Consignment Log (Exhibit C) (skip this step if depositing to MySpokane)

Complete one line in the log per bag so each bag can be tracked separately:

1. Date – enter the Courier pickup date.
2. No. of Sealed Bags – enter “1”.
3. Denomination – leave blank.
4. Sealed Packages Said to Contain – enter total dollar amount of deposit in bag.
5. Bag Number – enter the unique 10-digit bag identification number that is next to bag barcode.
6. Released by – sign your full name.

The last four columns of the log are for Courier to complete.

IV. How to Order Supplies

Contact Treasury to order endorsement stamps, Courier deposit bags, and your uniquely coded deposit slips. Email treasuryaccounting@spokanecity.org or call 509-625-6030.

V. How to Resolve Service Issues with Courier

Contact Treasury to resolve any Courier service issues you may experience. Email treasuryaccounting@spokanecity.org or call 509-625-6030.

Exhibit A

8043
DEPOSIT SLIP
FOR CLEAR COPY, PRESS FIRMLY WITH BALL POINT PEN.

usbank

DATE 8/16/2021

		DOLLARS	CENTS
Step 1	CURRENCY	180	00
Step 2	COIN		00
Step 3	TOTAL EACH CHECK	20409	39
	1		
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	9		
	10		
	11		
	12		
	13		
	14		
	15		
	16		
	17		
Step 4	TOTAL	20589	39

CITY OF SPOKANE
T AND L TREASURY
808 W SPOKANE FALLS BLVD
SPOKANE WA 99201

15412100321

15412100321

Make sure these two totals match

TOTAL ITEMS 20589.39

PLEASE BE SURE ALL ITEMS ARE PROPERLY ENDORSED.
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL.

Cashiers

RD43 (COPY)
DEPOSIT TICKET
DEPOSIT RECORD COPY

usbank

DATE 8/16/2021

	DOLLARS	CENTS
CURRENCY	180	
COIN		00
LIST EACH CHECK	20489	39
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
\$	20589	39

**CITY OF SPOKANE
T AND L TREASURY
808 W SPOKANE FALLS BLVD
SPOKANE, WA 99201**

**PLEASE
ENTER
TOTAL**

**PLEASE BE SURE ALL ITEMS
ARE PROPERLY ENDORSED.
DEPOSIT SLIP MUST BE AVAILABLE
FOR IMMEDIATE WITHDRAWAL.**

**TOTAL
ITEMS**

20589 39

CHICKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE NATIONAL COMMERCE CODE OR ANY APPLICABLE COLLECTION AGREEMENT.

Exhibit B

The removal of the top strip will allow for the bag to be sealed

CAUTION!

DO NOT OPEN AND NOTIFY SENDER IMMEDIATELY IF ANY OF THE FOLLOWING CONDITIONS APPEAR ON THIS BAG:
THE FOLLOWING INDICATORS MAY SIGNIFY TAMPERING:
1. "STOP" AND/OR HASH MARKS APPEARING IN TAPE CLOSURE
2. CHANGE IN COLOR APPEARING IN WHITE STRIP
3. DISCOLORATION, DISTORTION, OR SMEARING OF THE 3 LINES OF @KEEPSAFE LOGOS

Security Bag

Step 2

DEPOSITOR

NAME City of Spokane

ACCOUNT # _____

LOCATION # _____

FINANCIAL INSTITUTION

NAME US Bank

STAMP YOUR INFO HERE*

SAID TO CONTAIN

CURRENCY \$ _____

COIN \$ _____

CHECKS \$ 554.44

TOTAL \$ 554.44

DATE 8/18/21

CURRENCY: _____ COINS: _____ CHECKS: 554.44
DATE 8/18/21 TOTAL DEPOSIT: 554.44 57842989

* Ask about our stamp with special ink for new bags.
Other inks will smear. Allow 60 seconds for stamp to dry before handling.

9 x 12 53849 57842989 1353607 10/2016

TO REMOVE CONTENTS-CUT ALONG BOTTOM DOTTED LINE

Exhibit C

CUSTOMER CONSIGNMENT LOG
Received by: **LOOMIS**

13

From _____ consignor, the following packages to be delivered to the respective consignees herein stated, it is agreed that these packages are to be distinctly and securely sealed by the consignor and that LOOMIS shall in no event be liable for any shortage by the consignor claimed in any such package delivered to it not so distinctly and securely sealed; also that in the case of the loss of any package LOOMIS shall not be liable for more than the value as herein stated of such package; and in no event for any amount in excess of the liability assumed in the service contract.

LINE	DATE	NO. OF SEALED PACKAGES	DENOMINATION	\$	SEALED PACKAGES SAID TO CONTAIN	BAG NUMBER	RELEASED BY	SIGNATURE OF CUSTODIAN	ROUTE #	TIME	DATE
01	8/11				149,801	25 48251738	Cont from previous package	[Signature]	3		8/12
02	8/12				3,708	66 52476629	[Signature]	[Signature]	3		8/13
03	(13)				757	55 51465079	[Signature]	[Signature]	3		8/13
04					90,5100	50 48251737		[Signature]	3		8/13
05	8/16/21				19931	98 48251741		[Signature]	3		8/16
06					291	00 51465080		[Signature]			
07					390	00 48251740		[Signature]			
08					567	00 45091125		[Signature]			
09					21885	19 52476603		[Signature]			
10											
11	8/17/21				340	00 51465081		[Signature]			
12					1104	00 45091124		[Signature]			
13					74	50 52476602		[Signature]			
14					100	00 48251742		[Signature]			
15					1392797	32 57842988		[Signature]			
					20589.39	46403464					

CCL07

Note: the above example was produced by MySpokane. Individual departments may appear slightly differently.

Exhibit D

CITY OF SPOKANE TREASURER'S RECEIPT

RECEIVED FROM:

RECEIVED FROM:

DATE _____

08/16/2021

	Deposit 1	Deposit 2	Deposit 3
US BANK ACCOUNT ID	13	13	
DATE OF US BANK TRANSACTION	08/16/21	08/16/21	
TRANSACTION AMOUNT	\$ 340.00	\$ 1,586.00	

	Deposit 4	Deposit 5	Deposit 6
US BANK ACCOUNT ID			
DATE OF US BANK TRANSACTION			
TRANSACTION AMOUNT			

CASHIER TENDER TYPES

CASHIER TENDER TYPES		
Deposit Slip		
Cash \$		
Check \$		
Credit Card \$		\$1,586.00
Poly Bag \$		\$340.00
Wire/ACH \$		
Total \$	\$	1,926.00

TRANSACTION NOTES:

TRANSACTION NOTES:

[illegible]

Difference between tender and total, must be zero

\$0.00

SUBMITTED BY - FULL NAME AND EXTENSION	Kyle Haugen x7075	POLY BAG # 51465081	\$340.00
DEPARTMENT NAME	Fire	POLY BAG #	
		POLY BAG #	
		POLY BAG #	
		POLY BAG #	
		POLY BAG #	
		Total	\$340.00

last revised 12-05-19

last revised 12-05-19

IRS Form 8300

1300 (Rev. August 2014)	Report of Cash Payments Over \$10,000 Received in a Trade or Business ▶ See instructions for definition of cash. ▶ Use this form for transactions occurring after August 29, 2014. Do not use prior versions after this date. For Privacy Act and Paperwork Reduction Act Notice, see the last page.	FinCEN Form 1300 (Rev. August 2014) <small>CMS No. 1508-0018 Department of the Treasury Financial Crimes Enforcement Network</small>
1 Check appropriate box(es): a <input type="checkbox"/> Generally prior report. b <input type="checkbox"/> Suspicious transaction.		
Part I Identity of Individual From Whom the Cash Was Received		
2 If more than one individual is involved, check here and see instructions		
3 Last name	4 First name	5 M.I.
7 Address (number, street, and apt. or suite no.)		6 Taxpayer identification number
9 City	10 State	11 ZIP code
8 Date of birth (see instructions)		12 Country (if not U.S.)
13 Occupation, profession, or business		
14 Identifying document (ID)	a Describe ID ▶ c Number ▶	b Issued by ▶
Part II Person on Whose Behalf This Transaction Was Conducted		
15 If this transaction was conducted on behalf of more than one person, check here and see instructions		
16 Individual's last name or organization's name	17 First name	18 M.I.
20 Doing business as (DBA) name (see instructions)		19 Taxpayer identification number
21 Address (number, street, and apt. or suite no.)		22 Occupation, profession, or business
23 City	24 State	25 ZIP code
26 Country (if not U.S.)		
27 Alien identification (ID)	a Describe ID ▶ c Number ▶	b Issued by ▶
Part III Description of Transaction and Method of Payment		
28 Date cash received	29 Total cash received	30 If cash was received in more than one payment, check here <input type="checkbox"/>
M M O O Y Y Y Y	\$.00	31 Total price if different from item 29 \$.00
32 Amount of cash received (in U.S. dollar equivalent) (must equal item 29) (see instructions):		
a U.S. currency \$.00	(Amount in \$100 bills or higher \$.00)	
b Foreign currency \$.00	(Country) ▶	
c Cashier's checks \$.00	Issuer's name(s) and serial number(s) of the monetary instrument(s) ▶	
d Money orders \$.00		
e Bank drafts \$.00		
f Traveler's checks \$.00		
33 Type of transaction	f <input type="checkbox"/> Debt obligations paid	34 Specific description of property or service shown in item 33. Give serial or registration number, address, document number, etc. ▶
a <input type="checkbox"/> Personal property purchased	g <input type="checkbox"/> Exchange of cash	
b <input type="checkbox"/> Real property purchased	h <input type="checkbox"/> Escrow or trust funds	
c <input type="checkbox"/> Personal services provided	i <input type="checkbox"/> Bail received by court clerks	
d <input type="checkbox"/> Business services provided	j <input type="checkbox"/> Other (specify in item 34) ▶	
e <input type="checkbox"/> Intangible property purchased		
Part IV Business That Received Cash		
35 Name of business that received cash		36 Employer identification number
37 Address (number, street, and apt. or suite no.)		Social security number
38 City	39 State	40 ZIP code
41 Nature of your business		
42 Under penalties of perjury, I declare that to the best of my knowledge the information I have furnished above is true, correct, and complete.		
Signature _____ Authorized official _____ Title _____		
43 Date of signature M M O O Y Y Y Y	44 Type or print name of contact person	45 Contact telephone number

[illegible]

Twenty-Four Hour Deposit Waiver

CITY OF SPOKANE TREASURER'S OFFICE
TWENTY-FOUR HOUR DEPOSIT WAIVER

DEPARTMENT: SITE LOCATION:

The above department requests an exception to the state law (RCW 43.09.240) requirement that City money be deposited in an authorized bank or with the City Treasurer within twenty-four hours of receipt.

Reason for the Request:

The Treasurer approves the Department's request and finds that daily transfers would not be administratively practical or feasible.

Approved frequency of deposits:

Conditions for Approval:

- a. **Small Deposits** – The department will be allowed to hold deposits as long as they total less than five hundred dollars (\$500) and the earliest item received has been in possession of the department for no more than five (5) working days. A deposit should be made on the day that total reaches five hundred dollars (\$500). A deposit should always be made no later than the fifth day after the first item was received.
- b. **Deposits delayed due to illness, other unanticipated absence, or work load peaks** – These should be processed as promptly as possible. This situation should be brought to the department head's attention so additional resources can be applied. In no case should the five (5) working day rule be violated. Departments should consider a departmental policy on how they would handle these extenuating circumstances.
- c. **Outlying Areas** – On the days courier services are unavailable, deposits over five hundred dollars (\$500) must be deposited within two (2) working days. The department will make every effort to make deposits in accordance with the twenty-four (24) hour deposit guideline.

Other Approval Conditions: ☐

The above department certifies that the money is held with proper safekeeping and that the department carries out proper theft protection to reduce risk of loss of funds.

Any deposits not promptly made will have the proper safekeeping as follows:

- Will have all checks restrictively endorsed
- Will be kept in a locked, secure location

This agreement shall continue until terminated by the City Treasurer or the department.

Dated: _____

Department Signature _____

Department Printed Name & Title

Dated: _____

Jake Hensley, Treasury Manager

APPENDIX D

Acknowledgment Form

Please read these Cash Handling Policies and Procedures carefully to ensure you understand them before signing the following form.

Return this form to your Supervisor or Department Manager.

This form should be kept and easily accessible, for audit purposes.

ACKNOWLEDGEMENT

I have read and understand the content, requirements, and expectations of the City of Spokane's Cash Handling Policies and Procedures, as well as my department's policies and procedures related to cash handling.

I agree to abide by these Policies and Procedures as part of my job requirements.

I understand that I will consult with my immediate supervisor or my department's management if I have any questions regarding these Policies and Procedures.

Employee signature_____

Employee printed name_____

Supervisor signature_____

Supervisor printed name_____

Date_____

GLOSSARY

Automated Clearing House (ACH): One form of Electronic Data Interchange. ACH payments are made from bank to bank electronically by computer. Payments can be initiated by the bank's customer, such as the City, for goods or services. The payer's account is debited (subtracted) online, while the payee's account is credited (added) online. Direct deposit payroll is the most widely used form of an ACH transaction.

Cash/City Money: Currency, coins, negotiable checks, money orders, electronic funds transfers, bankcard payments, demand deposits, and other accounts having demand deposit characteristics.

Collusion: A secret agreement between two or more people to break the law.

Counterfeit: Currency or coins that have been fraudulently manufactured. Creating counterfeit money is a felony. Makers are subject to fines and imprisonment.

Custodian: Designated employee responsible for the integrity of a cash or other financial assets, including the petty cash fund.

Demand Deposit: Accounts from which funds may be deposited or withdrawn at will by the owner without penalty.

Dual Control: A situation in which two people work together cooperatively in the verification of one another's work. Method of maintaining security whereby two individuals must be present during transactions involving risk. Dual control is accomplished through the proper segregation of key and combination assignments for entry into secured areas.

Electronic Funds Transfer (EFT): A transfer of funds, with no paper money changing hands, from one bank account directly to another through computer-based systems. EFT may be used for both electronic payments and collections. EFT includes ACH and Fedwire payments.

Fedwire: A real-time electronic funds transfer through a system owned and operated by Federal Reserve Banks. Fedwire is more expensive than ordinary EFT and is most often used to handle large-value, time-critical payments, such as: the purchase, sale, and financing of securities transactions; disbursement or repayment of loans; and settlement of real estate transactions.

Fraud: An attempt to obtain funds in other than appropriate and legal means.

Internal Controls: A process effected by an entity's governing board, management, and staff, designed to provide reasonable assurance regarding the achievement of the following objectives: effectiveness and efficiency of operations, reliability of financial/non-financial reporting, and compliance with applicable federal/state/local laws and regulations.

Loss: A cash handler obtains physical custody of money and then, due to negligence, theft, or natural disaster, loses custody of money and cannot deposit that money with the City Treasurer.

Non-Sufficient Funds (NSF): Indication that there is not enough money in the account to pay the check or

withdrawal order presented for payment. This term is often used interchangeably with “returned check”.

Overage: Amount by which cash or its equivalent excess the proper balance.

Postdated Check: A check dated with a future date. It is not payable until the date written on the check. This is not a legal document and should not be accepted.

Restrictive endorsement: A signature or stamp specifying the transfer of the check under certain conditions, such as the commonly used endorsement “For Deposit Only.”

Returned Check: A check that is not paid by the bank on which it is written (drawn). Checks may be returned due to insufficient funds, closed accounts, invalid signatures, stop payments, or any other condition making the check invalid.

Scanned check deposit: The creation of an electronic image of a check that is directly deposited in the City’s bank account on machines specifically designed for this purpose.

Segregation of Duties: One individual may not perform two or more accounting control functions, such as: authorization, receipting, disbursement, and reconciliation.

Shortage: An unintentional collection error made by the cash handler when they did not obtain physical custody of money or a change-making error

Treasurer’s Receipt: A document used for the record of bank deposits in the City’s general ledger system. The receipt includes information needed to identify the correct budget account number to be used in the general ledger.

Void check: A check that was created in error or otherwise determined as not needed. Voided checks are not released for payment. They are retained for archival purposes to account for all check numbers.