

Town of Blowing Rock

Request for Council Action

FROM: Nicole Norman, Finance Officer
SUBJECT: Cash Handling Policy
TO: Town Manager Ed Evans, Mayor Lawrence & Town Council
DATE: November 14, 2017
REQUESTED BY: Town Manager

Public Hearing Yes No Will be required
Properly Advertised Yes No Will be required

BACKGROUND: In an effort to strengthen internal controls and ensure proper handling of cash transactions throughout the Town's departments, it has been recognized that a cash handling policy is in need. Following is a draft policy for Town Council consideration to put said policy in place.

STATEMENT OF PLAN CONSISTENCY: N/A

ATTACHMENTS:

1. Draft Cash Handling Policy

STAFF RECOMMENDATIONS:

Town Council approval of the attached Cash Handling policy.

COUNCIL ACTION:

TOWN OF BLOWING ROCK

CASH HANDLING POLICY



Proposed: November 14, 2017

Town of Blowing Rock
Finance Department

Purpose of the Policy

Citizens in Blowing Rock have a right to expect that financial transactions with the Town, especially transactions involving cash, will be handled accurately. From an internal accounting perspective, funds should always be in balance and especially cash drawers should balance at the close of business or at such other time as an audit is conducted. A shortage of funds when balancing a cash drawer shortchanges the Town. An overage of funds is just as serious if it means that a citizen has been shortchanged.

Policy

A very important aspect of every staff member of the Town of Blowing Rock is to accurately handle and process all monetary transactions on a timely basis. The balancing standards outlined herein define the related expectations of management and the criteria used to evaluate this aspect of staff member performance.

In an effort to improve the efficiency and the accuracy in handing Town funds, especially improving accuracy in the balancing of the cash drawers, the following guidelines are established and are intended to establish a level of performance that is measurable and represents a good financial practice.

Every staff member of the Town is responsible for all money in his or her possession once it is received from the customer or removed from the safe/vault. All necessary precautions should be exercised to ensure sole responsibility is maintained. Commingling other funds with Town funds is prohibited. Funds received are balanced against transactions processed on a daily basis. All transactions must be processed. The employee must adhere to the Cash Drawer Policy.

Receipts are to be given to every customer making a payment. If the customer leaves without a receipt, the receipt is to be signed by the supervisor and attached to the daily cash receipts register.

Outages occur when moneys received do not balance to transactions processed. All outages are reported on the daily cash receipts register. Outages will include both overages and shortages. In evaluating cumulative outages, the absolute value of all outages will be considered (overs will not offset shortages). Specific recovery of an outage will be documented in writing and considered in evaluating the severity of an outage, but a specific recovery will not eliminate the occurrence of the original outage.

Employees should exercise care in handling funds and without a valid reason previously approved by their supervisor, shall not:

- 1) Have three outages of more than \$2.50 each during a twenty day working period, or
- 2) Have a single outage of more than \$20.00 during a twenty day working period, or
- 3) Have a cumulative outage of \$25.00 during a twenty day working period

Some shortages or overages are to be expected because employees are not expected to be perfect. Occasionally there will be a particular reason for a shortage that is understandable and/or excusable. However, all violations will be reported to the Town Manager and will be considered in evaluating overall staff member performance.

To enforce the standards and to encourage care in handling money, the following disciplinary procedure will be implemented:

- a) On the first occurrence, the employee will be advised in writing about the specific violation that has occurred. This will be in a form of a report and the employee will be counseled, the form signed by the employee, department head and Town Manager and the original placed in the employees' personnel file.
- b) On the second occurrence, the employee will be immediately placed on probation for a period of three (3) months. A report will be completed setting out all supporting documentation. If within the three (3) month probationary period, any of the three (3) performance criteria are again violated, the employee may be dismissed immediately.
- c) If the performance criteria are violated after the probation, then other disciplinary action may be taken depending upon the circumstances. Under no circumstances will an employee be placed on probation for violating this policy on more than two (2) occasions and the Town reserves the right to take all necessary disciplinary action after the second probationary period is completed if there are further violations.

The performance criteria set out above are intended to be minimal standards. Repeat occurrences where the employee's cash drawer is out of balance, even if it does not meet the minimal criteria set out above, or if more substantial sums of money are involved, the Town Manager will review the facts and circumstances of each particular incident and take corrective action up to and including termination. These actions will be reported to the Finance Officer. It is the responsibility of every staff member to handle customer accounts with honesty and integrity when representing the Town.

Obviously, this policy is not intended to apply to situations involving the inappropriate use of a cash drawer. Employees may not borrow, even temporarily, from the cash drawer or use Town money for personal reasons of any kind. A cash drawer is not a "petty cash" fund for minor Town purchases and of course theft or embezzlement of Town funds is a crime resulting in immediate dismissal and criminal prosecution. The Town does not cash personal checks for employees or public citizens.

This policy applies to both new employees and experienced employees; however, since new employees are generally on a six (6) month probationary period, those employees are subject to immediate dismissal under any circumstances. This policy is not intended to change that.

Theft or embezzlement of Town funds is a crime resulting in immediate dismissal and criminal prosecution. This policy applies to all employees (new and experienced) that handle cash drawers or employees who work in and/or around a cash drawer area.