

CITY OF ALBUQUERQUE



CASH MANAGEMENT POLICIES & PROCEDURES MANUAL

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Treasury Division's Mission Statement

The Treasury Division of the City of Albuquerque ("City") is responsible for the receiving, safekeeping and paying out all moneys belonging to the City in any capacity. However, many if not most, City employees who handle cash do not work in Treasury Division or are supervised directly by the Treasurer. Standardization of procedures and policies are therefore needed to assure conformity, continuity and control over moneys.

In recognition of the importance of increased accountability and internal controls within the various cash handling operations, the Treasury Division has developed a Cash Management Policies and Procedures Manual in keeping with recommended practices of the Association of Public Treasurers of the United States and Canada. Continuing toward the goal of increased customer service and performance standardization, the Treasurer has established a training program that will serve to educate cash handlers on the policies and procedures set forth in this Manual.

When all City cash handlers have completed this certification training, the anticipated benefits to the City and participants will include:

- ✓ Improved cash handler skill and knowledge
- ✓ Increased level of customer awareness and service
- ✓ Increased cash handler accountability, documented by a decrease in errors
- ✓ Increased safety for cash handlers and City assets
- ✓ Standardized cash handling practices consistent with the City Administrative Instructions # 2, 2-2,2-4,2-6,2-8, 2-21 and recommended practices

Training Objectives

By the end of this training session you will:

- ✓ Understand and be able to discuss the skills and knowledge areas required to be a competent City cash handler.
- ✓ Complete check and cash transactions according to banking industry specifications.
- ✓ Perform the specific duties of a cash handler in compliance with the standards set by the Treasury Division.
- ✓ Demonstrate knowledge of security and loss prevention procedures.

Material Organization

Each of the four training modules is organized in the same way. The sequence of information is as follows:

- ✓ Contents outline
- ✓ Module objectives
- ✓ Content

Successful completion of the Cash Handling class may result in a "Certificate of Achievement" from the City Treasurer. The certificates will be issued at the end of each class. Please submit a copy to your department's finance officer. A copy of the certificate will be submitted to Human Resources to be placed in your personnel file. Successful completion of the training session may result in certification with the City of Albuquerque as a cash handler.

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TRAINING MODULE ONE: *BACKGROUND INFORMATION*

Training Objectives for Module One

When you complete this module you will be able to:

- ✓ List the fiscal responsibilities of the Treasury Division
- ✓ Understand how important cash handling is to the City
- ✓ Discuss expectation and performance standards for the City of Albuquerque cash handlers

I. The Purpose of the City's Treasury Division

The City Treasurer is required by law to receive, retain, invest and disburse all City revenue and keep detailed records of these transactions. The Treasurer is charged with the responsibility of overseeing the proper receipting and to safeguard all City funds. We trust this training will prepare you for future audits with confidence in your ability as a City cash handler.

II. Your Job as a Cash Handler

There is no such thing a **just** a cash handler or cashier. As far as most citizens are concerned, **you are the City!** When citizens or customers arrive, greet them pleasantly; when customers have questions, answer them expertly, because when customers leave, you are the one they will remember.

The position of a cash handler is crucial within the City. What you do falls into the following distinct yet interdependent areas of responsibility:

- ✓ To establish and maintain good customer relations;
- ✓ To receive from and to pay out money to customers;
- ✓ To perform cash handling operations according to established procedures;
- ✓ **To balance and deposit cash daily; as well as record deposits into the ERP remote cash receiving module, ensuring separation of duties.**
- ✓ To protect the assets of the City through sound loss prevent practices; and
- ✓ To assist in other cash handling activities as directed by your supervisor.

The four essential expectations of your work: are (1) to be accurate- allowing no errors; (2) to be efficient –performing quickly and cost effectively; (3) to be in compliance with the Treasury Division and your department's stated policy; and (4) to show initiative arising from a desire to excel while contributing to your

departmental goals. These expectations translate into the following performance standards:

1. **Receiving and Paying.** You are expected to perform accurately and efficiently when processing customer transactions, accepting a payment, or making change.
2. **Security and Loss Prevention.** You are expected to safeguard City funds against loss or theft. You should be familiar with what to do in time of an emergency of any type such as a robbery, fire or natural disaster. In these emergency circumstances, protecting human life should be your primary concern.
3. **Establishing and Maintaining Good Customer Relations.** You are expected to establish and maintain good customer relations. This includes a “professional” job attitude and performance in compliance with policy as well and being friendly and polite.

III. Federal Cash Handling Regulations

Whenever there are economic crises in the U.S., confidence in the banking industry is shaken. Some past economic disasters have included runs on banks, inflation spirals, money panics, terrorism, the “Great” Depression of the 1930’s, and the savings and loan industry scandals of the 1980’s. In order to maintain and sustain public trust in the banking industry, Congress has enacted legislation over many decades to minimize economic crises and to stabilize the American economy. This legislation has included rules under which cash handlers must operate, including regulation of check processing, currency acceptance, and electronic payment mechanisms. References to these regulations are incorporated throughout the cash handling training.

The Federal Reserve System

The Federal Reserve System Act created the Federal Reserve System, in 1913, to remedy the problems that characterized America’s early bank environment, economy and money system. The Federal Reserve System of the United States is the nation’s “central bank” and such controls all currency and demand deposit exchange between banks and the United States. The system also regulates the supply of money and the issuance of paper money and coinage. The Federal Reserve System (The “Fed”) is governed by a seven person Board of Governors (Presidential appointments to 14 year terms). It has 12 Federal Reserve district banks (See Appendix A, 25 branch banks, 47 Regional Check Processing Centers, member commercial banks and a Federal Open Market Committee.

Three major functions of the Fed which affect day-to-day operations of the City's treasury function include check clearing, oversight of the nation's payment processing systems (including wire transfers) and operation of the nations' central automated clearing house system (ACH). The Fed controls the nation's money supply through control of reserve requirements on member banks; control of the discount rate and through open market activities. **The City of Albuquerque is in Federal District # 10** under the purview of the Federal Reserve Bank of Kansas City.

Commercial banks are unique and they exist as private profit-seeking institutions possess the power to "generate" money through earnings in demand deposits and by the provision of loans. The funds they take in on deposit are used as loans to other customers therefore "making money". The demand deposits (checking accounts) offered by banks are therefore a major component of the nations' money supply.

Money held in these account in banks is a major source of the nation's new money. This is one reason the government regulates so heavily. With the number of banks, the impact of the bank's money-creating activities is quickly multiplied throughout the economy. If this were not regulated, it could create an environment of economic uncertainty.

IV. Legal Background for Treasury Functions

The City of Albuquerque has implemented the following Administrative Instructions that give specific authorization to the Treasurer about which the cash handler needs to be aware of:

Signature Authority - #2

Accounts Receivable - #2-2

Theft or Missing Money, Employee Fraud – #2-4.

Cash Handling Certification Requirement - #2-6

Deposit of Public Money - #2-8

Recording and Remediation of Cash/Overage/Shortages #2-21

These Administrative Instructions include the following, but not limited to:

- ✓ The Treasurer has "custodial" responsibility for all the City's cash and assets. (This means that the Treasurer is empowered to take all necessary action to receive, monitor, document, safeguard, invest and pay out the City's money);
- ✓ As the financial custodian, the Treasurer has authority over all employees who regularly handle cash within the City organization, where their job

entails handling money (these employees are defined as “Cash Handlers” under the City’s cash handling policies);

- ✓ The Treasurer is responsible for adopting, directing, reviewing and approving standard rules and procedures for how the City’s cash is to be handled;
- ✓ The Treasurer will design and arrange for training for all City Cash Handlers on City rules and procedures and all Cash Handlers must receive this training in a timely manner;
- ✓ All monies received by the City must be deposited with the City Treasurer or with the City’s fiscal agent within 24 hours of receipt, unless otherwise directed and approved by the Treasurer. This is not limited to cash, and is to include checks, travelers checks, credit cards, coin. These deposits are to also be recorded into the ERP Remote Cash Receiving module no later than 5:00 the next business day following deposit. This will permit Treasury staff to fully reconcile the previous business day’s bank activity. Any employee who does not deposit City money or record deposits in a timely manner may be subject to disciplinary action.

Clarification of Cash Handler’s Fiduciary Role in Handling Public Funds

As a Probationary City Employee, Full Time City Employee, Part time City Employee, Temporary City Employee under contract or a City Volunteer, you are legally obligated to safeguard all City assets regardless of your job title including Revenues or Imprest Funds entrusted to your possession in best interests of the general public for whom you act.

It is against City Policy and illegal to act as a participant directly or indirectly in a theft, fraud, embezzlement, investment, or misappropriate Public Funds or alter financial records associated with the handling of Public Funds that may or may not include a personal gain.

Federal Funding

In many instances the City receives federal funding such as grants and loans. Please note that any federal funds are to be used in compliance with federal grant/loan requirements.

TRAINING MODULE TWO: *CURRENCY & CHECK RECOGNITION*

Training Objectives for Module Two

When you complete this module you will be able to:

- ✓ Identify important features of U.S. currency for efficient daily operations,
- ✓ Recognize the pictures on the \$1, \$2, \$5, \$10, \$20, \$50 and \$100 bills,
- ✓ Recognize currency and check features devised against counterfeiting,
- ✓ List the part of a check,
- ✓ Understand the City policies for check acceptance.

I. Recognizing Currency

Only the Federal Reserve Bank of the United States has the responsibility for issuing currency for the United States. U.S. currency takes the form of notes engraved on special paper and comes in seven major denominations, each bearing a portrait of a different famous American (See Appendix B).

| 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 |

Look at a dollar bill and note the following parts as you handle it:

- ✓ The value amount of each bill is numerically posted in all four corners on both sides.
- ✓ The one numeric is larger in accordance with the ADA Act.
- ✓ The value is written out across the bottom of the face side.
- ✓ The Federal Reserve seal appears to the left of the portrait. The Treasury seal appears to the right of the portrait, embossed over the written dollar amount.
- ✓ The unique serial number of the bill appears in both the upper left portion and the lower right portion on the face of the bill.
- ✓ The number and corresponding letter of the Federal Reserve district that issued the bills appears in the upper left corner of the face of the bill.

II. Counting Currency

To ensure accuracy, here are three common ways of counting currency. Each method ensures that no bill is counted twice. Whichever method you use, recount the money as many times as necessary to come up with the same total twice. This means you will always count a stack of currency at least two times. Cash handlers should establish a set, comfortable routine of counting money. Remember 1-2-3 3 ways to count, always count 2 times and count until you get one total!

A. Receiving Moneys

1. Hand-to-Hand Method

When counting the bills, separate bills into denominations with all the bills facing up.

- ✓ If the pile contains more than one denomination, count the largest denomination first.
- ✓ Place the pile in one hand.
- ✓ Transfer one bill at a time from one hand to your other hand as you count.
- ✓ Look at each bill, as you count to check for the identifying elements on each.
- ✓ Check each bill, as you count to ensure correct denomination.
- ✓ Make the hand-to-hand count your second count.
- ✓ If your totals do not agree, repeat the count until you do.
- ✓ Stack the pile in order with the highest denomination on bottom and the smallest denomination on top.

Note: Cash handlers should always use the “Hand-to-Hand” method when receiving currency from customers in order to separate and look at each bill received.

When paying out currency this method is also used except that instead of currency being transferred to your other hand (second count), you will place it in the customer’s hand as you count. The transaction is not complete until the customer agrees that the change was counted back correctly.

2. Hand-to-Table Method

This method is the same as the hand-to-hand method except that instead of placing the currency in the customer’s hand you place it on the table as you

count it. The transaction is not complete until the customer agrees that the change was counted back correctly.

3. Walk-Through Method

The walk through is not used for a customer transaction but more often in balancing and deposit preparation. Use the walk-through method to count new money, to count pre-packaged money, and to count for banding and packaging. The walk-through method includes the following steps:

- ✓ Place the stack of bills on a table face up. For unbanded currency, all the bills should be face up and in the same direction. Each stack should contain only one denomination.
- ✓ Use the thumb and forefinger of one hand to lift back the corner of each bill. Then use the thumb and forefinger of your other hand to hold back the counted bill.
- ✓ Check each bill as you count, to ensure correct denomination.
- ✓ Remain vigilant to the possibility that the corner of a bill of a larger denomination may have been taped onto the corner of a bill of a smaller denomination (“raised notes”). To assure that a “raised note” has not been included “break the band” and count with the hand-to-table method.
- ✓ Count the pile twice.
- ✓ If your totals do not agree, repeat the count until they do.
- ✓ Stack the pile on order with the highest denomination on bottom and the smallest denomination on top.

Counting Coins

As with counting currency, establishing a set routine for counting coins can maximize your accuracy as a cash handler. Coins are often stored in coin wrappers, or rolls, to ensure accurate handling. Most banks may require that coins be rolled for deposit. Each person counting and inserting the coins into wrappers should initial and date the wrappers. Rolls received from customers should be “broken” to verify the contents. When you open a wrapper of coins, always empty the whole package into the coin drawer or coin machine.

The City of Albuquerque requires customers who pay with rolled coins put their name, address and daytime telephone number on the outside of each wrapper. The cashier should in any case run their fingernail across the roll to insure that coins are inside. Each department should have its own policy as to the amount of wrapped coins they will accept from a

customer. Treasury Division's policy on accepting wrapped coins is as follows: Treasury will accept a maximum of four (4) rolls of each coin denomination per customer.

Six categories of U.S. coins are issued.

| Value | Name | Metal Content | Edge |
|--------|--------------------------|-------------------------|--------|
| \$0.01 | Penny | Bronze (copper/zinc) | smooth |
| \$0.05 | Nickel | Nickel and Copper | Smooth |
| \$0.10 | Dime | Copper/nickel alloy | ridged |
| \$0.25 | Quarter | Copper/nickel alloy | ridged |
| \$0.50 | Half Dollar | Copper/nickel alloy | ridged |
| \$1.00 | "Silver Dollar" | Silver | ridged |
| \$1.00 | Susan B. Anthony | Copper/nickel alloy | |
| \$1.00 | Sacagawea | Copper | - |
| \$1.00 | Presidential Dollar Coin | Copper | |

Coin wrappers have established values printed on wrappers, and most are color coded with standard colors, which correspond to type of coins and the number of coins to be wrapped in each:

| Coin | Per Wrapper | Value of Wrapper |
|--------|-------------|------------------|
| \$0.01 | 50 | \$0.50 |
| \$0.05 | 40 | \$2.00 |
| \$0.10 | 50 | \$5.00 |
| \$0.25 | 40 | \$10.00 |
| \$0.50 | 10 | \$5.00 |

Steps to Receive Currency & Coins

The following steps are necessary for receiving currency & coins:

1. Always keep money received in view of the customer until the transaction is complete;
2. Never place money received in the cash drawer before the transaction is complete;
3. Separate the currency from the coins;
4. Count the currency before the coins;
5. Separate and count each currency denominations separately;
6. Separate coins into denominations;
7. Count each coin denomination separately;
8. Count all currency and coin in the presence of the customer especially if asked to give change for larger bills;
9. Verify the grand total against the amount listed on the billing or invoice;
10. If any discrepancies exist between your total and the customer's total, count the money again. If a discrepancy still exists, ask a co-worker to count the money.
11. Put away all currency and coins from the last transaction before starting a new transaction; and
12. As currency is a major carrier of germs, it is recommended that you wash your hands frequently.

B. Making Change

To ensure the accuracy of all transactions, it is important that the cash handler follow a routine, accepted practice in making change. There are two ways to give change back to a customer: (1) the cash register automatically calculates the dollar amount to be returned to the customer (and you start with the highest denomination from the drawer); or (2) the cash handler counts from the amount of the sale to the amount tendered (starting from the lowest denomination).

Change should be counted at least two times; once when the cash handler counts out of the cash drawer and a second time when the cash handler counts it back to the customer. (Hopefully but rarely, a third time when the customer counts it along with the cash handler.) Below are two examples as to how you would count back change.

Example: If a customer pays a \$78.32 item with a \$100.00 bill and the register does not calculate the change required to be returned.

1. Count the change back starting with the smallest coin denomination to the highest denomination of currency. The cashier counts it aloud as the change is given.

Cashier: "Your total is \$78.32 out of \$100.00. Your change is:

| | | |
|---------------------|-----------|-------------|
| Count three pennies | \$ 78.35 | |
| Count one nickel | \$ 78.40 | |
| Count one dime | \$ 78.50 | |
| Count two quarters | \$ 79.00 | |
| Count one one | \$ 80.00 | |
| Count one twenty | \$ 100.00 | Thank you." |

OR

- Count \$21.68 change back from the register starting with the largest bills to the smallest coin.

Cashier: "Your change from the \$100.00 is:

| | | |
|---------------------|----------|-------------|
| Count one twenty | \$ 20.00 | |
| Count one one | \$ 21.00 | |
| Count two quarters | \$ 21.50 | |
| Count one dime | \$ 21.60 | |
| Count one nickel | \$ 21.65 | |
| Count three pennies | \$ 21.68 | Thank you." |

Always give the customer a receipt separately and put the amount received in the cash drawer and close the drawer.

C. Strapping and Bundling Currency

Currency is strapped (paper value straps) or banded (held by rubber bands to help cash handlers, Treasury Division employees and the bank keep accurate counts. Often \$1, \$5, \$10 and \$20 bills are strapped in full or half packages, or bundles (50 or 100 separate bills). You should count each bill and stop at the fiftieth bill. Start over again with 50 more bills and combine and strap the two bundles to make one bundle of 100 individual bills. However, \$50 and \$100 bills are expected. Fifty-dollar bills are usually packed 40 bills per strap and one hundred dollar bills are packed at 20 bills per strap. Packages of 100 individual bills in denominations of \$20.00 through \$1.00 should be strapped.

Each denomination should be strapped with a color coded or value –imprinted band. Strapped currency is packages as follows:

| Denomination | Number of Bills | Value |
|---------------------|------------------------|--------------------|
| \$1 | 100 or 50 | \$ 100 OR \$ 50 |
| \$2 | 100 or 50 | \$ 200 OR \$ 100 |
| \$5 | 100 or 50 | \$ 500 OR \$ 250 |
| \$10 | 100 or 50 | \$1,000 OR \$ 500 |
| \$20 | 100 or 50 | \$2,000 OR \$1,000 |
| \$50 | 20 or 40 | \$1,000 OR \$2,000 |
| \$100 | 10 or 20 | \$1,000 OR \$2,000 |

D. Handling Mutilated Currency

Your job as a cash handler includes removing from circulation all torn, marked up, or otherwise mutilated bills. A cash handler may ask for another bill if a customer offers a mutilated bill explaining that this may represent no value in which case additional fund will be due. However, if the customer cannot substitute the bill, the cash handler must accept the mutilated bill because it is legal tender.

It is the City's policy; whenever you receive such a bill, place it aside in your cash drawer to return separately to the City's fiscal agent. The fiscal agent, in turn, will return mutilated money to the Federal Reserve Bank for redemption.

Currency is mutilated whenever it is torn, written on, missing portion, or otherwise damaged. Coins are mutilated whenever they are bent, worn, broken or otherwise damaged.

E. Rules for Redemption of Mutilated Currency

Specific rules and procedures exist for handling mutilated currency. If the bill is more than 3/5 (60%) intact (or 3/4 of the two serial numbers), the bank will pay its face value. If the bill is more than 2/5 (40%) but less than 3/5 intact, chances are that the bank may pay either half or full value. If the bill is less than 2/5 intact, the bank will not honor its value and the cash handler should not accept it based on the policy in force.

F. Counterfeit Currency

U.S. currency is the most commonly counterfeited currency in the world. Counterfeiting is an enormous problem in the U.S. due to the use of "desktop

publishing” software and advance in color copying technology, which makes it easier to produce high quality counterfeit currency. Cash handlers should use extreme caution in accepting currency, exercising the knowledge gained above as well as the following factors:

Paper – Genuine U.S. currency is printed on special paper that is part cotton and part linen. Close inspection reveals randomly placed, hair-like red and blue chopped silk fibers impressed in the paper. All U.S. currency paper is produced in a single mill in Dalton, Massachusetts. Experienced cash handlers can distinguish between the feel of “real” mint paper and other (copy) paper, in the softness of the feel of mint paper (note: mint paper can be washed, without losing its overall quality).

Portrait – The genuine portrait looks lifelike and stands out distinctly from the fine screen-like background. A counterfeit portrait looks more one-dimensional, lifeless and flat.

Micro printing – To prevent copies of currency from being accepted as genuine, the Federal Reserve imprints currency stock with “micro” printed letters. These letters are too small to be copied on practically all photocopying equipment. The cash handler should become familiar with the location of the micro printing on each bill by visiting the website of the US. Bureau of Engraving and Printing www.moneyfactory.com.

Federal Reserve and Treasury Seals - On a genuine bill, the saw-tooth points of the Federal Reserve and Treasury Seals are clear, distinct and sharp. The Treasury Seal is the same color ink as the serial number. Counterfeit seals may have uneven, blunt or broken saw-tooth points.

Serial Numbers - On genuine currency, the second digit of the serial number corresponds with the number of the Federal Reserve District in which the bill was distributed (i.e., serial numbers ending with "A" were issued by the "Federal Reserve Bank of Boston, Massachusetts - District 1, etc.). On newer bills the Federal Reserve Bank and District # are under the serial number.

Watermarks - A watermark of the portrait is visible when the bill is held up to light. The watermark portrait should match the portrait on the bill itself.

Security Thread - A polymer thread embedded vertically in the paper indicates the denomination. This thread glows under ultraviolet light with different colors for different denominations.

Color Shifting Ink - On denominations greater than \$5, the numeral on the lower right on the front looks green when viewed straight on but black from an angle.

Further information on currency features is available from the U.S. Bureau of Engraving at www.moneyfactory.com.

The Secret Service wants you to take all bills especially if you identify it as counterfeit because it helps them identify investigate and catch counterfeiters. Beware that the City is not given bank credit for these bills. If you suspect counterfeit money, ask for another bill or different form of payment. If the customer cannot provide you with another form of payment, let them know that you are required to keep the counterfeit money. Then notify your supervisor immediately and contact Treasury at 768-3444 for further instructions on submitting the counterfeit money to the Secret Service. Note: Do not accept identifiable counterfeit money as a form of payment for any City service.

Raised Notes

A fairly common method of "counterfeiting" money is the practice of creating "raised notes" genuine paper currency is sometimes altered in an attempt to increase its face value. One common method is to glue or tape numerals from higher-denomination bills (such as a twenty-dollar bill) to the corners of a note of lower denomination (usually a one-dollar bill). Cash handlers can protect against accepting raised notes at their higher denomination by always looking at the portrait on the bills they accept, instead of only looking at the numeral. This is why we learn the portraits on the different bills. It should be noted that raised notes are not counterfeit currency; they are legitimate (usually) one-dollar bills that can be accepted for their actual face value (and exchanged for a bill that has not been mutilated).

Look for differences, not similarities, when checking for counterfeit bills.

If the cash handler suspects that a customer is attempting to pass counterfeit currency or raised notes, she or he should politely ask the customer for another bill or alternative payment method (check, credit card, etc.). If the customer insists on using the currency, accept it. Follow the directions below for robbery attempts - your objective is to catch the criminal, not to stop the crime - and notify the supervisor, the local police and the nearest office of the U.S. Secret Service. It is also important to remember that the higher the denomination, the more care should be taken (i.e., potential loss in accepting a counterfeit \$50 bill is greater than the loss of accepting a counterfeit \$10 bill). Also note that counterfeiters know that greater care will be taken with large-denomination bills; therefore, the most commonly counterfeited bill in the U.S. is the \$20 bill (note: worldwide, the U.S. \$100 bill is the most commonly counterfeited).

III. Checks & Check Cashing

A check is a payment on demand financial instrument, used to transfer funds from one party to another. The term "negotiable instrument" means the check is payable to a person when presented at its signer's bank.

The "drawer" or "maker" of the check is the party issuing and signing the check. The drawer may be one or more individuals acting on their own behalf, or the drawer maybe one or more individuals authorized to act on behalf of a company, corporation, partnership, or municipality. The "drawee" is the party on whom the check is drawn, usually a bank or trust company.

The payee is the party to whom payment is made. The check can be payable to one or more individuals; to a business, corporation or partnership; or to a municipality or government agency.

A. Types of Checks

In the course of your work as a cash handler, you will see different types of checks. So that you can distinguish between "negotiable check instruments" the different types of checks are listed here. Personal checks: Personal checks are the most common type of check. Personal checks belong to people who maintain demand account balances at banks and are dependent on their own credit and so require further identification. The payee for checks payable to the City should be the "City of Albuquerque". This payable method is important, in that checks made out to specific departments can confuse depository banks, as for example a check made out to "Parks Department" could be misinterpreted as the Parks Department of another City who is a customer of the bank. Using a distinct endorsing stamp can make differentiation of checks. This makes researching returned checks much easier. The Treasury requires that all cash sites have an endorsement stamp to endorse all checks for deposits. If your cash site does not have an endorsement stamp, checks for deposit must have the cash site # and department phone extension written on the back of each check.

As a matter of policy:

- ✓ **No** cash back should be given for a personal check transaction.
- ✓ **No** City employee's personal checks should be cashed.
- ✓ **No** two-party checks (checks made payable to one party and endorsed to the City) should be accepted.
- ✓ **No** checks drawn on foreign currency should be accepted; for checks drawn on non-U.S. banks "U.S. dollars" should be clearly printed on the check.

A personal account drawn on a money market account may have a minimum amount for which the check can be written.

Company checks: Company checks may appear similar to personal checks; they may have a carbon paper strip attached for the company's own bookkeeping system. Company checks are dependent on the credit of the

company so also require further identification. Company checks may also have stubs or copies attached. Notice if there needs to be multiple signatures on the check, or if the check says, "not valid over \$_____"]".

Cashier's checks: This is a check drawn by a financial institution on its own funds, usually purchased by the bank's customer. Since only the failure of the bank would cause the financial institution not to honor such checks, they are accepted almost as readily as currency. Caution should still be exercised, as fraudulent cashier's checks can be produced. Additional identification of the cashing party is good policy.

Personal money orders: A personal money order is a check purchased by a customer from a vendor for currency or against bank balances. When issued, it shows a drawee bank and an amount. The purchaser fills in the date, the payer, and the payee's name and address. Financial institutions usually restrict the maximum amount for which they issue a money order. This amount is usually printed on the face of the money order. Check on the money order for the words, "Not to exceed \$_____." Money orders are readily acceptable but caution should be exercised, as fraudulent money orders can be produced and the accounts on which the money orders are drawn can be insufficient.

Traveler's checks: These checks are designed for use by persons on business or vacation trips, but are also used in other situations. They are signed on the face of the check when purchased and countersigned when negotiated, either on the face or on the back. Traveler's checks show many of the same anti-counterfeiting elements as currency and cashiers should be able to recognize these elements. When using a traveler's check, the customer must countersign and write in the payee name in the presence of a cash handler. Traveler's checks should be stamped with the City endorsement (see discussion below) and placed with other checks

City policy requires proof of identification on traveler's check..

B. Parts of Checks

There are seven elements a check needs to have to be negotiable. If these elements are present, regardless of the format, this is a check. Before accepting a check from a customer, you should verify that the check has all of these elements (see Appendix C).

Current date. The check must have a current date and be neither "stale" dated nor "post" dated. A stale dated check is dated 180 or more days in the past and a post-dated check is a check dated in the future. **City policy requires that all checks be deposited by either the end of the day, within 24 hours of being received from a customer, or the next business day after a holiday.** In the event a check is received and a department can not locate accounting information required for deposit via transmittal, contact

Treasury for assistance in locating the appropriate accounting information for deposit.

Payee. The check must have a payee, which is the company or individual being paid for goods and services. The payee for checks payable to the City should be "**City of Albuquerque**".

Payer. The check must have a payer, which is the company or individual paying for goods or services. The City Treasurer may prefer the name and address of the payer be pre-printed on the front of the check, but this is not a mandatory requirement for negotiability or acceptance of the check.

Dollar amount. The dollar amount must appear twice. It must be both spelled out and printed numerically.

Bank. The check must be drawn on a bank whose name appears on the check.

Signature. The check must be signed by the payer or drawer, as authorized by the drawee bank.

MICR numbers. Magnetic Ink Character Recognition (MICR) numbers are pre-printed at the bottom, left-hand corner of the check for automated processing purposes. If not, the check will require special manual bank handling. The MICR line numbers are very important elements to the speedy processing of the check. They allow the bank's routing identification, the customer's account number, the check number and, often, the check amount to be read into automated bank processing equipment very rapidly and accurately. Under Federal "Check 21" Standards, checks can clear at the depository bank using the MICR information. Please note: If making copies of checks for department files cover up or black out the micr number to prevent fraud from occurring on our customers' accounts.

C. Check Negotiability

It is important to note that the elements just discussed make a check negotiable, regardless of the form of their appearance. If these elements appear in a form other than a standard check, the cash handler should exercise extra caution, as the possibility of a fraudulent check is higher in other than standard form, but the check may still be perfectly negotiable as long as these elements appear on the document. If unsure as to a check's negotiability, ask your supervisor. If the cash handler has allowed a transaction to be completed with a check lacking one or more of these elements, and the customer cannot be easily contacted (i.e., has left the premises or the check was received by mail), the check should be deposited

as usual. In no instance should the cash handler alter the customer's check in any way.

D. Check Endorsements

All checks should be endorsed upon receipt either with a stamp or manually. The endorsement language can vary between departments, but must include **"For deposit only, The City of Albuquerque."** In accordance with Federal law, the endorsement must be stamped in the first 1.5 inches on the back of the check on the trailing edges. The remainder of the back of the check must be left blank (any identification notifications, such as a Driver's License number, must be placed on the front of the check). It is important to endorse checks to the City as soon as possible, to reduce the possibility of their being deposited to the account of another party. An endorsement that identifies the receiving department makes research on returned checks considerably easier.

E. Identification of Check writer

It is no longer City policy to capture the driver's license information when accepting checks unless you are presented with a counter check. In the instance you are presented with a counter check ask the customer to write their name, address and phone number on the front of the check and document their driver's license number and expiration date on the front of the check.

Specific requirements should be written into your departmental check policy. It is recommended that if identification is required, it should be a photo ID such as a state driver's license and the cash handler should look at the picture and the expiration date of the ID.

If a City employee is selling an "irretrievable item" such as swimming pool admissions, there is a greater risk in taking a check without identification. For example, if a citizen pays a utility bill and the check is returned (insufficient funds, etc.), the check can be charged back to that person's utility account. If a person buys merchandise with a check that is later returned by the bank, however, there is no way to retrieve the merchandise. For this reason, identification should more likely be required for irretrievable items but identification on all checks is recommended.

F. Check Fraud

Even knowing the parts of a check, requiring identification and taking the time to look at each check does not prevent check fraud from occurring. Fraudulent check crimes are increasing at a dramatic rate, primarily due to

the proliferation of "desk top publishing" software and advances in color copying equipment. This type of fraud has become a major concern of every part of our society involved with the sale of goods and services, including City government.

While fraud was once considered to be a normal cost of doing business, the losses are now too high to ignore. In order to prevent losses of City funds to fraudulent check crimes, we need to have knowledge, vigilance, and refined business procedures. Close examination can often alert the cash handler to a fraudulent check. Examine each check for these key items:

1. Pay special attention to checks drawn on non-local banks and request to see identification. List customer's local and out-of-town addresses and phone numbers on the face of the check. *If practical, verify funds by phone. The account may be closed or already in non-sufficient fund (NSF) status.* The Federal Reserve number (the first two digits of the ABA code will probably be your same Federal Reserve District.
2. Examine the date for accuracy. Do not accept the check if it is undated, post-dated, or stale dated if the payer is unavailable.
3. Be sure the check clearly shows the name, branch, city and state where the drawee bank is located. Look for a reasonable Fed District number.
4. Confirm that the numerical amount agrees with the written amount. Be especially alert for alterations within the numbers on the written portion of the check (Example: \$5.00 altered to \$55.00). A policy should exist as to how an amount can be changed and by whom.
5. Do not accept checks that are illegible. The check should be written in blue or black ink, signed, and not have any erasures or altered amounts. Ask for another check.
6. Have customers make checks payable to the **"City of Albuquerque."**
7. DO NOT accept two party checks.
8. Have the check made for the exact amount of the sale.
9. Be aware of newer accounts. Generally, a higher number of returned or fraudulent checks are lower sequence numbers (below 1000) or starter checks (no number, address or routing information printed).
10. Examine the check for the presence or absence of safety features added to the check stock (i.e., micro printing, watermarks, chemically sensitive paper, etc.)

By paying close attention to a check's appearance, you can often detect a possible bad check before accepting it as payment. Protect yourself against possible losses by verifying the funds or asking for an alternate form of payment (currency, credit card, etc.). Also note that by examining the check closely, the customer is delayed, which in many instances will result in a fraudulent check perpetrator to leave the scene. If they have left the area make a note of what they looked like and what bill they paid.

Check fraud can also be deterred through the use of on-line check verification and/or guarantee service, devices scan the MICR line information to verify the status of the payer's account against a bad check data base and assume liability for collecting the check if it is bad. The City Treasury Division can provide details regarding the use of these devices at your work site.

G. Credit/Debit/Charge Cards/Electronic Payments

Credit, charge and debit cards are now used by over 100 million people in the U.S. to pay for many types of purchases. These cards have the benefits of reduced fraud potential (as responsibility is passed to the card servicing agency upon approval of the transaction on-line), customer convenience (payments can be made by telephone, computer, mail or in person), and more expeditious funds availability.

Both the volume of credit card transactions and the dollar volume continue to grow every year. The City may accept credit cards for all or some transactions, dependent on local policy. Departments have the discretion to accept credit cards for any service for which they charge, but the City Treasurer is solely authorized to negotiate credit card agreements with card providers. Departments should work closely with the Treasury Division and the City's card service providers to develop policies and procedures for the acceptance of credit card payments. All areas accepting credit cards as a form of payment are responsible for settling their batches daily to ensure compliance of the 24 hour deposit rule.

PCI DSS

- The Payment Card Industry (VISA, Mastercard, American Express, and Discover) recently implemented new Data Security Standards (PCI DSS).
- All merchants (acceptors of credit/debit cards branded by the above card organizations) must comply.
- Helpful guidelines:

- Do not write down card numbers or make or file photocopies of anything containing the full card number.
- Do not enter card numbers into any computer application or database (other than integrated POS/card processing systems such as SiriusWare and Treasury cashiering system).

Credit Card Transactions

This section assumes the cash handler is using an electronic Point of Sale (POS) system to accept credit cards, as most card providers strongly promote this process. The same basic provisions should be in place for card information taken over the phone or web. The following general steps should be followed to ensure a properly authorized transaction. There are three main ways to accept card payments. The cash handler should be familiar with and follow all steps necessary to each method:

1. Walk-in payments

- a. Verify card has not been altered in any way.
- b. Ask for identification. (ex. State issued ID, drivers license or military ID)
- b. Take the card and hold the card until the transaction is complete.
- c. Slide the card through the POS system to acquire authorization number. If the magnetic stripe malfunctions, input the number into the terminal manually.
- d. Verify the expiration date on the card.
- e. Have the customer sign the credit card receipt and compare the signature with the one on the card.
- f. Write down the authorization number on the credit card receipt if it is not automatically printed.
- g. Hand the card and identifications back to the customer to complete the transaction.

2. Telephone payments

- a. Enter the credit card information directly into the POS system. Do not write down or store credit card information to be processed at a later date.

3. Mail payments

a. Currently, Journal 21 payments can be made by mail provided credit card information is provided on the invoice. The payment is received by Treasury and processed for payment at the cashier area. Once the payment is processed the credit card information is blacked out on the invoice provided. The invoice is then given to the person who updates the payment information for the customer. This person ensures that the credit card information is blacked out and then files the invoices for that business day.

Electronic Payments

Customers may choose to have their payments sent to you electronically. You will receive notification with the customer account information for your entity and the date it will be deposited into your account. If taken on the web the website should have sufficient safeguards in place to verify the credit card information as well as safeguarding the customer using the site.

TRAINING MODULE THREE: *DAILY CASHIER OPERATIONS*

Training Objectives for Module Three

When you complete this module you will be able to:

- ✓ Describe the function of a Revenue Statement
- ✓ Explain the difference between a loss and a shortage
- ✓ Write out deposit slips according to the Treasury Division procedures

I. Introduction to Daily Cashier Operations

Each department must establish its own policies and procedures, with the approval of the City Treasurer for the acceptance of cash at their various work sites. These procedures should be written to address the unique circumstances at each cash receiving location as well as fulfilling unique departmental needs. They should also reiterate the 24 hour deposit and remote cash entry rule. The following procedures are recommended to be included in departmental policies and procedures.

II. Opening Activity/Cash Drawer Setup

Cash drawers should be assigned to an individual if at all possible! Upon setting up the cash drawer (as discussed above, it is important that every cash handler have an individual cash drawer for which she/he is solely responsible), these procedures should be followed:

1. **Arrange coin and currency in a consistent manner.** The cash drawer is divided into separate compartments for different currency denominations, checks, credit card receipts, etc. In most instances, the smaller denominations are located closer to where you position yourself. The larger denominations are farther away. This setup helps prevent the accidental distribution of incorrect denominations.
2. **Verify the dollar amount of beginning cash.** If beginning cash should be \$100, for example, verify this amount through an opening count.
3. **Check bait money.** At some facilities, "bait money" is also kept in the cash drawer. Bait money is handed out only in the event of robbery. Its purpose is to assist law enforcement authorities to track and convict bank robbers.
4. **Make sure alarm system is functional.** The cash drawer may also contain an alarm for use during a robbery. Report equipment and alarm malfunctions or breakdowns to supervisor immediately. Test equipment at least quarterly.

During the cash handler's hours of operation, the following procedures should be followed to monitor the cash drawer:

1. When the cash drawer (or individual change or denomination bins) begins to get full and/or several large bills have been received, paper clip or rubber band excess currency and if time allows, transfer that currency from your cash drawer to a safe or other secure location. Lock the drawer when away from it for any time period.
2. Lock all cash and coins in a safe, the cash drawer, or in another secure location, except when in use.
3. Never leave the cash drawer unattended.
4. Never let anyone touch the drawer except the person to which it is assigned and/or except under direct supervision of the cash handler. (The only exception to this is the sites using Sirius Ware.
5. Never share passwords or user ID's.

The cash operation in which you work should have a permanent written, or computer generated, collection record, such as a cash register tape, that records all transactions including voids, refunds or cancellations. This permanent collection record should be retained by your department for three (3) years.

III. Receiving and Receipting City Funds

All checks for City goods and services are to be made payable to the "City of Albuquerque." The Treasury Division provides a receipt to the department upon the deposit of funds (or receipt of bank deposit) with the Treasurer. These materials provide the Treasury Division with a standardized audit trail should payments require research.

For every transaction performed a City of Albuquerque official receipt must be provided to the customer.

A. Custodial Responsibility of Cash Handlers

It is important that cash handlers be aware of the custodial responsibility and liability in handling City funds. The following applies to all cash handlers of the City.

- ✓ All cash handlers shall be certified by the City Treasurer or his/her designee. To become certified, cash handlers will attend a cash handling training session presented by the Treasury Division.
- ✓ All certified cash handlers should have a solid knowledge base of and be in compliance with their department's and the City Treasurer's policies and

procedures issued by their department and approved by the City Treasurer.

- ✓ Cash handlers have responsibility for all funds that will be processed by the cash handler. This includes cash received by mail. To protect the cash handler, mail should be opened in the presence of a supervisor or witness, as the cash is received by the cash handler.
- ✓ Custodial responsibility means a cash handler who has received City money is liable for that money until the money is deposited, transferred to a departmental teller, or placed in the vault, and that deposit has been verified for accuracy by a supervisor or witness.
- ✓ If monies are found in an area where City cash is handled it should be deposited with the City within 24 hours. If feasible a conscious effort must be made to return monies found to the rightful owner prior to depositing with the City.

B. Losses/Shortages/Overages

There is a clear distinction between a "Loss" and "Shortage" of City money. This is determined by the cash handler's ability to obtain physical custody of the money and how that person safeguards the money.

A Shortage is an unintentional collection error such as a change making error. An Overage occurs when a cash handler has collected too much money and cannot immediately return the excess to a specific customer.

On the other hand, a Loss of City money is when a cash handler has obtained physical custody of money and then due to reasons like negligence, an act of God or an unlawful action, cannot deposit that money into the City Treasury.

An example of negligence is leaving City money unattended and not properly safeguarding that money from loss.

Report all Losses to your supervisor and the City Treasurer immediately. Send to the Treasurer a detailed Over & Short Report (see Appendix D pg. 2) as to the circumstances of the Loss, along with a copy of the Police Report (if any).

Note: An overage and shortage of \$50.00 or more should be reported to your supervisor and City Treasury within 24 hours of occurrence.

IV. Closing Activity

At the close of the cashiers work period, all the City money received by that cashier should be counted and documented according to approved departmental

policy. This involves balancing the cash handler's cash drawer, depositing City funds into the City Treasury (as applicable), removing remaining cash to safe or vault, and reporting to Treasury Division all moneys received. Where cash is concerned, maintaining accountability and integrity is of vital importance. As a result, all cash received must be verified by a second person. This dual control can protect the cash handler should City funds be subject to loss or shortage.

In summary, three principles should be followed in daily closing activities:

- ✓ All transactions are documented at least in duplicate (one copy to customer, at least one copy to remain in cash drawer for balancing).
- ✓ All cash activities balanced or reconciled at closing.
- ✓ Verification of reconciliation by an outside party.

V. Balancing Cash Drawer

At the time of closing, the cash handler needs to balance the drawer and account for any loss, shortage or overage of cash in the cash drawer. This process is referred to as "Balancing" - the accounting and documentation of all City funds received by the cash handler that day.

Balancing involves: 1) adding of currency, coin, credit/debit card drafts and checks; 2) determining the dollar total received from the Permanent Record, subtracting the Beginning Cash; and 3) comparing the total money with the total transactions. These two dollar amounts should be the same. Balancing should occur out of public view in a location away from the collection area to protect the safety of the cash handler. While individual cash handlers have different methods for balancing cash drawers, there are several steps that all balancing processes should include:

1. Remove all cash (currency, coin, credit/debit card drafts, and checks) from the cash drawer.
2. Count currency and coin and list by denomination on the Daily Cash Reconciliation Sheet (see Appendix D pg. 1). As stated above, currency and coin should be counted as many times as it takes to get the same total twice.
3. Cash handlers should list all checks and credit/debit card drafts on either an adding machine tape or a bank deposit slip, and transfer the number of checks and drafts, and the total dollar amount of checks and drafts to the Daily Cash Reconciliation Sheet. Checks should be restrictively endorsed, as discussed in section - "Check Endorsement" prior to their removal from the cash drawer.
4. Cash handlers should then "buy" from the remaining cash on hand to bring the change fund back to the preferred mix of currency denominations as determined by cash handler's department.

While the Daily Cash Reconciliation Sheet given in Appendix D pg. 1 serves as an excellent guide for the development of local cash balancing sheets, localized forms must be developed for each location that cash is accepted. In every case, the reconciliation sheet should ensure the integrity of the cash and check composition of the deposit (documenting the funds received by check as opposed to currency or coin or credit/debit card) and must have signatures of the cash handler and a supervisor or other witness verifying the accuracy of the reconciliation.

A. Locating Cash Differences

1. Every reasonable effort should be made to locate and balance all cash differences. Regardless of the amount of the overage/shortage, always follow these steps:
 - a. Recount loose coin and/or currency as appropriate to the amount of the difference.
 - b. Recount wrapped coin and/or currency as appropriate to the amount of the difference.
 - c. Check the cash handler's beginning cash figure.
2. For cash differences between \$5.00 and \$100.00, continue with the following steps:
 - a. Rerun and recheck all figures on the permanent cash record. Compare check with permanent record specifically.
 - b. If a shortage exists, search the cash handler's area and cash vault. Remove the cash drawer and search the space, including behind the drawer stop.
 - c. Examine the waste paper in the cashier's area for cash, checks, credit/debit card receipts, etc., and other papers relating to the transactions of the day.

B. Common Errors Causing Out-of-Balance Situations

The following are situations that frequently occur and can cause out-of-balance situations:

1. Writing illegibly;
2. Taking currency out of strap without breaking the strap;
3. Writing Ending Cash down incorrectly;
4. Handling transactions improperly;
5. Picking up figures incorrectly;
6. Clipping and wrapping currency incorrectly;
7. Dropping part of a transaction in the trash;
8. Cash getting stuck behind the cash drawer;
9. Not verifying check totals with two tapes;
10. Not clearing adding machine before using it;

11. Transposing numbers; and
12. Mixing transactions between multiple drawers.

C. Reasons for Hard-to-Find Errors

The following are situations that result in hard-to-find errors:

1. Not keeping currency separated by each denomination in cash drawer;
2. Sacrificing accuracy for speed;
3. Not putting money away immediately after completing a transaction;
4. Not locking cash drawer when leaving work station;
5. Forgetting to make change;
6. Not counting money twice when paying out;
7. Not completely finishing a transaction before starting the next;
8. Adding up cash/checks in your head instead of using an adding machine;
9. Not looking at cash as you are paying it out;
10. Allowing yourself to be distracted during a transaction; and
11. Not changing invoice or stub for partial cash payments.
12. Allowing documents or money to fall in a trash receptacle.

D. Filling Out Deposit Slips/Transmittals

DEPOSIT SLIPS

There should be at least two copies of the deposit slip (See Appendix D pg. 3) in addition to the original. Multiple, carbon copy receipt books provide the best protection. These copies create an audit trail and allow for balancing as well as a check and balance system. Distribution would normally be:

- ✓ Original deposit slip, with deposit of coin/currency/check, to the bank.
- ✓ One copy sent with a Daily Cash Count Sheet to the bank.
- ✓ One copy is retained by the receiving department for their internal records.

The deposit must be dual verified, signed (or initialed) by the cash handler and a supervisor or other witness, verifying the accuracy of the deposit to include a clear breakdown of each cash denomination and listing of checks. Cash handlers place the day's collected moneys and the original deposit slip into a tamper-proof deposit bag for safety of the deposit.

Make sure the bag is locked or sealed! Newer model plastic bags provide for a scan line and duplicate receipt built into the bag bolstering security.

TRANSMITTALS

There should be at least two copies of the Transmittal slip (See Appendix D pg. 4) in addition to the original. Multiple, carbon copy receipt books provide the best protection. These copies create an audit trail and allow for balancing as well as a check and balance system. Distribution would normally be:

- ✓ Original transmittal slip, with deposit of coin/currency/check with the appropriate fund/account/department ID or project number designated for each coin/currency/check, to the Treasurer.
- ✓ One copy is retained by the receiving department for their internal records.

The deposit must be dual verified, signed (or initialed) by the cash handler and a supervisor or other witness, verifying the accuracy of the deposit to include a clear breakdown of each cash denomination and listing of checks. Cash handlers place the day's collected moneys and the transmittal slips into a tamper-proof deposit bag for safety of the deposit. Make sure the bag is locked or sealed! Newer model plastic bags provide for a scan line and duplicate receipt built into the bag bolstering security.

Per State Statute all monies received on behalf of the City of Albuquerque must be deposited within 24 hours of receipt, regardless of the amount.

Remote Cash Receiving

Daily cash check and card receipt totals must be entered into the ERP "remote cash receiving" module by the end of the next business day following deposit.

This will permit Treasury staff to fully reconcile the previous business day's bank activity to ERP cash entries.

This function is a vital aspect of internal cash controls at the City of Albuquerque.

E. Bank Statement

To complete the deposit, cash handlers must complete and sign/initial a deposit slip and a recap Bank Statement available in COGNOS. A Bank Statement informs the receiving bank or central cashier of the breakdown of currency, the amount of checks and what fund is credited with the revenue.

A Bank Statement must be submitted for all amounts collected and deposited by the cash handler and should balance to the funds collected for the period. To ensure that the moneys are accounted for in the correct fund, the Bank Statement should indicate the deposited money's fund ownership, the source of collection, the collecting organization, and the organization to credit. Although the same financial elements are needed by all departments these sheets can be designed to fit unique departmental needs.

A Bank Statement should include:

- ✓ The signatures of the preparer and the agency's account numbers;
- ✓ The collecting location;
- ✓ The total amount of the deposit amount (by coin, currency and check); and
- ✓ The totals of any attached deposit slip copies or the amount of the physical deposit.

VI. Armored Car & Night Deposits

The City Treasurer recognizes the need for maximizing cash handler safety. The speed at which funds are deposited increases the time money is available for investment programs also. Investment income from timely deposits provides additional incremental revenue for City services. To fulfill these goals, some cities have a contracted armored transport service available for the use of departments. If departments deposit directly to a bank, the discretion of use is left to the individual departments but often bid city-wide as one contract. Usage is based upon the approval of department cash handling practices. Procedures will vary. Below are the steps to follow should an armored service be employed:

1. The cash handler prepares a receipt that lists each item or group of items to be picked up.
2. Armored car personnel will sign the receipt for transport (not balances) in acceptance of the deposit and provide a copy of that receipt to the department. This receipt should include the pick-up date and the number(s) impressed on the deposit bag(s). At this point the cash handler's custodial responsibility is released to the armored transport service.
3. Cash handlers are encouraged to identify armored car personnel by requesting to see their identification (especially unknown personnel) and compare that ID against the armored car company's authorization list. Without a match have the armored car personnel leave the area immediately.

Some city facilities prefer to remove all money from their collection or receiving location by depositing nightly in a drop safe on premises or at a City approved location. All night deposits must be balanced and documented and are then placed in locked or sealed bank deposit bags.

VII. “Non-Government” Money

A number of entities also collect what is called "non-government" money. This is money collected for a separate entity such as park adoption organizations; employee associations; or by an office, employee or agent for non-government use. For such funds the City is taking on additional fiduciary responsibility and all cash handling requirements should be met. The entity and its cash handlers are not responsible for these funds and will not reimburse for any loss of these funds. Such funds must be segregated from the cash handler's cash drawer funds.

Donations solicited by City of Albuquerque Department or employees. Prior approval on any type or category of donations solicited regardless of the activity must be approved by the CAO. Department Director must approve the donation activity in writing. Staff must included and submit summary report of activity and summary financial report to Department Fiscal Manager and Department Director after end of the donation activity. In no case will a City employee determine value of items donated regardless of type of donation.

VIII. Authorized Refunds

Refunds if appropriate and authorized must include support documents, rationale for refund, approval by authorized management and debited from same account it was deposited in to address document and audit trail requirements.

Complete a City Of Albuquerque – Requisition and Disbursement Request form and submit to purchasing.

TRAINING MODULE FOUR: SECURITY PROCEDURES/LOSS PREVENTION

Training Objectives for Module Four

When you complete this module you will be able to:

- ✓ Inspect your work site for robbery prevention factors
- ✓ Create a work place less conducive to robbery or other emergencies
- ✓ React appropriately to a robbery or other emergencies

I. Introduction to Security Procedure/Loss Prevention

Anytime cash is handled in a public place threatening situations can occur that put personal safety and the city funds in danger. This section provides a few pointers on how to prevent and, if necessary, respond in those situations. This section should be considered in concert with the previously discussed "Counterfeit Currency on page 15-17" and "Check Fraud on page 21-22" sections.

II. Robbery

Robbery is the most threatening condition the cash handler might experience. He/she must be informed on how to prevent robbery as well as know the procedures to follow during and after a robbery. The average robbery takes 90 seconds from start to finish so the cash handler must be prepared to act quickly. It is important for cash handlers to periodically practice procedures to be prepared.

A. How to Prevent a Robbery

Robbery is a confrontation between a cash handler and a thief. The department and the cash handler should be aware that a thief is less likely to rob locations that:

- ✓ Are clearly visible from the street (thieves look for locations that are private);
- ✓ Have numerous people in and around the location (the thief wants to confront as few people as possible);
- ✓ Have good lighting, both inside and outside the facility;
- ✓ Keep customers back from the cashiers work space by forming lines and "do not cross" waiting areas;

- ✓ Have cameras or other security devices visible and in good working order;
- ✓ Have staff aware of suspicious people milling in or around the location (the cash handler should interact with suspicious people, while noting their appearance, as they are distracted by conversation);
- ✓ Do not count cash in a publicly open space;
- ✓ Protect their cashiers behind some protective barrier;
- ✓ Do not use obvious bank bags to transport locked bags to the bank (the cash handler might put the tamper-proof bag inside a grocery sack, for example) and transport bags with more than one person;
- ✓ Vary banking routine on a regular basis (i.e., the cash handler should not make deposits at the same time or place every day or night);
- ✓ Are discreet about cash drawer limits and amounts of cash on hand at facility (a good way to reduce the amount of currency on hand is to maximize the proportion of transactions that are handled through electronic means - credit/debit cards);
- ✓ Have a cash policy (the department may choose to put a sign on a cash box or drawer states "no more than \$ _____ is maintained on premises in cash");
- ✓ Have a secure cash box or safe to the wall or floor that is not easily removed;
- ✓ Have inaccessible, protected cash drawers.

Excessive amounts of cash should never be kept in cash drawers. The approved department cash handling procedures should include rules and regulations regarding the cash limits that may be kept in the cash drawer at any one time. Currency in excess of these amounts should be removed in a prescribed manner after balancing and be stored in a secure vault or safe for final balance even when required mid-day. In addition, departmental cash handling procedures should include the following safety directives:

1. That all cash items and the cashier area itself should remain locked at all times;
2. That unauthorized persons are never allowed in the cashier area; and
3. That cash and all other confidential items be removed from counter and work spaces after each transaction and before the cash handler leaves the work station.

Some facilities use security devices for additional security. Each facility should maintain security devices. Take time each day to check that security equipment is operational. Facilities may use a silent alarm triggered when a certain bill or stack of bills is removed from the drawer. Make sure security features are within normal reach of the cashier to eliminate unnecessary movements during an emergency.

The opening and closing of daily operations is the most vulnerable time for a robbery. Cash handlers should use caution by not allowing customers near them or into the facility during the cash opening or closing.

In no event are City funds to be taken home or kept in City Vehicle over night. Funds should be kept in an appropriate storage/security facility such as locked cabinet in a locked office, floor safe, vault etc.

B. Procedures to Follow During a Robbery

Your department should have written robbery procedures in place in case of a robbery. Despite the prevention methods above, the possibility that the cash handler will be confronted with a robbery situation exists. In such cases, three critical factors should be remembered:

- (1) The preservation of human life and health (the cash handler's, co-worker's and the citizen/public's);
- (2) Catching the criminal; by being a good witness and
- (3) The preservation of City funds by keeping monies in drawer to a minimum.

Preservation of life and safety is the highest priority.

In case of robberies, the cash handler's objective is to catch the criminal, not to stop the crime! In case of in-person robbers, the cash handler should know, practice and follow the following procedures, which should be included in departmental cash handling policies:

1. Always assume there is a weapon even if one is not seen.
2. Be polite and accommodating. A nervous person is committing the robbery. Do not upset or antagonize the robber. Stay calm and move slowly.
3. Keep talking to the robber. Explain your every movement such as, "Now I'm taking a key out of this drawer to unlock..." Avoid making any quick movements that might alarm the robber.
4. Do exactly as the robber asks.
5. Attempt no heroics. Lives of innocent people may be jeopardized by heroics.
6. If bait money is used, remember to include the bait money in what is given to the robber.
7. Observe the robber but don't stare. Try to remember the distinguishing features of the robber. You will be asked to describe the robber, at a later date, by completing a Police Department crime report.
8. Watch over all evidence left by the robber. Remember everything the robber touches for possible fingerprints. Place the "crime scene" off limits until the police have completed their investigation.

9. Listen to the voice, inflections, names, slang, and so on that the robber uses. This may help the police later.
10. After all of the robbers requests have been satisfied, volunteer to lie down on the floor (this creates a safer environment for the cash handler and a less threatening appearance for the robber). Do not press any alarm until the thief has left the building - he may come back if he hears sirens coming.
11. Do not leave the premises or call 911.

C. Procedures to Follow After a Robbery

Once the robber has left the building, hit the alarm button (if available) twice to make sure it's activated and follow these steps:

- ✓ Close the cashier window, lock the premises, if possible, and notify your supervisor about the robbery.
- ✓ Call 911 (or local emergency access number) and stay on the line until the police arrive. Provide the emergency dispatcher with the following information:
- ✓ Your address (know the street address at which you accept cash); and what happened.
- ✓ Speak to no one, other than City officials, until you have talked to the Police and have completed required police reports.

The cash handler may be asked to take the names and addresses of those who witnessed the robbery. No one, except the police and perhaps your department officials should be allowed in the facility after the robbery.

III. Fire/Bomb Threat/Sprinklers Going Off

In the event of a fire or a bomb threat, the cash handler should secure all money by locking the cash drawer, and vacate the building as soon as possible. Remember, in the situation of a fire or other grievous threat, protecting people is of greater importance than retrieving City funds. If there is adequate time - personal judgment is critical - secure money in safe or vault and then vacate the premises. Don't try to remove funds from the premises. Written procedures along with practicing and discussing possible situations and how to handle them are critical exercises.

IV. Emergency Procedures

Your department should have written emergency procedures in place in case of fire or natural disaster. 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 his/her facility

Other Forms of Payments

The worldwide cash management environment is rapidly changing, due to many factors. First, the proliferation of desktop publishing software and color copying equipment has caused fraudulent paper transactions to increase dramatically. One way of reducing the potential losses to check fraud, currency counterfeiting and robbery is to reduce the number of paper transactions. Further, as customers become more familiar with electronic payment mechanisms such as credit and debit card payments, demand for these payment alternatives will also grow. Cash handlers should prepare themselves for these payment alternatives, most of which are currently available. The Treasury Division can provide more information on these payment alternatives, as well as their applications in the City of Albuquerque.

IMPREST FUNDS POLICY & PROCEDURES

Imprest funds are an advance from a designated government fund set aside for the purpose of making change and/or for the purpose of paying small obligations for which the issuance of a formal voucher and/or check would be too expensive and time consuming. These are also known as Change funds or Petty Cash funds. Change funds will allow you to do your day to day business, accepting money from customers and paying back their change.

The majority of petty cash funds are established to enable departments to make small, emergency purchases where a purchase order is not cost effective or a purchasing card cannot be used. Other uses include establishment of change funds for departments that collect cash receipts on behalf of the City and require change to appropriately complete the cash transactions. The amount of petty cash is established at the time the fund is approved. Expenditures **cannot exceed \$100.00** and must meet the legal requirement of City funds and may not be used to circumvent purchasing procedures and ordinances.

Departments are responsible for maintaining current financial file information pertaining to all cash handlers, cash sites and amounts of imprest funds. Treasury Division will request from Departments an update on all cash handlers/imprest funds financial information, by conducting a Semi-Annual Financial Data Verification. The Semi-Annual Financial Data Verification will provide updated department information such as: Department Financial ID card holders, imprest funds total amounts, custodians, authorized certified cash handlers, authorized cash sites.

I. Authorization of Petty Cash/ Change Fund

The following are step by step instructions on authorizations of petty cash funds. Please note that *all requests are subject to the City Treasurer's approval.*

- Your Department Director determines the need for the funds.
- ✓ Identifies the custodian by name and employee number.
- ✓ The designated custodian must be certified every three years in cash handling by attending the City's Cash Handling Training Class.
- ✓ The Department Director must send a memo addressed to the City Treasurer, stating the reason the fund is necessary and assigns the **custodian** responsible for the money. Therefore, the **custodian** is accountable for the fixed amount of all funds in their custody to the City Treasurer. The establishment of a new Petty Cash fund must be approved by the Treasurer and the Director of Finance.

II. Increasing an Existing Fund or Establishing a New Fund

The following are steps to increasing or establishing a new petty cash fund:

The Department Director will:

Prepare a memo to the City Treasurer, Department of Financial Administrative Services, and state the following:

- ✓ The amount desired.
- ✓ The reason the fund is necessary.
- ✓ The primary custodian to whom the fund will be assigned.
- ✓ Verify custodian's cash handling certification is current.
- ✓ Employee ID #.

If approved, the City Treasurer will forward the request by submitting a City Of Albuquerque Requisition and Disbursement Request to the Purchasing Division for issuance of disbursement number, and then the requisition is forwarded to the Accounts Payable Section for issuance of the check.

On the requisition Treasury will request "Call for pickup" when the check is ready. Treasury will pickup the check and contacts the custodian. The custodian needs to bring their ID to Treasury to pickup the check and to complete a Custodial Statement of Responsibility. The ID is needed to notarize the signature of the custodian.

Then the check is released to the custodian.

III. RECONCILIATION OF PETTY CASH FUNDS and CHANGE FUNDS

Change funds are to be reconciled daily and/or at the end of each shift. A cash count which is a clear breakdown of each cash denomination that totals the amount of the fund along with the date and the initials or signature of the person(s) counting the fund is to be generated.

Petty cash funds should be reconciled at least weekly or daily if fund is more active. This does not mean to simply fill out the Disbursement Request Form, This is a separate process required of Imprest Funds.

- ✓ Count Cash in fund. (There should be no un-cashed checks in the fund).
- ✓ Count any petty cash vouchers not turned in for reimbursement yet.
- ✓ Retain a copy of the Disbursement Request Form, and count the total amount (which is the amount of the check prior to issuance).

These three items equals the total amount of the petty cash fund.

✓ Dual verification is required whenever transferring fund or verifying fund for the Treasury Division.

Example:

| | |
|---|-----------|
| Cash totals | \$ 105.15 |
| Petty Cash Vouchers | \$ 30.86 |
| Disbursement Request Form (have not received check yet) | \$ 63.99 |
| Total | \$ 200.00 |

| | | |
|-------|---------------------|---------------------|
| Date: | Custodian Signature | Verifying Signature |
|-------|---------------------|---------------------|

An overage resulting in reconciliation should be deposited to "Miscellaneous Revenue Account" 460099 – plus department ID number as soon as detected to avoid an audit finding.

IV. Change Fund/Petty Cash Custodian Duties

Each cash fund established is specifically assigned to one individual who is designated as the fund custodian. This individual should have exclusive access to and control of the fund. In carrying out the duties assigned, it is the custodian’s responsibility to understand and follow the procedures below:

- ✓ All cash funds must be properly safeguarded. The custodian is personally responsible at all times for the appropriate and adequate safekeeping of these funds. The money should be kept in a secured, locked location and should never be commingled with an individual’s personal funds or any other City funds. Only the custodian and department head should have access to the keys or safe combination.
- ✓ If anyone other than the Primary Custodian handles either of these funds a Sub Custodial Statement of Responsibility should be completed and kept on file at the department. (See page 55)
- ✓ The custodian(s) are responsible for keeping accurate records of the fund.

(Below are further duties required of Petty Cash Custodians)

- ✓ A Petty Cash Voucher (see Appendix E pg. 2) should be created for each purchase made, no exceptions. The Petty Cash Voucher must be signed by the Employee who is receiving the monies on the Signature (Employee or Vendor) line. Also the Petty Cash Voucher must be approved and signed by the Division Manger/Director.
- ✓ Each time monies are withdrawn from the fund, a Petty Cash Log Receipt Form (see Appendix E pg. 1) should be appropriately completed. This form shows the amount withdrawn, the individual who has been given the

money, the purpose, the date, a signature of the individual who has the money, and custodian approval.

- ✓ Once a purchase has been completed, the individual should return the paid sales receipt and any change to the custodian. The Petty Cash Log Receipt Form should be attached to the sales receipt and maintained in the safekeeping area for proper accountability of the funds. Please note: the sales receipt should be itemized and always include the vendor's name. Adding machine tapes. Scrap pieces of paper will NOT be accepted as proper documentation. Any lost receipts require notarized letter addressing rationale for missing receipt plus item(s) purchased, date and amount involved for replenishment signed by employee involved.
- ✓ Custodians are required to reconcile daily, weekly, or monthly, depending upon the amount of activity involved and the dollar amount of the fund. Along with the reconciliation an actual cash count should be performed. The more active petty cash funds require daily reconciliation. Copies of reconciliations are kept on hand for review and audit purposes.
- ✓ The custodian should maintain appropriate records on a daily basis, as this petty cash fund is subject to audits, at all times, by the Accounting, Treasury, the Internal Auditors, and State Auditors.
- ✓ The custodian will be personally accountable for the Petty Cash Fund until all of the funds have been returned to the Treasurers Office and the account closed.
- ✓ Replenishment of the fund must be done at least monthly, but can be done when funds are at a minimum half way the amount allocated by forwarding the outstanding receipts together with a filled out Requisition & Disbursement Request Form to Accounting. At that time, the receipts will be audited, expenditures will be recorded, and a check will be issued to the custodian for the amount of the receipts. Replenishments must be made within 30 days of expenditure and if in the month of June, replenishment must be made no later than June 15 prior to end of fiscal year to avoid prior year expenditures and avoidance of audit finding.

V. Items Not Allowed To Be Purchased With Petty Cash Funds

Petty cash funds may be used for expenditures less than or equal \$100.00 and should not be used to circumvent purchasing ordinance and procedures.

Items Not Allowed To Be Purchased With Petty Cash Funds:

It is the City's policy that City funds will **NOT** be used to purchase gifts, amenities, or items for the personal use of employees or for consumption by employees, unless the items are required to perform assigned departmental responsibilities or functions.

- ✓ Personal Use Items - include, but are not limited to, foodstuffs, coffee, and related supplies, coffee pots, microwave ovens, and television sets.
- ✓ Purchase of a plaque or trophy for a CAO-approved awards program. The Chief Administrative Officer must have approved departmental awards programs in writing.
- ✓ City funds will not pay for meals or other supplies for award ceremonies, or for retirement dinners or parties, unless items are approved by CAO and Department Director in writing prior to purchase.
- ✓ Purchases are limited to \$100.00.
- ✓ Commingling of cash imprest funds (petty cash/change funds, or any other fund) is not permitted. Ex. providing change from the petty cash fund is not permitted.
- ✓ Loans to city employees for personnel use are not permitted.
- ✓ Use of petty cash by non-custodian is not permitted.
- ✓ Use of petty cash for payment of court fees, parking citations, late charges of late penalties is not permitted.
- ✓ Petty cash purchases are restricted to items not available through the City's Purchasing Card. Ex. Vendor will not accept credit card within the guidelines stated on section called - Petty Cash Vouchers.
- ✓ Any activity associated with birthday, coffee, or any other funds, must be assigned to an employee outside of the cash handling area.

Note: All purchases must be made in compliance with the City's Purchasing Ordinance, State Law and other applicable policies and procedures.

VI. Advances from Petty Cash Funds

Purchases made with cash received from the Petty Cash fund require the following:

- ✓ Petty cash voucher should be numbered on the upper right hand corner, and completed in ink, or typed (never use pencil).
 - ✓ An original invoice will be secured for each purchase showing exact items purchased. If only a cash register tape is available, items purchased should be described on the voucher.
 - ✓ Eligible purchases are limited up to \$100.00. The Treasurer must approve petty cash disbursements over \$100.00 before purchase is made. Splitting of invoices for purchases over \$100.00 is not permitted.
 - ✓ Two separate signatures are required, the employee making the purchase and the Department Director.
 - ✓ Telephone number of authorized personnel is required on bottom line. Complete petty cash voucher by filling in all spaces. This includes a short narrative description of the purchase.
 - ✓ Attach original sales receipt (**copies are not accepted**).
- Reimbursement **INCLUDES ANY SALES TAX PAID.**
- ✓ Petty cash vouchers are hand carried to the appropriate authorized department director for signature or person who has been given signature authority, in order to avoid any items lost.
 - ✓ Liens-All Petty Vouchers associated with filing of any City of Albuquerque Liens submitted to Treasury Division to be filed with the Bernalillo County Clerk Offices need to be approved and funds provided.

All Purchases Will Be Reviewed

Use of petty cash funds is a privilege extended by the City and should be viewed as such. Abuse and failure to comply with established procedures will result in the revocation of this privilege for the individual and/or department.

All purchases made with petty cash are subject to review by the Accounting, Treasury Division and Internal/External Audit.

VII. Replenishment of Petty Cash Funds

If a Petty Cash fund has been established in a department the petty cash custodian must replenish the fund through the Accounts Payable department. The form used for the replenishment of the petty cash fund is the "**CITY OF ALBUQUERQUE - REQUISITION AND DISBURSEMENT REQUEST FORM**"

This is the only process by which the petty cash custodian can replenish the petty cash fund. (**Exception: when total purchases do not exceed \$25.00. See below for further details.**)

Transactions are recorded in general ledger, when the check is issued to the petty cash custodian.

Generating a check for replenishment of a petty cash fund takes time. Receipts from petty cash purchases must be turned in for replenishment at least once a month, so that purchases can be recorded within the appropriate 30-day monthly accounting period. **PETTY CASH RECEIPTS HELD FOR MORE THAN 90 DAYS OR CROSS FISCAL YEAR WILL NOT BE HONORED FOR REIMBURSEMENT.**

DEPARTMENTS ARE RESPONSIBLE FOR ENSURING EXPENDITURES ARE SUBMITTED FOR REPLENISHMENT BY **June 15**, PRIOR TO THE END OF THE FISCAL YEAR TO AVOID PRIOR YEAR EXPENDITURES AND AVOIDANCE OF AUDIT FINDING.

✓ For example: If receipt of the reimbursement check takes two weeks, submit items prior to June 15th of each year

A good measurement to use to determine when to replenish a petty cash fund is when the money is about half of the original assigned amount.

Requesting any increase of petty cash fund due to the fact that appropriate documents are not turned in timely, IS NOT PERMITTED. All requests for increasing funds are reviewed and approved by the City Treasurer. To ensure the cost effectiveness of generating a check, requests for reimbursement must exceed \$25.00. Please call Treasury Division for further instructions to resolve this type of situation. Petty cash vouchers must be completed appropriately, including all authorized receipts, and signatures.

Reconciliation and replenishment of a petty cash fund **MUST** be done at least once a month, regardless of the balance (with the \$25.00 exception).

VIII. Segregation of Duties

Cash handling operations must be subject to daily supervisory review and management. To minimize the potential for mistakes or misappropriation of cash, the segregation of cash handling duties is recommended. The duties of collection cash, maintaining documentation, preparing deposits, reconciling records and recording of deposits should be separated among different individuals. In departments where the separation of duties is not feasible, strict individual accountability and thorough management supervision and review is required.

IX. Safekeeping

Departments handling cash are responsible for safekeeping of these City assets. Physical security should be emphasized to every employee involved in cash handling. The following general guidelines should be followed to help maintain the integrity of those areas handling cash:

- ✓ Unauthorized persons are not allowed in areas where cash is handled.
- ✓ Doors should be locked at all time in areas where cash is handled. Safe doors should be kept closed during working hours and locked at time when it is not necessary to be in and out of the safe.
- ✓ Large sums of cash should be counted and handled out of sight of the general public.
- ✓ Individuals should keep working funds to a minimum at all times. Excess funds should be in a locked device or safe.
- ✓ All petty cash funds should be kept by the petty cash custodian in a metal box equipped with a lock. The locked box containing the funds will be kept overnight in a safe or a securely locked desk or cabinet where a safe is not available. These funds and supporting documentation/invoices are not to be carried by the custodian. Only the custodian and relief custodian, appointed by the department head, should have access to petty cash funds.
- ✓ Cash should NEVER be unattended. This applies to cash registers, desk tops, and cash drawers. If an employee leaves his or her work station for any reason, regardless of how briefly, cash must be appropriately secured in a locked place.
- ✓ Under no circumstances should an individual keep City cash for their own personal funds, deposit City funds in a personal bank account or take City funds to one's home for safekeeping.

X. Closing, Transfer and Reduction of Imprest Funds

If it is determined that an existing change fund and/or petty cash fund is no longer needed or the amounts need to be reduced a custodian must ensure the following:

- ✓ A memo must be generated from the Department Director to the City Treasurer stating termination and/or reduction of cash imprest funds, accompanied by a reconciliation of the fund.
- ✓ The deposit of cash imprest funds in Treasury Division completes the duties of the custodian, and the Custodian's Statement of Responsibility can be voided at that time.
- ✓ When the fund is reduced, the Custodian's Statement of Responsibility is renewed and reflects the new balance in the fund.

TRANSFER OF IMPREST FUNDS

✓ A memo must be generated from the Department Director to the City Treasurer stating request for transfer, name of the existing custodian, identification of new custodian and their employee identification number.

Upon approval from the Treasurer a dual verification of funds must be completed by the outgoing and incoming custodian and sent to Treasury, along with an original notarized Custodial Statement of Responsibility from the incoming custodian. At such time, the outgoing custodial statement will be voided. In the event that there is no one to take over as Custodian the current custodian must return the Petty Cash fund monies to Treasury before leaving the City or transferring to a new department.

XI. Overages & Shortages

CHANGE FUND SHORTAGE

When a shortage exists in a change fund, the Over/Short Report (see Appendix D pg.2) will be completed showing the date and amount of shortage, and an explanation to the best of the custodian's knowledge of how it occurred. The custodian and the immediate Supervisor must properly sign the shortage report. This shortage needs to be recorded into the ERP remote cash receiving module. If a shortage occurs in a petty cash fund the custodian is to notify Treasury for assistance in replenishing the fund
If applicable, proper notification and police report requirement is done as stated in Administrative Instruction 2-4.subject to the \$50.00 loss amount.

✓ The completed Over/Short Report is attached to all other source documents, which support this deposit.

CHANGE FUND OVERAGE

When an overage occurs in a change fund, the Over/Short Report will be completed by the custodian and the **money shall be deposited** upon discovery to "Miscellaneous Revenue" 469002-plus department's department ID number. The completed overage report is attached to all other source documents, which support this deposit.

Overages and shortages are monitored monthly and are subject to strict review by staff, to determine training needs, disciplinary action, and/or any other action required by the City.

XII. Loss, Theft, and/or Burglary, Robbery of Imprest Funds

(Losses include theft or loss of property as well)

- ✓ Notify the immediate supervisor and Department Director, and also the Police Department if break in has occurred, as soon as possible.
- ✓ Notify the Treasury Division, within 48 hours at 768-3444, and follow up with a written notification.
- ✓ Notify the Office of Internal Audit, within 48 hours and follow up with written notification.
- ✓ Internal replenishment of Change Fund and/or Petty Cash fund as soon as possible.
- ✓ Treasury Division is notified of any loss of \$50.00 or more. However, at the discretion of the Department Director a police report and investigation for under \$50.00 may be deemed appropriate.
- ✓ Send memo with written statements from employee, supervisor, and witnesses, of the facts surrounding the incident, to Treasury Division.
- ✓ Determine if a police report is required, over \$50.00. In the case of theft and/or robbery, a copy of the police report should be attached to the memo.
- ✓ If required, call the police department and file a report at 768-2030 (telephone reporting phone number). You can also file a police report online.
- ✓ Shortage of cash imprest funds including loss, fire, theft and/or robbery requires completion and submittal of Over/Short Form.
- ✓ Submit documentation to Treasury Division as directed in Administrative Instruction 2-4.

XIII. Custodian Audit of Imprest Funds

In accordance with GAAP and GAAFR for state and local government including City of Albuquerque Purchasing Manual, Policies and Procedures, cash imprest funds are subject to audit without notice. The following are audit criteria that may be reviewed during the audit process:

Petty Cash - Audit Criteria:

- ✓ Custodial Statement authorization - document on file in Treasury Division.
- ✓ If applicable, Sub Custodians Statement - document on file at

department.

- ✓ Eligibility of purchase and dollar amount.
- ✓ Commingling of petty cash and cash fund.
- ✓ Written cash handling procedures.
- ✓ Adequacy of storage/security when not in use.
- ✓ Ineligible reimbursements of petty cash over \$100.00.

Petty Cash Vouchers:

- ✓ Dual separate signature requirements.
- ✓ Correct fund, account, department id, amount, and date, narrative description recorded on voucher.
- ✓ Attached supportive sales receipts, etc.

Change Fund - Audit Criteria:

- ✓ Custodial statement of authorization document.
- ✓ Cash count.
- ✓ Commingling of Change Fund.
- ✓ Adequacy of storage/security when not in use.
- ✓ Appropriate verification of change fund in cash handling cycle:

Verified before opening for business.

- ✓ Written cash handling procedures.
- ✓ Involves segregations of change fund from revenue receipts.
- ✓ System of proper authorization of transactions and record keeping.
- ✓ Procedures adequate to provide reasonable control of Assets, Revenues, etc.

XIV. Written Departmental Procedures

In addition to the cash handling procedures established in this document, it is a requirement that each department that manages a significant amount of cash, have its own specific procedures. Written procedures should minimally include authorization of person(s) to act as custodian, guidelines for the safekeeping of funds, procedures for usage of funds, steps for reimbursement of funds, and procedures handling overages and/or shortages including instructions on notifying the appropriate City authority in the event of a loss.

Glossary of Terms

Bait Money. Group of paper currency usually kept separate from other currency in the cash drawer. Bait money is given whenever a robber demands all the cash in the cash drawer.

Bank Check. (Also called Treasurer's Check, Official Check, or Cashier's Check.) Check drawn by a bank on itself and signed by an authorized officer.

Bank Money Order. Demand instrument drawn by a bank on itself. The amount is encoded by the customer's bank, and the customer completes the rest of the check. There is always a maximum limit to a check amount, and sometimes a small service fee.

Beginning Cash. Cash in cash handler's drawer at start of day or shift established as a set amount and a certain breakdown of coin and currency.

Cash Drawer. Usually a metal drawer used to store currency, coin and checks during cash handler's shift for completing transactions. This drawer should always be locked when the cash handler is away for any reason, and should not be shared with any other employee.

Change Fund. Small cash fund from which change can be made.

Check. Draft or order on a bank, to be drawn upon a deposit of funds for the payment of a certain sum of money to a person named or to a bearer, and payable on demand.

Collusion. A secret agreement between two or more people to break a 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 specific funds.

Deposit. To leave money with a bank for credit to a specific bank account.

Deposit Slip. Document on which a depositor lists cash and items deposited for financial institutions.

Drawee. See definition of "Payee".

Drawer. See definition of "Payer".

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.

Embezzlement. A fraud committed when an employee steals or assists another to steal. Fraudulent misappropriation of money or property entrusted to one's care.

Ending Cash. Cash in a cash handler's drawer at the end of the day or shift.

Endorsement. Signature placed on the back of a negotiable instrument according to Federal Regulation CC, which transfers the instrument to another party.

Federal Reserve System. U.S. central banking system that regulates the money supply. Forgery. The alteration of a document or instrument with fraudulent intent.

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

Guaranty Deposit. Money deposited with a governmental entity and held in trust during a specified period of time. This money is refundable if not needed.

Hold. The restriction of payment of part or all of the funds in an account.

Identification. Information item (driver's license, etc.) that guarantees that its holder is truly who he or she claims to be and who is detailed on the information piece.

Imprest Funds. An imprest fund is established for a fixed amount and replenished by checks.

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

Magnetic Ink Character Recognition (MICR). Codes pre-printed or encoded with magnetic ink on a check that indicate the bank account number, check number, dollar amount of check, etc. that can then be read by automated processing equipment at a very high rate of speed.

Money. The currency, coin, checks, charge, credit and debit cards, and other payment media declared by a particular government to be legal tender.

Negotiable Instrument. Written promise to pay - such as a check, promissory note, draft, or bill of exchange payable to order or to bearer and transferred by endorsement.

Non-Sufficient Funds (NSF). Indicates that the drawer's account balance is less than the amount of a check or withdrawal order presented for payment.

Overage. An unintentional collection error made by the cash handler resulting in more funds collected than credited. Usually caused by a change-making error.

Payee. The company or individual being paid for goods and services. Payer. The company or individual paying for goods or services.

Petty Cash Fund. An amount of cash set aside for making minor cash payments for which writing of checks is not practicable.

Postdated Check. Check dated in the future and not payable until the future date specified. Thus, a postdated check issued July 1, but dated July 15, is not payable until July 15.

Return Item. An item returned unpaid by a bank for reason.

Revenue Statement Voucher. A document that describes the deposit and records revenue for credit to a specific department.

Shortage. An unintentional collection error made by the cash handler resulting in less funds collected than credited. Usually caused by not obtaining physical custody of money or a change-making error.

Stale Dated Check. Check dated more than 180 days or more before today's date. Banks normally will not honor the check.

Stop Payment. Notification that a restriction has been placed on one's ability to cash a particular check. If a check has been lost or stolen, or if payment no longer should be made, a stop payment is initiated by the payer.

Two-Party Check. A check presented as a negotiable document by a third party and not the original payee.

**CITY OF ALBUQUERQUE
CUSTODIAN STATEMENT OF RESPONSIBILITY**

This is to certify that I, _____, Employee Identification Number _____, have received from the City of Albuquerque on this day of _____, this year of _____, a sum of \$ _____ to be used in part or total as (Change Fund) or (Petty Cash Fund)-circle one(s) applicable-for the department.

Upon our termination as custodian of this fund, I will account for the entire fund to the City Treasurer's Office. If there is a shortage in the fund which, after investigation cannot be explained to the satisfaction of the City I hereby authorize the City to deduct same from any wages or salary which may be due to me and I promise to pay to the City any deficiency, immediately.

If such shortage in the fund are due to any criminal act on our part I realize that I may be prosecuted for the same.

I have read and understand the procedures relating to (Change Fund) or (Petty Cash Fund) -circle one(s) applicable-and agree to abide by these procedures.

SIGNATURE: _____

CUSTODIAN SIGNATURE

DEPARTMENT/DIVISION: _____

=====

Treasury Imprest Funds MIS Recording Status:

Data entered & Recorded By: _____ Date: _____

New Check Number _____ Increase: Check Number _____

Dollar Amount

Dollar Amount

TRANSFER: From: _____ Date: _____

To: _____ Date: _____

=====

State of New Mexico)

) SS.

County of Bernalillo)

The foregoing instrument was acknowledged before me this _____ day of _____, year of _____, by _____.

Notary Seal

Notary Public

**CITY OF ALBUQUERQUE
SUB-CUSTODIAN STATEMENT OF RESPONSIBILITY**

This is to certify that I, _____
Employee Identification Number _____, have received from
the City of Albuquerque on this _____ day of _____ year
of _____, a sum of \$ _____ to be used in part or total as a
(Change Fund) or (Petty Cash Fund)(circle one) for the department.

Upon termination as custodian of this fund, I will account for the entire fund and
return to the Primary Custodian in my Department. If there is a shortage in the
fund, which after investigation, cannot be explained to the satisfaction of the City,
I hereby authorize the City to deduct the same from any wages or salary due to
me, and I promise to pay to the City any deficiency immediately.

If such shortage in the fund is due to any criminal act on my part, I realize that I
may be prosecuted for the same.

I have read and understand the procedures relating to Imprest Funds and agree
to abide by these procedures.

SIGNATURE: _____
SUB-CUSTODIAN SIGNATURE

DEPARTMENT/DIVISION: _____

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me this _____ Day of
_____, 20____ by _____

(Notary Seal)

Notary Public

SURPRISE CASH COUNT

DATE _____ STATION# _____

COIN

CURRENCY

\$0.01 PENNIES _____
\$0.05 NICKELS _____
\$0.10 DIMES _____
\$0.25 QUARTERS _____
\$0.50 HALVES _____
\$1.00 DOLLAR _____

\$1.00 ONE _____
\$2.00 TWO _____
\$5.00 FIVE _____
\$10.00 TEN _____
\$20.00 TWENTY _____
\$50.00 FIFTY _____
\$100.00 HUNDRED _____

TOTAL COIN _____

TOTAL CURRENCY _____

GRAND TOTAL _____

DRAWER SHORT _____

DRAWER OVER _____

COUNTED BY _____

VERIFIED BY _____

BAIT MONEY (1) \$1.00

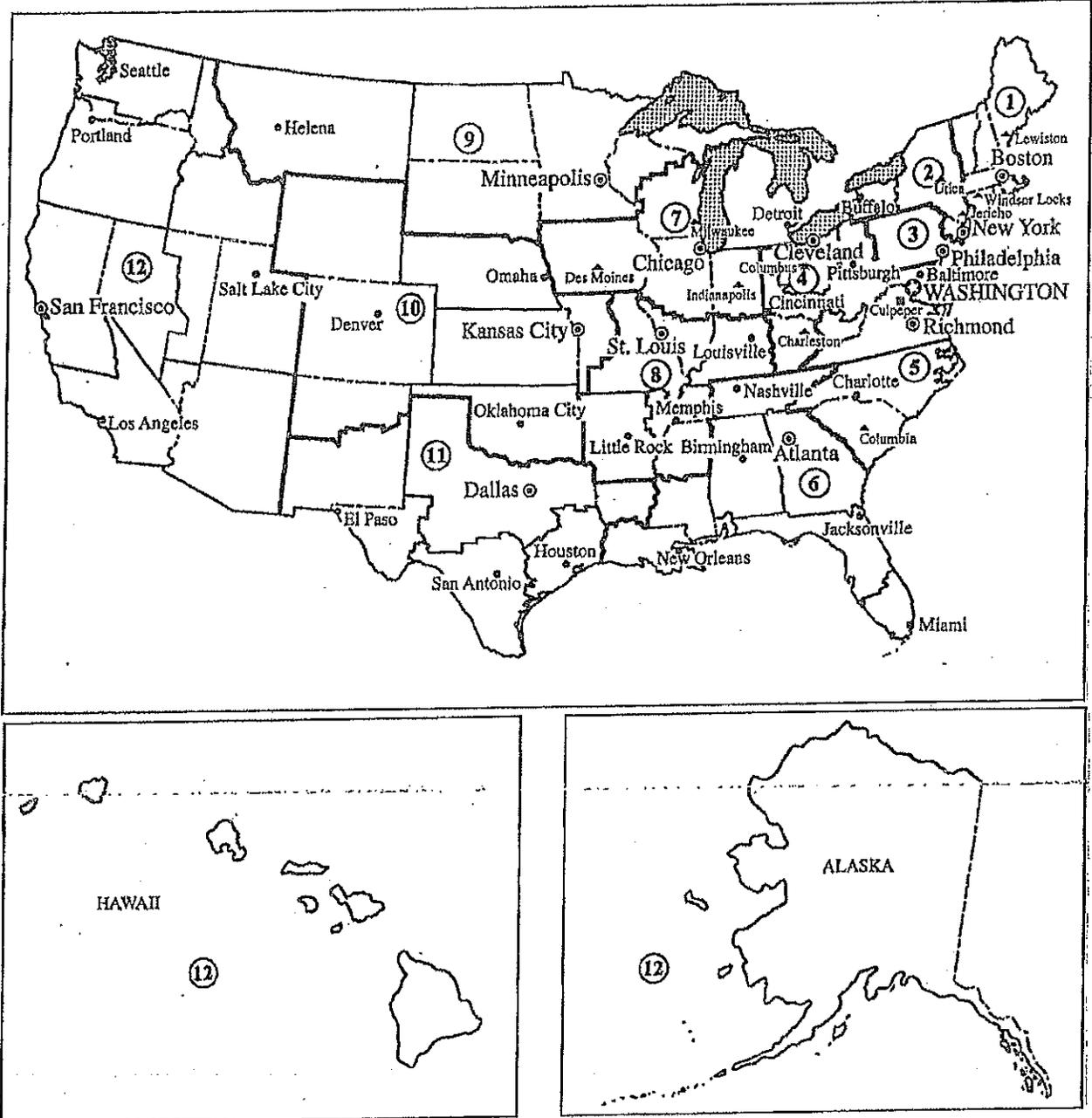
_____ INITIALS _____

APPENDIX A

Federal Reserve System



Boundaries of Federal Reserve Districts and their Branch Territories



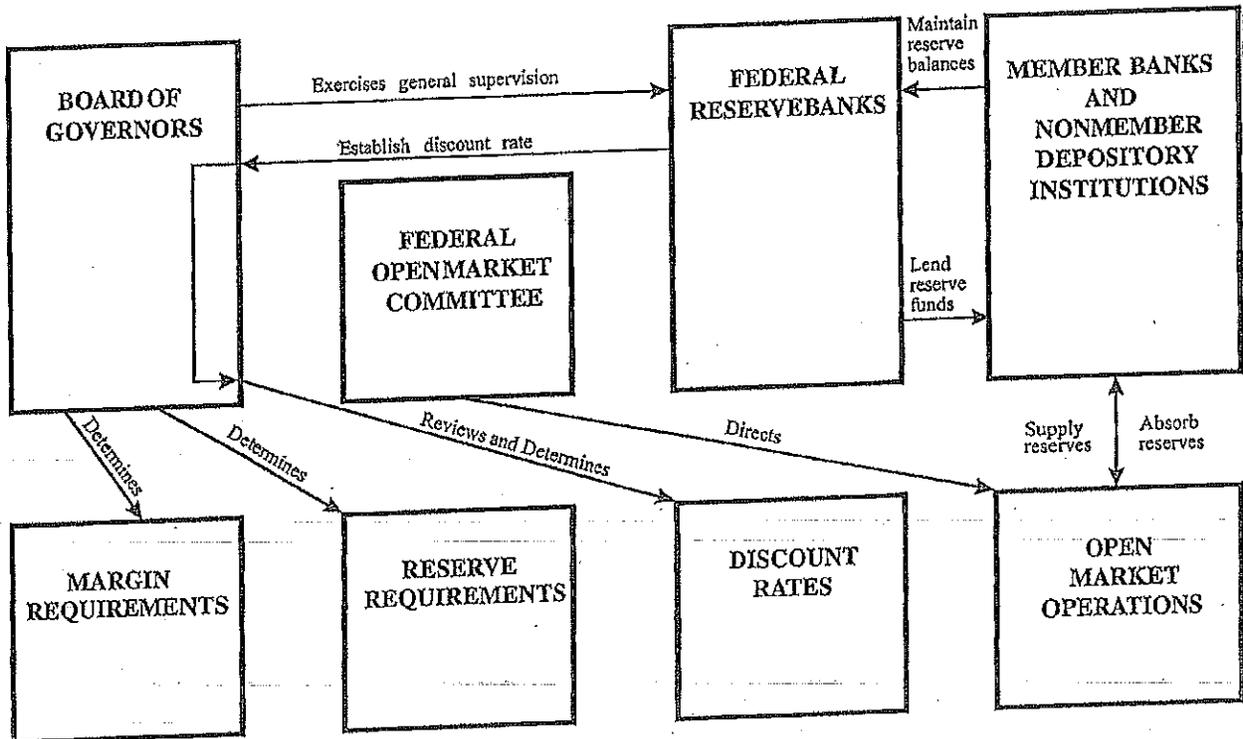
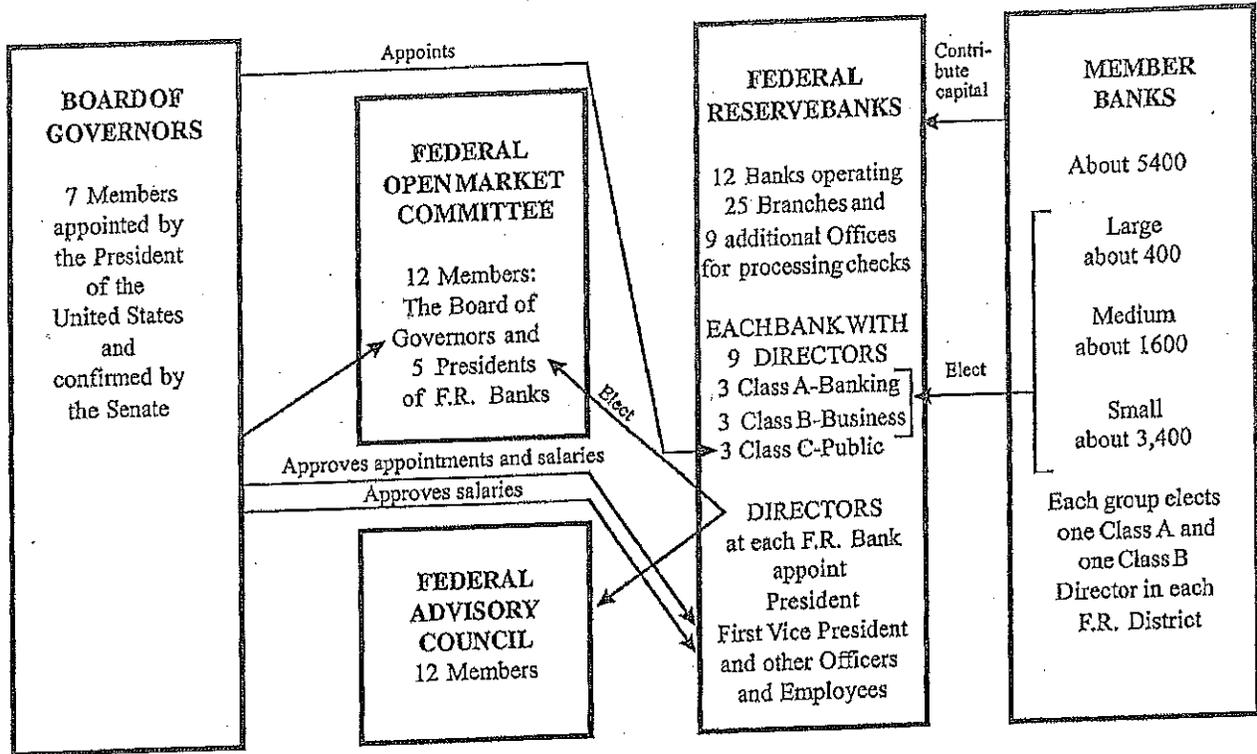
LEGEND

- | | | | |
|-------|--|---|----------------------------------|
| — | Boundaries of Federal Reserve Districts | ⊙ | Federal Reserve Branch Cities |
| - - - | Boundaries of Federal Branch Territories | ■ | Federal Reserve Bank Facility |
| ⊙ | Board of Governors of the Federal Reserve System | ▲ | Regional Check Processing Office |
| ⊙ | Federal Reserve Bank Cities | | |

List of Federal Reserve System Locations

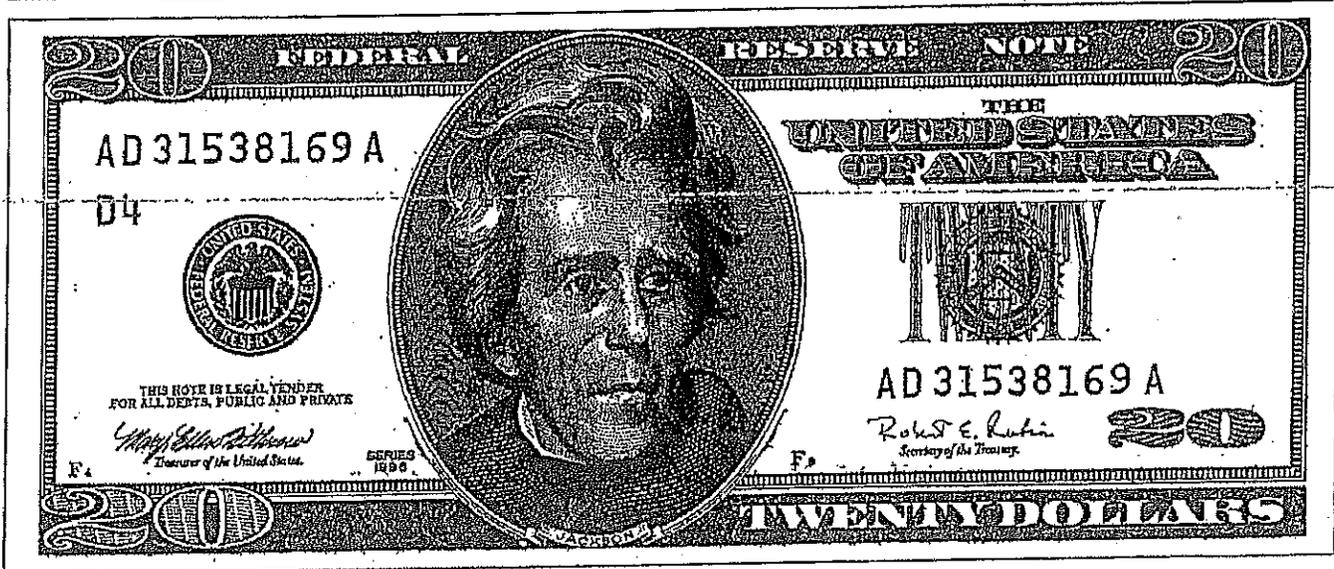
| Federal Reserve Bank | Letter | Number |
|----------------------|--------|--------|
| Boston | A | 1 |
| New York City | B | 2 |
| Philadelphia | C | 3 |
| Cleveland | D | 4 |
| Richmond | E | 5 |
| Atlanta | F | 6 |
| Chicago | G | 7 |
| St. Louis | H | 8 |
| Minneapolis | I | 9 |
| Kansas City, MO | J | 10 |
| Dallas | K | 11 |
| San Francisco | L | 12 |

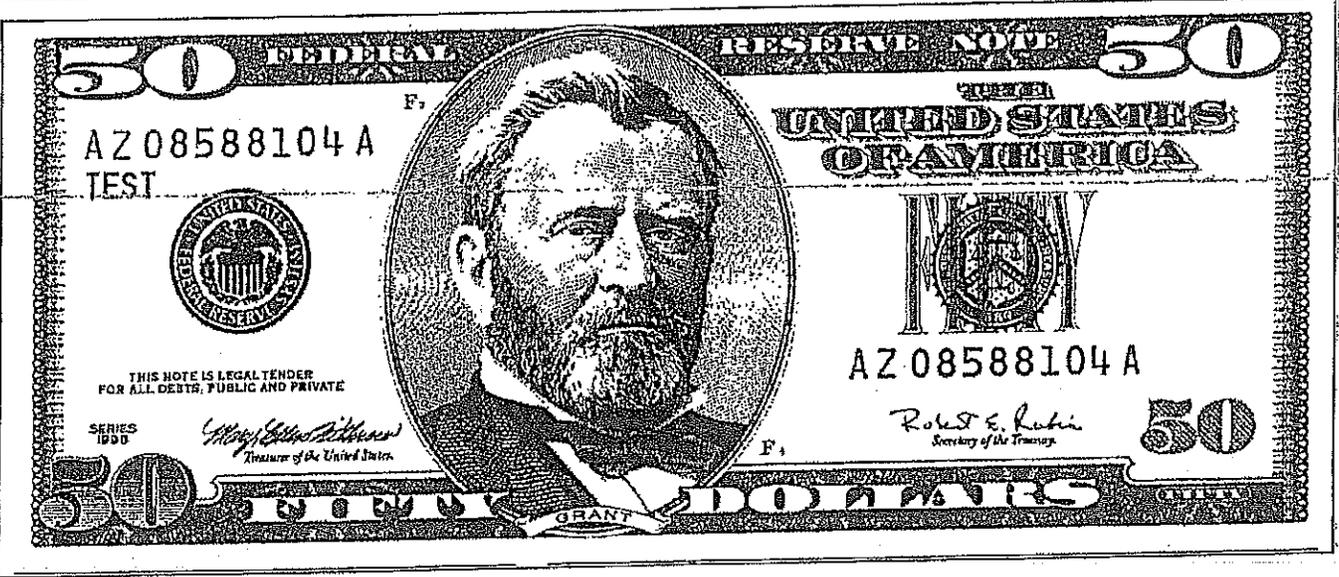
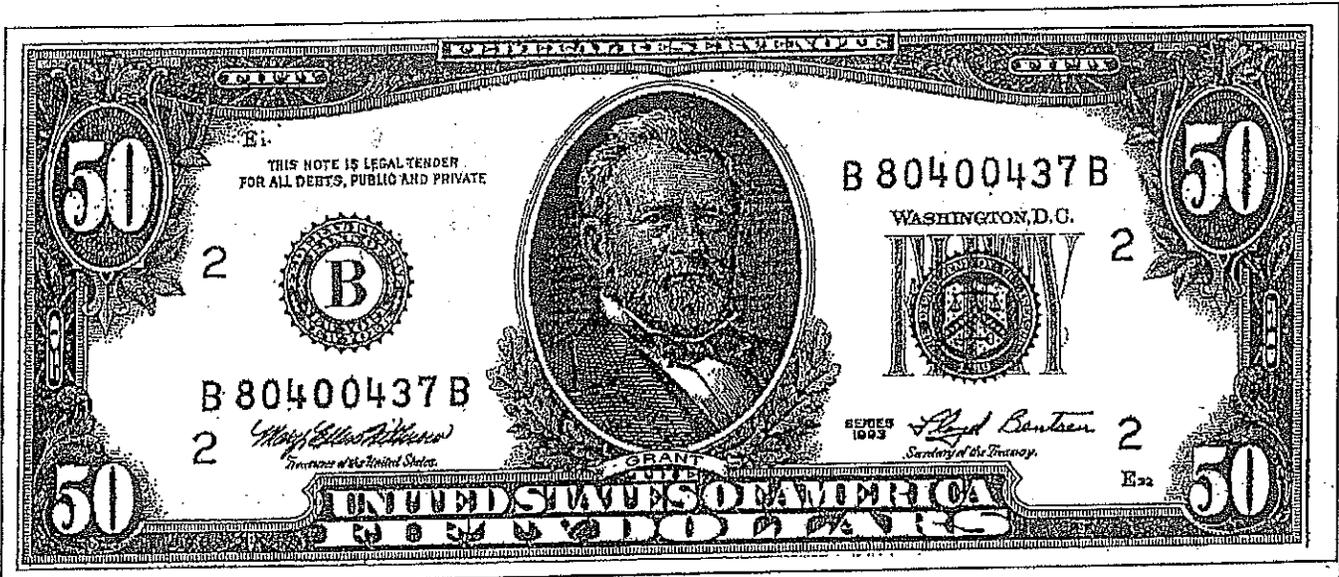
Organization-

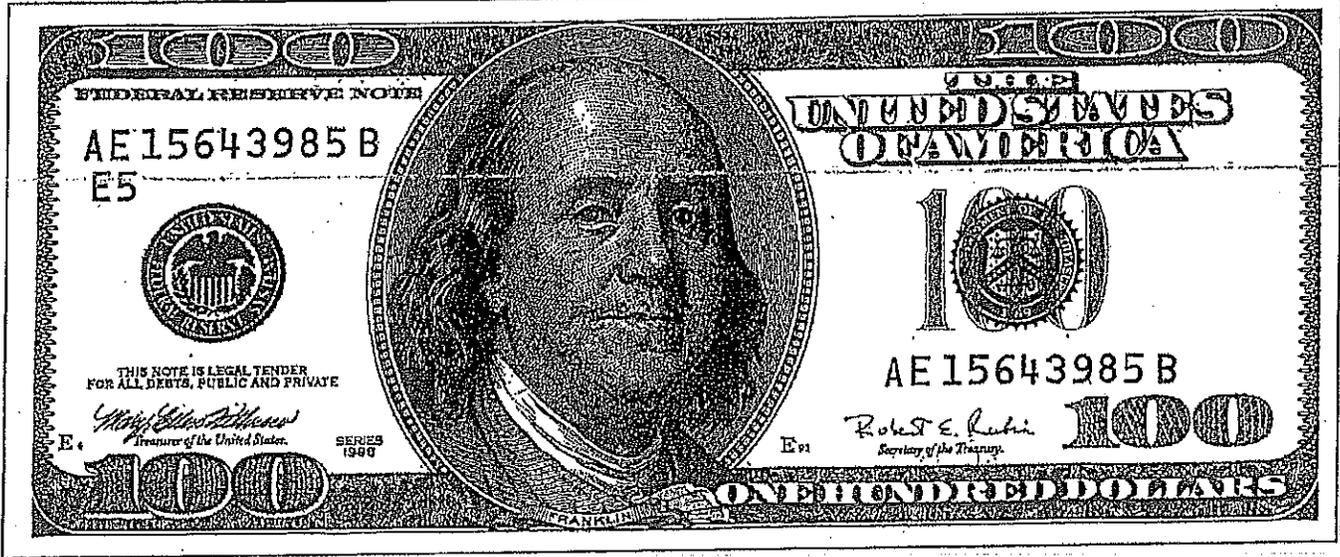
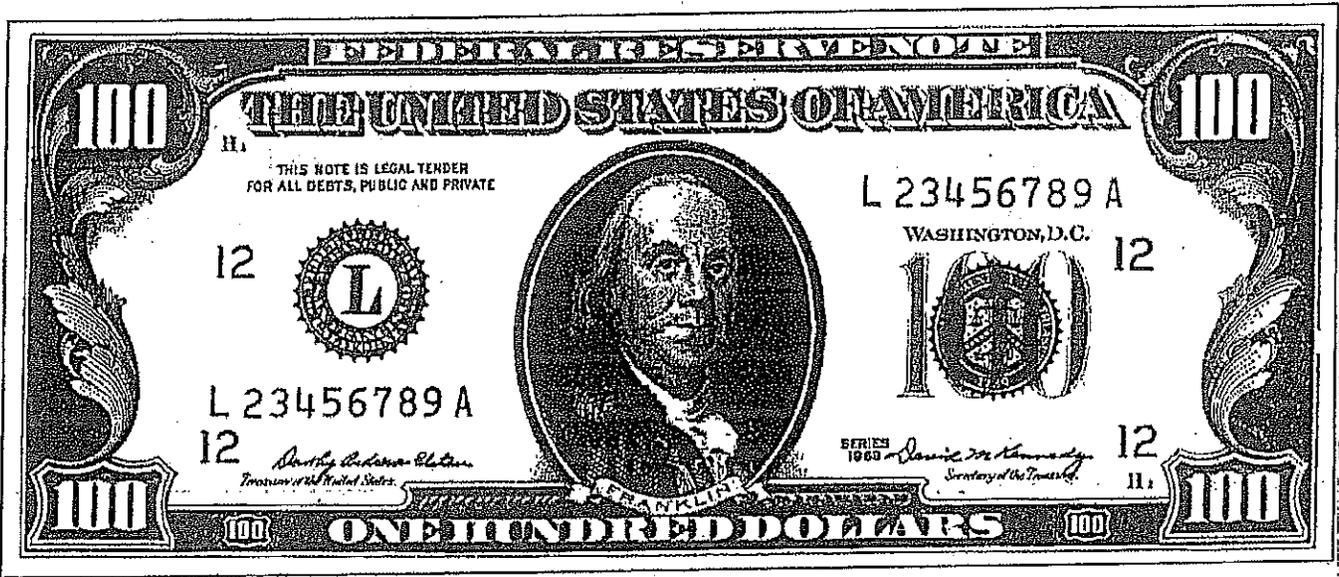


APPENDIX B



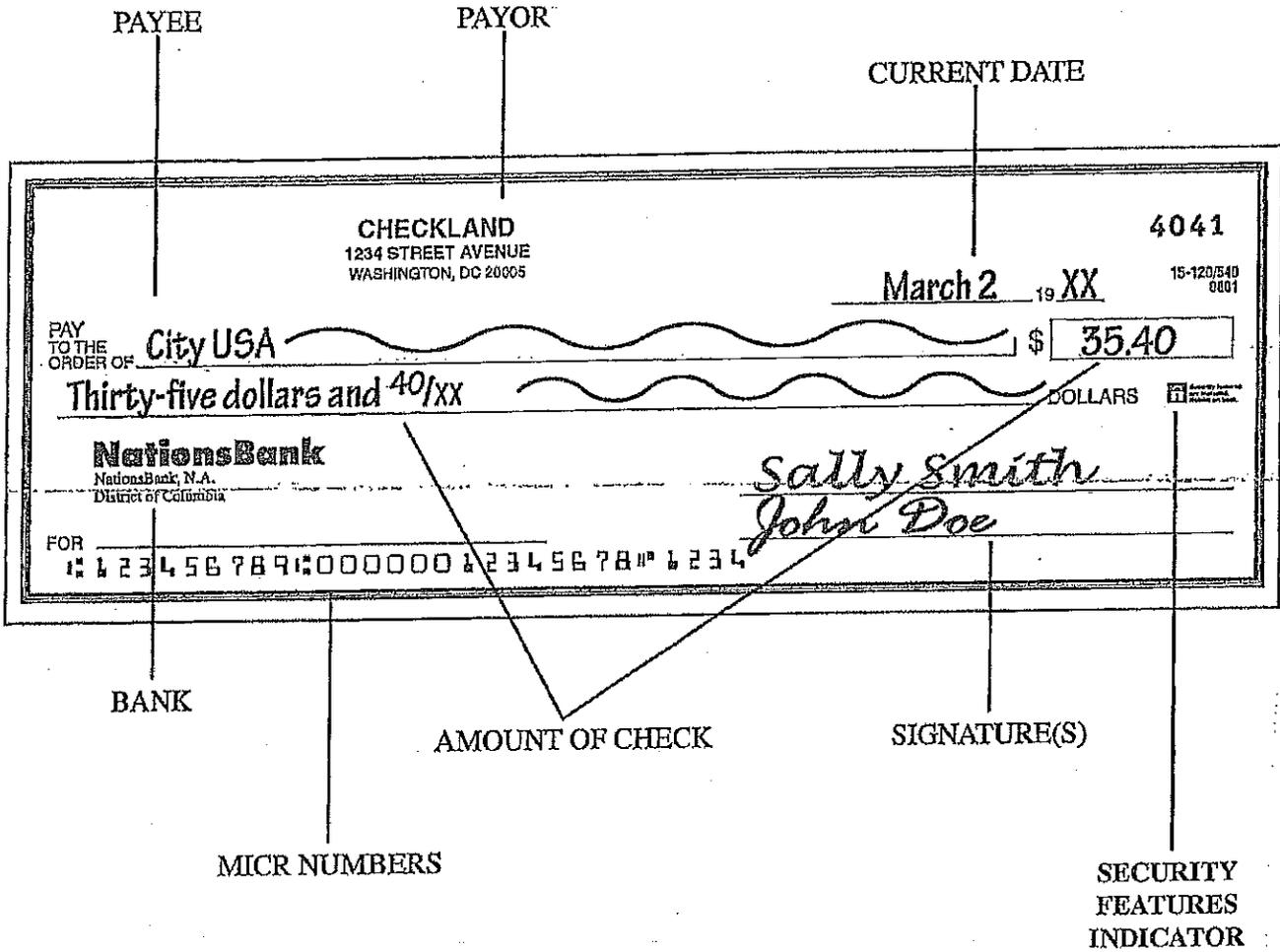






APPENDIX C

PARTS OF A CHECK



APPENDIX D

SAMPLE CASH DRAWER RECONCILIATION SHEET

Date: _____

| | <u>Opening</u> | <u>Operational</u> <i>(taken in during shift)</i> | <u>Closing</u> |
|--------------------------------|----------------|--|----------------|
| COINS: | | | |
| Pennies | | | |
| Nickels | | | |
| Dimes | | | |
| Quarters | | | |
| Other | | | |
| CURRENCY: | | | |
| \$1 | | | |
| \$2 | | | |
| \$5 | | | |
| \$10 | | | |
| \$20 | | | |
| \$50 | | | |
| \$100 | | | |
| Other | | | |
| CHECKS | | | |
| CREDIT/DEBIT CARD SLIPS | | | |
| <i>TOTAL AMOUNTS:</i> | | | |

Signatures verifying amount of opening, closing and operational cash reconciles
with amount recorded above:

Cashier: _____

Supervisor/Witness: _____

OVER & SHORT REPORT

City Of Albuquerque
OVER & SHORT REPORT

DATE: _____

OVER/SHORT (CIRCLE ONE)

\$ _____ AMOUNT

REVENUES _____

PETTY CASH _____

REASON: _____

CUSTODIAN/SUB CUSTODIAN SIGNATURE

SUPERVISOR SIGNATURE

RECORDING:
OVER/SHORT

AMOUNTS \$ _____

FUND _____ ACCOUNT: 469002- _____
DEPT. ID _____

DEPOSIT SLIP

© DELUXE 2013
DEPOSIT TICKET
 FOR CLEAR COPY, PRESS FIRMLY WITH BALL POINT PEN.



ACH/R/T 107000327

DATE _____

CITY OF ALBUQUERQUE
 COMMON FUND ACCOUNT
 BAG # _____

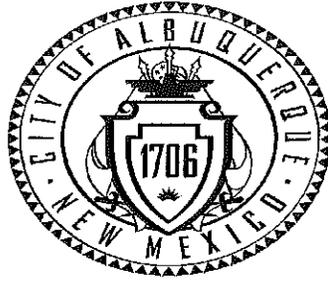
| | DOLLARS | CENTS |
|-----------------|---------|-------|
| CURRENCY | | |
| COIN | | |
| LIST EACH CHECK | | |
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| \$ | | |



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

TOTAL ITEMS

98-32
 2007 10/10



TREASURY DIVISION DAILY DEPOSIT

Transmittals for:
NON PROJECTS
 Only

| CASH COUNT | AMOUNT | ACCOUNT NUMBER | FUND NUMBER | DEPARTMENT ID | LOCATION | AMOUNT |
|----------------|--------|----------------|-------------|---------------|---------------|--------|
| X 100'S = | | | | | | |
| X 50'S = | | | | | | |
| X 20'S = | | | | | | \$ |
| X 10'S = | | | | | | \$ |
| X 5'S = | | | | | | \$ |
| X 1'S = | | | | | | \$ |
| TOTAL CURRENCY | \$ | | | | | \$ |
| TOTAL COINS | \$ | | | | | \$ |
| TOTAL CHECKS | \$ | | | | | \$ |
| | | | | | | \$ |
| TOTAL AMOUNT | \$ | | | | TOTAL DEPOSIT | |

**SEE TAPE ATTACHMENT

DEPARTMENT NAME: _____

PREPARED BY _____ PHONE _____

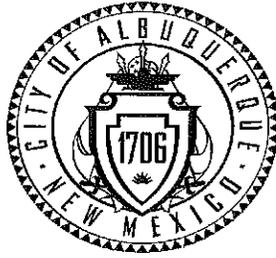
BUSINESS DATE _____

DUAL VERIFICATION OF DEPOSIT _____

EMPLOYEE SIGNATURE

AND BY _____

EMPLOYEE SIGNATURE



TREASURY DIVISION DAILY DEPOSIT

Transmittals for:
PROJECTS
 Only

| CASH COUNT | AMOUNT | ACCOUNT NUMBER | FUND NUMBER | BUSINESS UNIT | PROJECT ID | ACTIVITY ID | AMOUNT |
|----------------|--------|----------------|-------------|---------------|------------|---------------|--------|
| X 100'S = | | | | | | | |
| X 50'S = | | | | | | | \$ |
| X 20'S = | | | | | | | \$ |
| X 10'S = | | | | | | | \$ |
| X 5'S = | | | | | | | \$ |
| X 1'S = | | | | | | | \$ |
| TOTAL CURRENCY | \$ | | | | | | \$ |
| TOTAL COINS | \$ | | | | | | \$ |
| TOTAL CHECKS | \$ | | | | | | \$ |
| | | | | | | | \$ |
| TOTAL AMOUNT | \$ | | | | | TOTAL DEPOSIT | |

**SEE TAPE ATTACHMENT

DEPARTMENT NAME: _____

PREPARED BY _____

PHONE _____

BUSINESS DATE _____

DEPOSIT DATE _____

DUAL VERIFICATION OF DEPOSIT _____
 EMPLOYEE SIGNATURE

AND BY _____
 EMPLOYEE SIGNATURE

PETTY CASH VOUCHER

| | | | | |
|---|----------|---------|--------|---|
| PETTY CASH VOUCHER | | DATE | | VOUCHER NO. |
| DESCRIPTION RECEIVED FROM CITY OF ALBUQUERQUE \$ _____ IN PAYMENT FOR: _____ _____ | | | | |
| CLASSIFICATION | | | | |
| FUND | ACTIVITY | ACCOUNT | AMOUNT | SIGNATURE (Employee or Vendor) |
| | | | | APPROVED (Department or Div) EXT _____ |
| | | | | |
| | | | | |