

**CARSON CITY CONSOLIDATED MUNICIPALITY
NOTICE OF MEETING OF THE
AUDIT COMMITTEE**

Day: Tuesday
Date: May 17, 2016
Time: Beginning at 3:00 pm
Location: Community Center, Sierra Room, 851 East William Street, Carson City, Nevada
851 East William Street
Carson City, Nevada

AGENDA

1. Call to Order

2. Roll Call

3. Public Comments and Discussion:

The public is invited at this time to comment on and discuss any topic that is relevant to, or within the authority of, the Carson City Audit Committee. In order for members of the public to participate in the Committee's consideration of an agenda item, the Committee strongly encourages members of the public to comment on an agenda item during the item itself. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken.

4. For Possible Action: Approval of Minutes - March 22, 2016

5. For Possible Action: Adoption of Agenda

6. Audit Work Program Update

6. For Possible Action: Discussion, possible action, and direction to Staff regarding the current Audit Work Program Update.

Summary: Representatives from Moss Adams and City staff will be discussing and taking direction from the Audit committee regarding the current work program.

7. Cash Handling Improvement Initiative

7. For Possible Action: Presentation by Moss Adams on the Cash Handling Improvement Initiative for the Audit Committee's consideration, discussion, and possible recommendation to the Board of Supervisors.

Summary: The Board of Supervisors approved the Cash Handling/Revenue Collection Improvement Project at their June 18, 2015 meeting. Moss Adams will present their final report to the Audit Committee for discussion and possible recommendations to the Board of Supervisors.

8. Discussion Only: Focus for FY 2017 Audit Program

8. Discussion only: Discussion on potential areas of focus for the FY 2017 Audit Program.

Summary: The Audit Committee will discuss potential areas of focus for FY 2017 Audit Program.

9. To schedule the next meeting of the Carson City Audit Committee

9. For Possible Action: To schedule the next meeting of the Carson City Audit Committee.

10. Public Comment:

The public is invited at this time to comment on any matter that is not specifically included on the agenda as an action item. No action may be taken on a matter raised under this item of the agenda.

11. For Possible Action: To Adjourn

Agenda Management Notice - Items on the agenda may be taken out of order; the public body may combine two or more agenda items for consideration; and the public body may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

Titles of agenda items are intended to identify specific matters. If you desire detailed information concerning any subject matter itemized within this agenda, you are encouraged to call the responsible agency or the City Manager's Office. You are encouraged to attend this meeting and participate by commenting on any agenda item.

Notice to persons with disabilities: Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the City Manager's Office in writing at 201 North Carson Street, Carson City, NV, 89701, or by calling (775) 887-2100 at least 24 hours in advance.

To request a copy of the supporting materials for this meeting contact Rachael Porcari at rporcari@carson.org or call (775) 887-2100.

This agenda and backup information are available on the City's website at www.carson.org, and at the City Manager's Office - City Hall, 201 N. Carson Street, Ste 2, (775) 887-2100.

This notice has been posted at the following locations:
Community Center 851 East William Street
Public Safety Complex 885 East Musser Street
City Hall 201 North Carson Street
Carson City Library 900 North Roop Street
Community Development Permit Center 108 East Proctor Street

Posted Date: May 11, 2016

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A meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, March 22, 2016 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Michael Bertrand
Member Lori Bagwell
Member Catherine Byrne
Member Donald Leonard

STAFF: Nancy Paulson, Chief Financial Officer
Adriana Fralick, Chief Deputy District Attorney
Kathleen King, Chief Deputy Clerk

NOTE: A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the Clerk, during the meeting, are part of the public record. These materials are available for review, in the Recording Secretaries Division of the Carson City Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (3:00:36) - Chairperson Bertrand called the meeting to order at 3:00 p.m. Ms. King called the roll; a quorum was present. Vice Chairperson Prowse was absent.

3. PUBLIC COMMENT (3:00:55) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - November 17, 2015 (3:01:34) - Chairperson Bertrand entertained a motion. **Member Leonard moved to approve the minutes. Member Bagwell seconded the motion. Motion carried 4-0.**

5. POSSIBLE ACTION ON ADOPTION OF AGENDA (3:01:59) - Chairperson Bertrand entertained a motion. **Member Bagwell moved to adopt the agenda. Member Leonard seconded the motion. Motion carried 4-0.**

6. DISCUSSION, POSSIBLE ACTION, AND DIRECTION TO STAFF REGARDING THE CURRENT AUDIT WORK PROGRAM UPDATE (3:02:18) - Chairperson Bertrand introduced this item and, at his request, Member Byrne introduced herself and provided brief information on her residency in Carson City and her current employment. Moss-Adams, LLP Policy and Planning Director Mark Steranka reviewed the March 22, 2016 status report which was included in the agenda materials. He responded to questions of clarification, and a brief discussion ensued. Chairperson Bertrand entertained additional questions or comments and, when none were forthcoming, thanked Mr. Steranka for his report.

7. DISCUSSION AND POSSIBLE ACTION REGARDING THE MONITORING, REVIEW, AND CLOSURE OF INTERNAL AUDIT FINDINGS INCLUDED IN THE AUDIT FINDINGS TRACKING REPORT, AND TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS FOR CLOSURE OF COMPLETED PROJECTS (3:13:07) - Chairperson Bertrand introduced this item, and Moss-Adams, LLP Policy and Planning Director Mark Steranka reviewed the agenda materials. Extensive discussion took place with regard to committee procedures, and Mr. Steranka responded to questions of clarification. Additional discussion took place regarding the committee's

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preferences relative to reporting from the internal auditor and the procedures for reporting to the Board of Supervisors. Chief Financial Officer Nancy Paulson responded questions regarding the responsibilities of the Grants Administrator.

Chairperson Bertrand entertained additional questions or comments and, when none were forthcoming, a motion. **Member Bagwell moved to move fleet management, fleet utilization, the 2014 CAFR, the 2015 CAFR to the archives, as completed. Member Leonard seconded the motion.** Chairperson Bertrand called for a vote on the pending motion.

| | |
|-----------------|---|
| RESULT: | Approved [4 - 0] |
| MOVER: | Member Lori Bagwell |
| SECOND: | Member Donald Leonard |
| AYES: | Members Bagwell, Leonard, Byrne, Chair Bertrand |
| NAYS: | None |
| ABSENT: | Vice Chairperson Prowse |
| ABSTAIN: | None |

Chairperson Bertrand entertained public comment; however, none was forthcoming.

8. DISCUSSION AND POSSIBLE ACTION TO ADOPT POLICIES AND PROCEDURES FOR AUDIT FINDINGS ADMINISTRATION (3:29:36) - Chairperson Bertrand introduced this item, and Moss-Adams, LLP Policy and Planning Director Mark Steranka reviewed the agenda materials. Discussion followed to revise the policy and procedures delineated in the March 22, 2016 memo included in the agenda materials.

Chairperson Bertrand entertained additional committee member questions or comments and public comments and, when none were forthcoming, a motion. **Member Bagwell moved to approve the procedures outlined by Moss-Adams, and add the condition that we will have a validation at the discretion of the internal auditor. Member Leonard seconded the motion.** Chairperson Bertrand called for a vote on the pending motion.

| | |
|-----------------|---|
| RESULT: | Approved [4 - 0] |
| MOVER: | Member Lori Bagwell |
| SECOND: | Member Donald Leonard |
| AYES: | Members Bagwell, Leonard, Byrne, and Chair Bertrand |
| NAYS: | None |
| ABSENT: | Vice Chair Bill Prowse |
| ABSTAIN: | None |

9. DISCUSSION AND POSSIBLE ACTION TO UPDATE PROCEDURES FOR THE FRAUD, WASTE, AND ABUSE PROGRAM, INCLUDING THE HOTLINE PROGRAM, TO INCLUDE A PROCEDURE FOR THE AUDIT COMMITTEE CHAIR TO REVIEW COMPLAINTS BEFORE THEY ARE CONSIDERED CLOSED (3:41:18) - Chairperson Bertrand introduced this item, and Moss-Adams, LLP Policy and Planning Director Mark Steranka reviewed the agenda materials. Mr. Steranka advised of having spoken with Vice Chair Prowse prior to the meeting, and reviewed his comments. Extensive discussion followed.

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Chairperson Bertrand entertained public comment and, when none was forthcoming, a motion. **Member Bagwell moved to approve the updated policies on fraud, waste, and abuse, and include an actual written report on the performance of the Fraud, Waste, and Abuse account. Member Leonard seconded the motion. Motion carried 4-0.**

| | |
|-----------------|---|
| RESULT: | Approved [4 - 0] |
| MOVER: | Member Lori Bagwell |
| SECOND: | Member Donald Leonard |
| AYES: | Members Bagwell, Leonard, Byrne, and Chair Bertrand |
| NAYS: | None |
| ABSENT: | Vice Chair Bill Prowse |
| ABSTAIN: | None |

Chairperson Bertrand responded to questions of clarification regarding the status reporting procedure, and a brief discussion followed.

10. PRESENTATION BY MOSS-ADAMS, LLP REPRESENTATIVES ON THE POLICIES / PROCEDURES UPDATE PROJECT, WHICH INCLUDES A POLICY INVENTORY AND RECOMMENDATIONS FOR THE AUDIT COMMITTEE'S CONSIDERATION; DISCUSSION AND POSSIBLE ACTION TO FORWARD RECOMMENDATIONS TO THE BOARD OF SUPERVISORS (3:56:22) - Chairperson Bertrand introduced this item, and Moss-Adams, LLP Policy and Planning Director Mark Steranka reviewed the agenda materials. Mr. Steranka and Human Resources Department Director Melanie Bruketta responded to questions of clarification. City Manager Nick Marano offered to meet with the committee members, together with the Chief Information Officer, to review procedures to ensure information assurance. Discussion followed regarding the City's fee schedule.

Chairperson Bertrand entertained additional committee member questions or comments and public comments. When no questions or comments were forthcoming, he entertained a motion. **Member Bagwell moved to accept the policy inventory report from Moss-Adams. Member Leonard seconded the motion.** Chairperson Bertrand called for a vote on the pending motion.

| | |
|-----------------|---|
| RESULT: | Approved [4 - 0] |
| MOVER: | Member Lori Bagwell |
| SECOND: | Member Donald Leonard |
| AYES: | Members Bagwell, Leonard, Byrne, and Chair Bertrand |
| NAYS: | None |
| ABSENT: | Vice Chair Bill Prowse |
| ABSTAIN: | None |

11. POSSIBLE ACTION TO SCHEDULE THE NEXT MEETING OF THE CARSON CITY AUDIT COMMITTEE (4:22:16) - Chairperson Bertrand introduced this item. Following discussion, consensus of the committee was to schedule the next meetings for Tuesday, May 17th and Tuesday, June 7th at 3:00 p.m.

12. PUBLIC COMMENT (4:25:54) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

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13. ACTION TO ADJOURN (4:26:03) - Member Byrne moved to adjourn the meeting at 4:26 p.m. Member Leonard seconded the motion. Motion carried.

The Minutes of the March 22, 2016 Carson City Audit Committee meeting are so approved this _____ day of May, 2016.

MICHAEL BERTRAND, Chair

**Carson City Audit Committee
Agenda Report**

Date Submitted: 05/10/2016

Agenda Date Requested: 05/17/2016

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Discussion, possible action, and direction to Staff regarding the current Audit Work Program Update.

Summary: Representatives from Moss Adams and City staff will be discussing and taking direction from the Audit committee regarding the current work program.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Committee Action: Will depend on discussion and possible recommendations.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Information to be provided from Moss Adams

Prepared By: Michael Bertrand, Chairman

Reviewed By: Nancy Paulson
(Chief Financial Officer)

Date: 5/10/16

Board Action Taken:

Motion: _____

| | Member | Aye/Nay |
|----|--------|---------|
| 1) | _____ | _____ |
| 2) | _____ | _____ |
| 3) | _____ | _____ |
| 4) | _____ | _____ |
| 5) | _____ | _____ |

(Vote Recorded By)

MOSS ADAMS LLP

Date: May 17, 2016
To: Carson City Audit Committee
From: Mark Steranka
Subject: Internal Audit Status Report March 16, 2016 through May 15, 2016

Schedule Status:

- Basic Internal Auditor Services: Ongoing
- Policy and Procedure Update: Project initiation August 2015, completion February 2016, followed by ongoing update activities as needed
- Cash/Revenue Collection Improvement: Project initiation November 2015, completion May 2016
- P-Card and Payroll Testing: Project initiation March 2016, projected completion June 2016
- FWA Program Coordination: Ongoing

Budget Status through February 29, 2016:

- Basic Internal Auditor Services: Expended \$6,650.00 of \$10,000 budget.
- Policy and Procedure Update: Expended \$29,884.27 of \$35,000 budget.
- Cash/Revenue Collection Improvement: Expended \$24,500.00 of \$25,000 budget.
- P-Card and Payroll Testing: Expended \$7,000.00 of \$25,000 budget.
- FWA Program Coordination: Expended \$2,450.00 of \$5,000 budget.

Activities for this Reporting Period:

- Basic Internal Auditor Services: Continued to maintain Audit Findings Summary Report, prepare Audit Committee meeting materials, and attend Audit Committee meetings.
- Policies and Procedures Update: No activity.
- Cash/Revenue Collection Improvement: Prepared draft and final reports to strengthen cash handling processes and procedures.
- P-Card and Payroll Testing: Reviewed processes, identified samples, and gathered sample information planned to be collected remotely.
- FWA Program Coordination: No new reports received.



Activities for the Next Reporting Period:

- Basic Internal Auditor Services: Continue to attend meetings and continue to maintain Audit Findings Summary Report.
- Policies and Procedures Update: As requested, provide support to departments for policy development and update.
- Cash/Revenue Collection Improvement: No activity.
- P-Card and Payroll Testing: Gather sample information to be gathered onsite, perform sampling and testing, and prepare reports.
- FWA Program Coordination: Continue to monitor the hotline and respond to reports as appropriate.

Issues:

- none

**Carson City Audit Committee
Agenda Report**

Date Submitted: 05/10/2016

Agenda Date Requested: 05/17/2016

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: For Possible Action: Presentation by Moss Adams on the Cash Handling Improvement Initiative for the Audit Committee's consideration, discussion, and possible recommendation to the Board of Supervisors.

Summary: The Board of Supervisors approved the Cash Handling / Revenue Collection Improvement Project at their June 18, 2015 meeting. Moss Adams will present their final report to the Audit Committee for discussion and possible recommendations to the Board of Supervisors.

Type of Action Requested: (check one)

Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Committee Action: Will depend on discussion and possible recommendations.

Explanation for Recommended Committee Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: N/A

Supporting Material: Final report - Cash Handling Improvement Initiative prepared by Moss Adams.

Prepared By: Michael Bertrand, Chairman

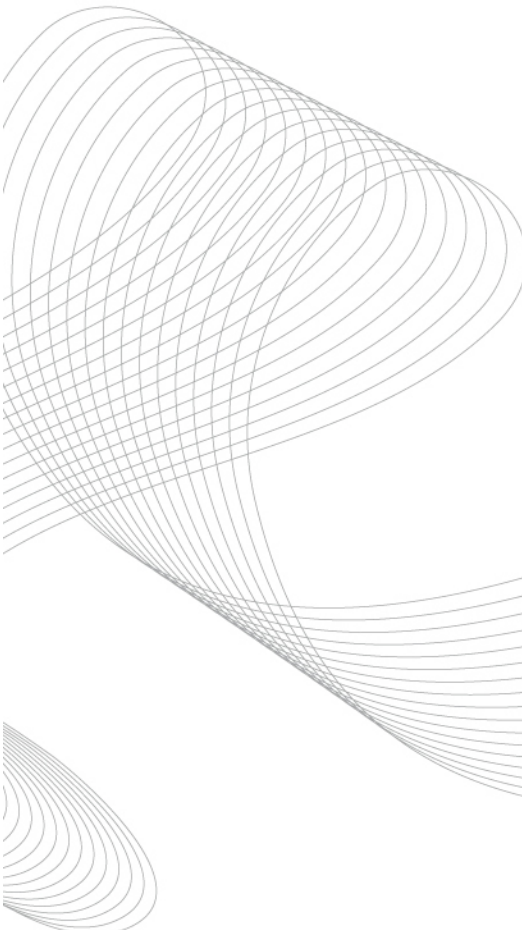
Reviewed By: Wane Paulson **Date:** 5/10/16
(Chief Financial Officer)

Board Action Taken:

Motion: _____

| | Member | Aye/Nay |
|----|--------|---------|
| 1) | _____ | _____ |
| 2) | _____ | _____ |
| 3) | _____ | _____ |
| 4) | _____ | _____ |
| 5) | _____ | _____ |

(Vote Recorded By)



FINAL REPORT FOR
CARSON CITY
CASH HANDLING IMPROVEMENT INITIATIVE

May 10, 2016

Prepared by:

Moss Adams LLP

999 Third Avenue
Suite 2800
Seattle, WA 98104
(206) 302-6500

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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I. BACKGROUND

As the internal auditor, we were engaged to help Carson City (the City) improve its cash handling practices by providing recommendations for best practices and examples of written policies and procedures. In particular, these policy recommendations were intended to help the City address internal control weaknesses identified in the City's Internal Controls Review dated March 31, 2015.

These policies and procedures are intended to serve as examples to aid the City in the development and adoption of its own cash handling policies and procedures.

II. SCOPE AND METHODOLOGY

To understand the City's current processes and existing policies, as well as recommend improvements, we performed the following steps:

- Interviewed key personnel within the Finance Department and Treasurer's Department involved in cash handling and revenue collection.
- Interviewed key personnel within other City departments involved in cash handling and revenue collection.
- Reviewed departmental cash handling policies and procedures.
- Researched best practices related to cash handling and approaches by other cities to cash handling policies and practices.

Based on this information, we developed examples of cash handling policies for the City's consideration. Additionally, we provided specific observations and recommendations regarding the City's cash handling practices.

III. POLICY ENVIRONMENT AND RECOMMENDATIONS

To create a strong policy environment with well-established controls around cash handling, cities generally choose one of two main approaches. One approach reflects cities establishing a citywide framework for cash handling with high-level guidelines and requiring departments to develop their own detailed policies and procedures for review and approval by the Finance Department. Another approach involves cities developing more comprehensive citywide policies and procedures that apply to all departments, unless departments apply for specific changes by exception.

Each of these approaches has inherent advantages and disadvantages to consider. The first approach allows departments to tailor their policies and procedures to suit their specific operational needs. However, it requires all departments to dedicate time to policy development and relies on the Finance Department to review all policies and assess the adequacy of internal controls. The second approach creates greater citywide consistency, while providing departments flexibility when justified. However, it requires greater effort from the Finance Department to develop and maintain citywide policies and procedures.

Policy Recommendations

To best meet the needs of Carson City, we recommend that the City adopt a more comprehensive set of citywide cash handling policies and procedures and a process for addressing departmental modifications. We recommend that the City utilize its policy development tool, PolicyTech, to develop, distribute, and update its cash handling policies and procedures.

In order to ensure consistency citywide, while still allowing flexibility, we recommend that the City implement a process for departments to request departures from citywide policies and procedures. Additionally, we recommend that the City implement a process for the Finance Department and Treasurer's Department to consider these requests.

Appendices

Appendix 1 – Compiled Policy and Procedure Examples

Based on best practices, we developed a compilation of cash handling policies and procedures for consideration and revision by the City. These policies and procedures were developed based on our recommendation that the City develop comprehensive citywide cash handling policies with allowances for departmental modifications.

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Appendix 2 – Detailed Procedure Examples

We included examples of certain detailed procedures. For example, we provided specific examples of procedures and forms to utilize in cash counts in order to address weaknesses in monitoring remote cash locations that were noted in the Internal Controls Review.

Appendix 3 – Other Policy Examples

To illustrate how cities vary in their approaches to cash handling policies, we provided examples of the policies of some other cities. The policies show the varying level of responsibility placed on departments for policy development. Additionally, these policies provide some alternative examples that the City could consider when developing its own policies and procedures.

APPENDIX 1: COMPILED POLICY AND PROCEDURE EXAMPLES

We recommend that Carson City adopt a comprehensive set of citywide cash handling policies and procedures as well as develop a process for departments to request specific modifications. The following represent examples of cash handling policies and procedures based on best practices for consideration and revision by the City.

I. PURPOSE

All persons engaging in any activity related to payments to the City must adhere to a system of internal controls that safeguard City funds. Controls must promote accuracy and reliability in accounting and operating records, promote the efficiency of operations, and allow for the segregation of duties to ensure no one person performs all tasks. In addition, internal controls are in place to utilize procedural controls which govern the flow of transactions through a system.

Managing and controlling the inflows and outflows of payments is an important responsibility of the Finance Department and Treasurer's Department. Ensuring the existence of policies and procedures governing all types of payments allows for the effective management of the City's liquidity and its ability to meet all obligations, and aids in the defense against fraud.

II. DEFINITIONS

Cash: Cash is defined as coin, currency, checks, money orders, credit/debit card transactions, and electronic fund transfers.

Post-dated checks: Checks written with a date in the future.

Stale-dated checks: Checks written with a date in the past.

Petty Cash: Each department may be allotted a specified sum of money for the acquisition of materials and supplies not available through Warehousing. Petty cash transactions may not exceed \$25.

Change Fund: If operations necessitate making change for cash transactions, departments may be allotted a specified sum of money to fulfill that purpose.

Cashier: Cashier is defined as any employee who performs the function of receiving, transmitting, safeguarding, and/or depositing City cash.

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III. POLICIES AND PROCEDURES

To establish a uniform policy for cash handling activities for all City departments and to ensure that procedures and internal controls are in place to minimize the risk of errors, mishandling of funds, and fraud, the Treasurer's Department shall develop and maintain citywide policies and procedures related to cash handling and revenue collection.

A, Application and Compliance

All City employees, volunteers, vendors, or other persons whose assigned duties involved handling City cash or funds must comply with the policies and procedures contained herein.

Departments are responsible for ensuring that every employee, volunteer, vendor or other person whose assigned duties involve handling City cash or funds adheres to the City's and department's written cash handling policies and procedures.

See [XIII – C Monitoring](#) for additional information.

B, Maintenance

The Treasurer's Department is responsible for maintaining all cash handling procedures and guidelines in an electronic format that is accessible by all departments, for periodically reviewing and updating these procedures and guidelines, and for notifying departments whenever new or updated procedures are implemented.

C, Updates

The Treasurer's Department shall review and update these cash handling policies and procedures every year or sooner, if required.

If applicable, departments shall review and update their written cash handling procedures every two years or sooner if requested by the Treasurer's Department. Updated procedures must be submitted to the Treasurer's Department for approval.

D, Policy Modifications

All departments' cash handling supplementary policies and procedures should comply with all of the Treasurer's Department cash handling and receipting policies, procedures, and guidelines. Exceptions may be granted if operational needs require procedures that differ from those set forth by the Treasurer's Department.

To request an exception, the requesting department must develop written alternate cash handling procedures and submit them to the Treasurer's Department for approval by the Treasurer and CFO.

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The request should include the following in a written memo:

- Identification the element of the policy and/or procedure for which the department is seeking an exception.
- Description of the rationale for the requested exception.
- Drafted alternate policies and procedures for this section of citywide policy or procedure (include consideration of maintaining internal controls).

The Treasurer's Department shall consider all requests with particular attention to the following:

- Reasonableness of rationale.
- Verification of the operational limitations or operation-specific elements that warrant this exception.
- Assurance that strong internal controls will remain with the proposed changes. If not, determine whether other mitigating controls can be added (i.e., increased monitoring, implementing secondary approval, or other process changes).

The Treasurer's Department shall review materials submitted by the departments and render a decision in writing. Approved alternate policies and procedures shall be maintained on file within the Treasurer's Department. Departments shall be responsible for maintaining up-to-date alternate policies and procedures. Departments shall submit all updates to the Treasurer's Department for approval.

IV. KEY INTERNAL CONTROLS CONSIDERATIONS OVER CASH

Because cash is negotiable, and easy to spend and transport, it is important for proper internal controls to be in place to protect this asset. Accordingly, in addition to cash controls built into the handling procedures, it is the policy of Carson City that the following more specific control procedures be maintained by each department that collects cash or maintains a petty cash or change fund:

1. Bills, coins, checks, and credit/debit card receipts must be kept in an appropriate locked and secure container (locked cash box or cash register, safe or vault) and access to the funds must be limited to authorized personnel. All funds, except for petty cash and cash funds, must be deposited with a frequency in accordance with the City's deposit policy.
2. Change funds must be balanced daily.
3. Petty funds must be balanced periodically, preferably after each use.
4. When moving cash collected from a cash register or cash drawer for deposit preparation to a safe or vault, or to the Treasury, it must be placed in a sealed deposit bag.
5. Deposits must be made in a timely manner. Once prepared, deposits must be kept in a secure, locked vault or permanently affixed safe until they are removed from the secured area.

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6. Departments should arrange transportation of deposits through the Treasurer's Department. All security precautions for both the employee and the City should be ensured.
7. Petty cash and change funds must be retained within City departments and be available for cash verification by the Treasurer's Department or the City's Internal Auditor at any time. Surprise cash audits will be performed on each area maintaining petty cash and/or change funds not less than once per year, but more often as deemed necessary. Department Heads/Supervisors may perform surprise cash audits periodically to ascertain whether subordinates are following appropriate policies and procedures related to cash.
8. Disbursements must not be made from cash receipts or change funds for any reason.
9. Voids, discounts, adjustment, or refunds must be authorized by an appropriate departmental manager.
10. Records of cash overages and shortages must be maintained and investigated in a consistent and timely manner.
11. Cash operations must be subject to daily supervisory review. To minimize the potential for mistakes in cash operations and/or misappropriation of cash, cash duties should be segregated among employees so that in all instances a supervisor will check the work performed by another.
12. All cash must be completely and accurately recorded in the financial records of Carson City. To ensure this, Cash Transmittal Forms must be prepared for all cash receipts indicating the account(s) to which the funds are credited.

V. TRAINING REQUIREMENT

Departments are responsible for ensuring that every employee, vendor, or other person whose assigned duties involve handling City cash or funds attend the City's cash handling training and obtain certification within a reasonable time, but not more than 30 days after being assigned cash handling duties.

Departments are responsible for ensuring that every employee, volunteer, or other person whose assigned duties involve handling City cash or funds receives the City's cash handling training refresher every two years.

The City's cash handling training and certification will be coordinated through the Human Resources Department and provided by the Treasurer's Department, or its delegate.

Departments that accept credit and debit card payments are responsible for satisfying the associated training and administration requirement. See Section [VI-K Credit Card: Training and Administration](#).

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VI. PAYMENT TYPES

1. Carson City accepts the following types of payments:
 - a. Bills (U.S. bills only)
 - b. Coins (U.S. coins only)
 - c. Checks: Personal, Business, Bank, Cashier's, and Certified; and Money Orders [See Section [VI-B Check Acceptance Requirements](#)]
 - d. Credit and Debit Cards
 - e. Wire and Electronic Fund Transfers
2. Individual City departments vary in which of these payment methods they accept.
3. All payments are accepted strictly for payments to Carson City and all transactions are deposited into authorized Carson City bank accounts.
4. Under no circumstances should any City employee alter any negotiable instrument from its original presented form. Altering a negotiable instrument is a criminal offense and cause for immediate termination of employment with the City.

A. Bills and/or Coins Payments

1. Payments of bills and/or coins must only be made in person.
2. All money received should be counted and the amount verified before it is placed in the cash drawer.
 - a. Currency for which change will be given should be placed in view of both the cashier and customer until the transaction is completed.
 - b. All change given on a transaction should be counted out loud to the customer.
 - c. If an interruption occurs during the counting/change making process, the process should be started again from the beginning.
3. Employees must inspect all bills of \$50.00 and over and suspicious bills of any denomination for evidence of counterfeit using a counterfeit detection pen or a UV fraud examiner.
4. Payments of bills and/or coins in excess of \$1,000 require a secondary count and verification.

B. Check Acceptance Requirements

1. Acceptable check types are personal, business, bank, cashiers, and certified.
2. Travelers' checks are NOT accepted.
3. Money orders are accepted and shall be treated and processed like checks.
4. Check payments may be made in-person, via a bank lockbox, or via mail.

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- a. If a department does not have a designated lockbox to receive mailed payments, all invoices and billings should direct payment remittances to be sent to the Treasurer's Department - Payment Processing.
5. Checks must not be ripped, torn, or have any appearance of alterations.
6. Checks must be deposited and may not be cashed in whole or in part.
7. Checks must include the following:
 - a. Preprinted customer name, address, city, state, and zip code
 - b. Preprinted bank name
 - c. Preprinted Magnetic Ink Character Recognition (MICR) routing code and account code across the bottom of the check
8. Checks must be written payable to "Carson City."
 - a. Prior to accepting a check with another "payable to" name written, employees must obtain the approval of a department supervisor.
 - b. Checks payable to other parties ("Second Party" checks) are not accepted.
9. Checks must be complete with the date, amount, payable to, and signature(s).
10. Checks should have the current date of payment.
 - a. Checks dated more than 3 days in the past (stale-dated) or future (post-dated) will not be accepted.
 - b. Employees should consult with the Treasurer's Department and receive approval for any exceptions to this policy.
11. Checks must include correct number of signatures as required on the check
12. The identification of the check signer and presenter must be verified in the following manner:
 - a. The check signer and check presenter must be the person pictured on a valid identification card. Valid identification includes a current, non-expired, United States Driver's License (Nevada preferred) with photo, a Nevada Identification Card with photo, Military Identification Card with photo, or passport.
 - b. The check signer's name and address should match the information preprinted on the check. If not, note the differences of information from the identification card on the check.
 - c. The inspection of identification documents can be omitted if City employees can verify check presenter's identification through personal knowledge.
13. Pre-signed checks may only be accepted if the presenter is the signer of the check. Verify that the preprinted name on the check and the signature on the check match those on the picture identification.
14. Written and numerical amounts for payments must agree.

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15. Checks must be immediately, upon receipt, restrictively endorsed to Carson City's bank account.
16. Checks or payments received for future services will be deposited on the day received and not held until the future date when services are rendered.
17. Some payments for fees and permits require the amount to be determined at a later time when the application and/or documentation are processed. The customer will be required to wait to make the payment until the proper amount can be determined; the City shall NOT hold checks in the interim.
18. Verify that check writing privileges have not been revoked for the check signer or any other person whose name is preprinted on the check. If check writing privileges have been revoked, the check must not be accepted.
19. If a person presents a check to the Treasurer's Department staff, or to a City employee in the field that is written for an amount other than the amount due, the following actions should be taken:
 - a. Request an alternate form of payment, such as credit or debit card, instead of the check for payment.
 - b. Attempt to obtain a new check for the correct amount.
 - c. Attempt to have the writer of the check alter the check to the correct amount, initialing the alteration.
 - d. Cash refunds shall NOT be issued for overpayments.
 - e. Refer to the applicable department's process for handling overpayments and refunds.

C. High Volume Check Acceptance

1. Departments that accept and process large volumes of checks should deposit checks digitally.

D. Returned Checks

If a check is returned to the bank unpaid for any reason, the bank will automatically present it for payment a second time. If it is returned to the bank again, the bank will post the image onto the banking platform for the Treasurer's Department staff to review. Upon receipt, the following should be done:

1. The Treasurer's Department staff sends an image of the check to the department responsible for the payment.
2. The Treasurer's Department staff must make an entry into the City's financial management system to chargeback the payment.
3. The department must reverse the payment in any additional or interfacing system.
4. The customer is charged a service charge on returned checks. The department that initiated the receivable is responsible for invoicing the customer the returned check fee. The amount of the returned check fee is the same amount citywide.

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E. Unidentified Checks

To reduce the risk of losing and/or misapplication of unidentified checks, checks that cannot be readily identified shall be processed in a consistent and timely manner. Through this policy, the City is able to maintain a central repository for all unidentified checks, which can be reviewed when payments are missing and allowing for the timely deposit of checks that cannot readily be identified.

Departments

1. Unidentified checks received by departments shall NOT be left in a drawer or otherwise not deposited.
2. When checks received by departments cannot be readily identified by a phone call to the sending party or examination of attached documentation, the checks should be forwarded immediately to the Treasurer's Department.

Treasurer's Department

1. When checks received by the Treasurer's Department cannot be readily identified by a phone call to the sending party or examination of attached documentation, within 2 business days of receipt, the checks shall be returned to the sender with a message explaining that the purpose of payment was not identifiable.
2. The Treasurer's Department shall maintain copies of returned checks and accompanying correspondence.

F. Credit and Debit Card Payments

To offer greater convenience to the citizens of Carson City and the consumers of the City's services, Carson City accepts credit and debit card payments wherever it is cost-effective. The City is responsible for safeguarding all credit and debit card information appropriately and adhering to the highest standards of security as defined within this policy and forthcoming revisions.

G. Credit and Debit Card Acceptance Requirements

1. Departments accepting payments made via debit or credit card will apply transaction fees. To ensure consistency citywide, the amount of the transaction fees applied will be reviewed, approved, and included in the City's Annual Fees and Charges Schedule.
2. Credit and debit card payments will be accepted only from:
 - a. The person to whom the credit card is issued. The identity of the person presenting the credit or debit card must be verified to be that of the person to whom the card has been issued. This validation should include the inspection of a valid picture ID. Valid picture identification includes a current, non-expired, United States Driver's License, a state Identification Card, a Military Identification Card with photo, or a United States passport.
 - b. Credit cards that do not have expiration dates that have passed.

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- c. Credit cards that show no signs of alteration.
- 3. Debit card payments will be accepted only when:
 - a. Customers enter appropriate PIN codes.
- 4. Credit and debit card payments may be made through online payment platforms or made in person.
- 5. Each credit or debit card transaction will be for only the amount of the payment to the city. “Cash back” or “cash advance” transactions are NOT allowed.
- 6. The Carson City electronic terminals shall not be used for any non-City business transactions.
- 7. Payment transaction approval codes shall be returned through the terminal for both credit and debit cards.

H. Credit Card: Offline Transactions and Processing

- 1. Offline transactions are authorized only when the terminal is non-operational (power failure) and only for on-site customers.
- 2. Offline transactions must be processed in accordance with relevant procedures maintained by the department according to specific credit card merchant.

I. Credit Card: Balancing Transactions

- 1. Each location accepting credit or debit card payments shall balance total receipts daily and transmit the credit/debit card batch settlement and forward this report along with the deposit to the Treasurer’s Department.
- 2. The Treasurer’s Department must be notified if the settlement or transmission fails or has errors.

J. Credit Cards: Ensuring Security

- 1. City employees must comply with and educate staff members in applicable provisions of Nevada Revised Statutes and rules set forth by the payment card industry data security standards (PCI DSS).
- 2. To safeguard information, employees shall not store full credit card information in any manner or form.
- 3. Credit card/debit card merchant receipts (listing partial account number) must be stored with daily accounting records and retained as outlined by Securing Deposits Guidelines.
- 4. The departments’ Fiscal Managers should review provisions of Nevada Revised Statutes and rules set forth by the payment card industry data security standards (PCI DSS).
- 5. City employees must be trained annually on any applicable security standards.

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6. The departments' Fiscal Managers must complete a payment card data security standards self-assessment questionnaire as required by the PCI DSS.

K. Credit Cards: Training and Administration

1. Each department/facility that accepts credit or debit card payments is responsible for ensuring that all cash handlers are familiar with the general guidelines provided in the Merchant Agreement and Operating Procedures Guide and with the Retail Quick Reference Guide received with each electronic terminal. These guidelines cover such topics as:
 - a. Processing credit and debit card transactions
 - b. Instructions on avoiding high-risk transactions
 - c. Recognizing and dealing with bad credit cards
 - d. Properly recording a customer's identification
 - e. Whom and where to call for assistance with terminal and/or transaction problems
2. Initial training will be given when electronic terminals are installed at any location. The installation and initial training session will be coordinated by the Treasurer's Department. Thereafter, each department/facility is responsible for training new employees to operate the electronic terminal before allowing them to process credit or debit card transactions. Training is to be done by an experienced cash handler within each department who is experienced in operating the terminal.
3. Departments wishing to accept credit or debit card payments must request authorization from the Treasurer's Department through a memorandum from the Director of the requesting department. The memorandum must include the name and phone number of the contact person from that department who will be responsible for coordinating the installation, and the location address where the terminal is to be installed.
4. The Treasurer's Department will coordinate the purchase, installation, and training on the credit/debit card machine (terminal). They will also be responsible for the set-up of the required merchant account with the City's banking institution.
5. Departments requesting use of credit or debit card terminals will be responsible for the cost of equipment, monthly transaction fees, and all other associated costs.
6. A dedicated phone line is required for the terminal. The user department is responsible for initiating the installation, for the cost of installation, and any monthly fees for that line. (NOTE: Installation can be arranged by contacting the City's assigned telecommunications staff person within IT.)
7. Terminal cost is payable by the user department.
8. The monthly transaction fee is payable by user department.
9. Locations with credit and debit card capabilities are responsible for adhering to these guidelines. If any location is found to be out of compliance, the department head will be notified and the use of

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the credit or debit card machine may be suspended at that location until compliance with all policies and procedures is ensured.

VII. PETTY CASH AND CHANGE FUNDS

1. Departments must obtain approval from the CFO and Treasurer to establish a fund or to change the amount of an established petty cash and/or change fund.
2. Petty cash and change funds must have a designated custodian and alternate.
3. Only the designated or alternate custodian is to have access to petty cash or change funds.
4. Change funds and petty cash funds are not to be co-mingled and must be kept separate from all other funds.
5. Petty Cash and Change Funds may not be used for the following:
 - a. To cash checks for customers, vendors, or employees
 - b. Make personal loans or advances to employees (including advance travel funds)
 - c. Making change for personal use
 - d. Club, social, or travel club dues
 - e. Personal expenses
 - f. Traffic or parking citations
 - g. Interest charges
 - h. Cash employee recognition awards
 - i. Purchases or payments for services (including postage due)
 - j. Purchases of the following:
 - 1) Office supplies and materials that are readily available through other sources. If such a purchase is necessary, an explanation must be attached to the Authorization for Payment when replenishing the fund.
 - 2) Alcoholic beverages or tobacco products unless approved by the Sheriff for drug and alcohol required training
 - 3) Ammunition/firearms
 - 4) Cellular phones and related services
 - 5) Controlled substances.
 - 6) Keys (requisitions for keys must go through Central Building Maintenance)
 - 7) Stamps (use an Authorization for Payment and charge the department's postage account)
 - 8) Staff expenses for personal services, meals, or travel expenses reimbursements
 - k. IOUs
 - l. Other non-City business transactions
6. The Treasurer's Department, or its designee, shall conduct audits of their Petty Cash and Change Funds annually.

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A. Petty Cash

1. All petty cash must be stored in a locked box, safe or vault, or other secured location. Restricted access must be maintained.
2. A petty cash transaction may not exceed \$25.00 including sales tax, shipping, and handling.
3. Departments must maintain a petty cash log in which all removals and additions to petty cash are recorded. Proper petty cash accounting requires custodians to obtain receipts, record expenditures, and make payments only for authorized expenditures.
4. Petty cash expenditures must be documented for fund reimbursement, which includes signatures of both the employee requesting reimbursement and the employee authorizing expenditure.
 - a. A sales slip, cash register tape, or other ORIGINAL receipt MUST be attached to a Received of Petty Cash form for each expenditure. The vendor's invoice must clearly indicate that it has been paid either by being stamped with the official 'PAID' stamp of the company and containing the company's name, by being made out to 'CASH SALE,' or by having the company's cash register receipt. It may also be marked 'PAID' and signed by the clerk.
 - b. The form must be completed in its entirety to include authorized signatures, description, receipt, and expense account number. If the form is not completed correctly it will be returned to the department initiating reimbursement.
 - c. When a receipt is not available, a lost/missing receipt form should be completed and a Non-PO request form must be submitted to the Accounts Payable Department. The department Director or designee must sign the reimbursement voucher to certify the validity and receipt of items purchased with petty cash.
5. No one may approve his or her own reimbursement request. An employee may NOT approve expenses for anyone to whom he or she reports, either directly or indirectly.
6. The petty cash fund should always balance. The total cash on hand plus the total receipts and reimbursement requests in process should equal the original amount of the petty cash fund. Any overages or shortages should be reported through the overage/shortage procedure.
7. Depending on the activity or need for replenishment, the petty cash fund must be reconciled by the petty cash custodian no less than once per month.
 - a. When the petty cash requires replenishment, the petty cash custodian should complete a petty cash replenishment request and compile signed petty cash forms and receipts for backup.
 - b. Replenishment requests must be reviewed and approved by a person with signature authority for the division or department. The Petty Cash Custodian may NOT approve petty cash replenishment requests.

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8. The accounting should be charged based on the signed petty cash forms received. The Finance Department should review petty cash forms and supporting receipts to ensure that all transactions are compliant with the City's petty cash policy.
9. Staff is prohibited from using the petty cash fund for a change fund for cashier operating funds.

B. Change Funds

Change funds are needed in departments that are authorized to receive payments on behalf of the City, to allow staff to be able to provide the required change in cash, when payment is not in the exact amount.

1. Departments must maintain an adequate balance in a change fund.
2. The custody and control of change funds may be delegated to appropriate personnel; however, accountability and responsibility for proper use and care of the funds remain with the designated department or division head. Use of change funds is subject to the following conditions:
 - a. Every fund custodian must adhere to the City's written cash handling policies and procedures and comply with the cash handling training requirement.
 - b. The fund's custodian must ensure that facilities for safekeeping of funds are available at all times for use by the custodian, have been approved by the Treasurer's Department, and are consistently balanced by the fund custodian.
 - c. The custodian should keep the fund under lock and key at all times, with the key in the custodian's possession.
 - d. Under no circumstances are these funds to be co-mingled with personal funds.
 - e. Change funds are subject to audit.
 - f. Change funds should be counted and balanced daily when preparing the remittance reports and deposit.
3. A change fund shall consist of a fixed amount of cash solely for making change. A department may have several change funds assigned to different custodians at a single location if necessary.
4. A change fund should have no discrepancies. If a discrepancy in a change fund occurs, it is posted to the appropriate cash over/short account on the day of discovery. Cash overages and shortages should be accounted for in the daily deposit remit.

VIII. REVENUE RECORDING

A. Receipt Issuance

1. A receipt issued must be for all payments and must be issued by using either a controlled numbered receipt form, an electronically generated receipt from the cash register, or from a device capable of printing a receipt.

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2. Receipts must be provided when payment is presented in person. Whenever feasible, receipts should be mailed to the customer as proof of payment when payments are made by mail.
3. All documentation, including receipts, is included in the remittance advice and deposit preparation.

B. Mail Payments

1. Departments issuing invoices should strive to have check payments sent to a bank lockbox. This is the most efficient means for receiving payments. The bank will provide a file to the City that can be uploaded to the various systems to book the payments to the customer's accounts.
2. Any department that does not have a designated lockbox to receive mailed payments shall direct all invoices and billing correspondence to send payment remittances to the Treasurer's Department - Payment Processing.
3. All payments received by mail should be documented in a mail log to ensure that all checks are processed in a timely and appropriate manner. Alternately, when processing large volumes of mail through an automatic check opener the volume of mail opened should be periodically monitored to detect anomalies.
4. Individuals responsible for opening mail payments must not perform duties related to payment processing or invoicing.

IX. REVENUE COLLECTION

A. Cash Drawers/Tills

1. Each employee with the responsibility for collecting payments must be accountable for his/her transactions.
2. Employees handling a variety of payments types (cash, checks, or credit cards) must have their own locked cash drawer and change bag.
 - a. Any variance from this policy by a department or facility must be approved through the policy modifications process established herein.
3. All cash drawers and tills shall be kept locked except when making change or securing funds.

B. Reconciliation

1. Prior to starting a shift or business day, cash drawers must be counted and balanced. Any overages or shortages in the change fund must be reported.
2. All payment transactions must be reconciled and balanced each day. All bills and coins on hand must be equal to the total bills and coin receipts issued or cash register totals, less any change fund.
3. When a department uses a cash register to record cash receipts, the cash register must be balanced at the end of each employee's shift.

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4. Two employees may not work out of the same drawer. Daily cash register tapes must agree with the Cash Transmittal Form. The daily recorded transactions must be substantiated by a file of tapes, cash register clearance forms, and copies of Cash Transmittal Forms.
5. All overages and shortages must be reported immediately according to the Overages and Shortages policy.

C. Overages and Shortages

1. If at any time, a change fund is found to be over or short, the amount of the discrepancy should be charged to the department's cash over/short account on the next daily remittance form. The daily remittance/deposit will be short or over by the amount of the discrepancy and the change fund will be maintained at its original amount.
2. If the amount of overage or shortage is \$35.00 or more, a written report, signed by the department head, detailing the circumstances of the discrepancy must be submitted to the Treasurer within 5 working days of the discovery of the overage or shortage.
3. The Finance Department is responsible for monitoring overage and shortage accounts periodically, no less than quarterly.
4. If there is a pattern of overages/shortages (regardless of the amount) or any other improprieties relating to cash handling activities, that information must be reported immediately to the Treasurer, CFO, and the City's Internal Auditor.

D. Theft

1. Any cash overage or shortage of \$50.00 or more where theft is suspected must be reported by the Department Director to the Treasurer, CFO, the City Auditor, and the City Manager's Office. In addition to submitting the Cash Overage/Shortage form, the incident must be reported to the Carson City Sheriff's Department.

X. REFUNDS AND VOIDED TRANSACTIONS

Lack of documentation and management oversight provides an opportunity to process an unfounded refund or void transaction for cash and misappropriate the funds.

1. All refunds and voided transactions should have the following supporting documentation:
 - a. Transaction date
 - b. Customer name, address, phone number, and signature
 - c. Original customer receipt (where available)
 - d. Reason for the refund or voided transaction
 - e. Amount and form of payment
 - f. Signature of the cashier issuing the refund or void
 - g. Signature of the supervisor approving the transaction

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2. Cashiers shall not process a refund or voided transaction without management approval. If a manager or supervisor is not available at the time of the transaction, a refund shall be delayed until it can be appropriately approved.
3. Total refunds and voided transactions appearing on the cash register summary tape, point of sale system report, or manual transaction log at the end of the cashier's shift should be reconciled to the supporting documentation outlined above. Department management is responsible for investigating all refunds and voided transactions for which no supporting documentation exists. Department management shall monitor all refunds and voids and investigate and report any unusual variances to the Treasurer and CFO.
4. Refunds should be returned using the same payment method as the original payment.
 - a. For example, if the original payment was made using a credit card, the refund must be returned to the SAME credit card.
 - b. If the card is no longer valid, a check refund may be issued, but only after receiving notification from the bank of the invalid account and the funds have been credited to the City's bank account. However, documentation must be obtained and kept on file to show that compliance with the banking regulation was attempted.
 - c. Refunds of cash paid in excess of \$100.00 must be requested by a Carson City check.

XI. PHYSICAL SECURITY

Employment of efficient and effective security measures for cash handling is an important aspect of cash management.

A. Restricted Access

1. Areas where revenue is collected and handled should be restricted through locking doors.
2. Employees working in these areas should keep doors closed to effectively limit access to appropriate personnel only.

B. Counters

1. Counters where cash is collected and handled should be at a height sufficient to limit access from the public.
2. Other safety features such as bulletproof glass should be considered to provide additional security.

C. Cameras

1. Surveillance cameras should be installed in locations where the security of Carson City property or people would be enhanced such as locations where cash is collected and handled.

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2. The function of these surveillance cameras is to assist in protecting the safety of the citizens, employees, and property of Carson City. The primary use of these surveillance cameras will be to record images for future identification of individuals in the event of legal, criminal, or policy violations. There will be no audio associated with any camera. Images will be archived for one year.
3. Information obtained through video monitoring will be used exclusively for safety, security, compliance with Carson City policy, and law enforcement purposes. Should monitoring reveal activity that violates laws or policy, an investigation will be initiated.
4. Any person who tampers with or destroys video security equipment will be subject to criminal prosecution and/or judicial action.

D. Panic Buttons

1. Panic buttons should be installed for use by employees in case of emergency.
2. If panic buttons are not installed, departments must develop an alternate emergency notification method and incorporate this into the department's robbery or emergency procedures.

See [Appendix 2, Example 1 – Robbery Procedures](#).

E. Safes, Vaults, and Access

1. Safes or vaults used for secured overnight storage of undeposited revenue or other assets must be stationary, permanently affixed to the ground, and should be fireproof.
2. Access to safes and vaults should be restricted to required personnel and limited from the public's view.
3. Access codes or combinations to safes or vaults should be provided to the required personnel only.
4. To prevent unauthorized access, access codes or combinations should be changed following personnel changes or no less than once every two years.
5. The Treasurer's Department shall maintain a list of the safes and vaults throughout the City and the personnel with access and update this list at least once a year. See [Appendix 2, Example 2 – Safe/Vault Inventory](#).

F. Safeguarding of Undeposited Revenues

1. All revenue collected at individual sites and not immediately deposited must be kept in an alarmed facility with a stationary, locked safe or vault for secure overnight storage.
2. Prior to storing revenue, transactions must be balanced and the deposit should be prepared in a bank-issued, sealed bag.

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3. If departments do not have their own stationary locked safe or vault, these sealed bags must be delivered to the Treasurer's Department for storage in the vault or to an alternate department with an adequate vault or safe.
4. Deposits received by cashiering staff in the Treasurer's Department before the courier pickup will be deposited that day. Deposits received after that time will be locked in the vault overnight and sent to the bank the next day.

XII. DEPOSITS

The longer money remains undeposited, the greater the risk that loss or theft can occur. Timely deposits prevent unnecessary handling of funds, decrease the risk of potential misappropriation or loss of funds, and increase investment earnings. The City's policy for deposits conforms with state law regarding deposit frequency and timing (NRS 353.250).

A. Frequency of Deposits

1. Deposits of \$300.00 or more must be made no later than the next working day.
2. All departments must make a deposit no less than once per week, regardless of the amount.
3. The Treasurer Department shall review the timeliness of deposits on a regular basis. Treasurer Department, or its delegate, shall take appropriate action if the deposits are found to be untimely.

B. Preparing Deposits

1. Each City site that collects payments must prepare the deposit of these funds to the City's bank. All receipts being deposited must be placed in a sealed bank bag along with the deposit slip and information required by the bank. Copies of the deposit slip must be provided to the Treasurer's Department.
2. For departments that process checks digitally, users must print an electronic deposit slip to keep for their files and make a copy for the Treasurer's Department. The actual checks must be stamped, endorsed, and filed securely for 30 days. After 30 days, the checks must be destroyed. Images of the checks are available through the online banking website.
3. A collecting department must prepare a revenue voucher in order to book the receipt of funds into the City's financial system. A copy of the revenue voucher should be kept with all supporting documents and retained in the collecting department's files.
4. A supervisor must review and sign approval of all revenue vouchers except where alternative procedures are approved by the Treasurer.
5. Treasurer's Department cashiers must reconcile their daily total cash receipts with the total revenue vouchers. Once reconciled, receipts must be placed into a sealed bag and placed in the vault overnight.

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C. Transporting Deposits

1. The frequency of making a deposit is dependent on the worksite and the dollar value of the cash on hand. All revenue collecting departments must make a deposit at least once a week.
2. The staff responsible for collecting payments in departments with various field locations must prepare a daily collection report to submit with the collected revenue to the designated department collection center. The report and revenue collected must be reviewed and approved by a supervisor. Any transportation of deposits between locations by City staff must be performed by two employees.
3. An armored courier service is contracted by the City to pick up deposits at the various sites according to a predetermined schedule and deliver the deposits to the bank. This schedule is maintained in the Treasurer's Department.
 - a. Changes to the armored courier schedule must be arranged through the Treasurer's Department.
4. Departments located at City Hall must submit deposits for revenue collected to the Treasurer's Department before 11:00 a.m. in order for the funds to be delivered to the bank that day. If deposits are submitted after 11:00 a.m., the funds will be placed into the cashiering vault overnight and included in the courier pick-up the following business day.

XIII. ACCOUNTABILITY

A. Customer Concerns and Complaints

1. All customer concerns or complaints about payment processing or claims of lost payments must be directed to individuals within the department or division not involved in cash handling or revenue collection.

B. Segregation of Duties

1. Employees handling and/or receiving cash should not perform any billing, invoicing, or accounts receivable functions. Employees responsible for collecting cash should not prepare bank deposits.
 - a. Segregation of duties is the internal control that most effectively ensures the secure handling of cash. This is attained by having a different individual to: 1) receive cash, 2) account for or record the transaction, and 3) perform reconciliations. This allows each person to serve as a control over the others, catching mistakes and preventing the misappropriation of funds.
 - b. In a small office where separation of duties is difficult, it is imperative that other mitigating controls are implemented and that the supervisor review cash operations frequently.
2. Each employee with the responsibility for collecting payments must be accountable for his/her transactions.

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3. Employees handling a variety of payments types (cash, checks, or credit cards) must have their own locked cash drawer and change bag.
4. At least two staff should be present to open a safe or vault.
5. Any variance from this procedure, including 1b, must be approved in writing by the CFO or Treasurer.

C. Monitoring

1. Departments are responsible for monitoring and reviewing the activities performed by the department's cash handlers to ensure compliance with procedures. This includes monitoring of revenue variances, shortages and overages, as well as voids and refunds.
2. The Treasurer's Department, or its delegate, shall periodically conduct unannounced audits of sites where cash is handled and revenue is collected to monitor and ensure ongoing compliance with policies and procedures. See [Appendix 2, Example 3, Example 4, and Example 5](#).
3. All records must be maintained on-site and in accordance with the City's record retention policy. Discrepancies and exceptions should be reported to management, who shall take appropriate corrective actions.

D. Non-Payment

1. Departments have the responsibility to make sure that expected revenue collection received by the Treasurer's Department and recorded by Finance Department is recorded appropriately.
2. Delinquent payments for invoiced receivables must be pursued by the Finance Department, Revenue Division staff through delinquency notices, delinquency fees, small claims court, collection agencies, and/or legal action.

E. Write-Offs and Adjustments

1. Efforts should be made to pursue the timely collection of delinquent accounts. Collection efforts should be exhausted prior to any write-offs.
2. At least annually, all departments will identify any receivables or accounts that meet the criteria for designation as an uncollectible account. Write-offs should be performed annually to ensure that accounts receivable are fairly stated.
3. An account will be considered uncollectible after the appropriate collection procedures have been followed if it meets one or more of the following criteria:
 - a. The debt is disputed and the City has insufficient documentation to pursue collection efforts,
 - b. The cost of further collection efforts will exceed the estimated recovery amount.
 - c. The amount is under \$20.00 and remains unpaid after one year.

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- d. The account remains unpaid after the lesser of four years or the applicable period for commencement of a recovery action (statute of limitations).
 - e. The debtor cannot be located, nor any of the debtor's assets.
 - f. The debtor has no assets and there is no expectation they will have any in the future.
 - g. The debtor has died and there is no known estate or guarantor.
 - h. The debtor is a company that is no longer in business.
 - i. The debt is discharged through legal action (bankruptcy or court judgment).
 - j. The debt has been forgiven by action of the Board of Supervisors.
4. The request for write-off of accounts receivable must include an itemized list of the uncollectible accounts to be written off specifying the following:
- a. Debtor name
 - b. Account balance
 - c. Invoice or charge date
 - d. Brief description of receivable type
 - e. Criteria under which the account was deemed uncollectible
5. For each uncollectible account, documentation must be available to support the uncollectible account designation and substantiate that the department has followed its collection procedures. Support documentation could include:
- a. Invoices, reminder letters, or collection letters (and any documentation that are returned as undeliverable, no known forwarding address, etc.)
 - b. Information from the Nevada Secretary of State
 - c. Referral to the City's collection agency
 - d. Bankruptcy claim and any related plan or discharge
 - e. Death Certificate if deceased
 - f. Judgment awarded by a court or settlement agreement
6. To write off uncollectible debt requires the express consent of the Board of Supervisors.
7. Upon the direction of the District Attorney requesting for write-off of accounts receivable due to possible litigation and/or negotiations, Finance Department staff will review the request to ensure that it is complete and that all necessary information or documentation has been provided. Once Finance Department staff have completed its review of request, the qualified accounts to be written-off will be presented to the appropriate staff for adjustment.

APPENDIX 2: DETAILED EXAMPLE PROCEDURES

EXAMPLE 1 – ROBBERY PROCEDURES

In the event of a robbery, the first priority is the safety and well-being of the personnel involved and the customers or citizens that are present. It is important to cooperate with the robbers as much as possible to ensure that the situation will not become more dangerous for the persons involved.

In the event of a robbery, carefully follow these instructions:

1. Remain calm and comply with the demands of the robber as much as is reasonably possible.
2. When it is safe to do so, press the alarm or panic button located under the counter of the cashier station.
3. When the robber leaves the cashier window, attempt to observe the direction that the robber is exiting the building.
4. Notify a supervisor immediately of the situation. The supervisor will alert the Deputy Sheriff (or Security) stationed by the cashier booth if he or she has not yet responded to the alarm.
5. Do not touch the area of the station where the robber was standing. Cover the counter area with paper so that any fingerprints will be preserved.
6. Write down any identifying characteristics of the robber that were observed by the victims.
7. Do not discuss the description of the robber with other employees, customers, or other individuals until the police have completed their report.



EXAMPLE 2 – SAFE/VAULT INVENTORY

The Treasurer’s Department shall maintain a list of the safes and vaults throughout the City and the personnel with access and update this list at least once a year.

| Department | Safe | Vault | Personnel with Combination (Title and Name) | Date of Combination Update |
|---------------------------------------|------|-------|---|----------------------------|
| Treasurer’s Department | | | | |
| Planning | | | | |
| Business License/ Building Permits | | | | |
| Courts | | | | |
| Health | | | | |
| Sheriff | | | | |
| Public Works | | | | |
| Parks and Recreation | | | | |
| City Clerk | | | | |
| Community Development | | | | |
| Fire | | | | |

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EXAMPLE 3 – UNANNOUNCED CASH COUNT PROCEDURES

- Present department staff/change fund custodian with memo from Finance Department regarding unannounced cash counts.
- Inquire about number of change funds and/or petty cash at the location.
- Ask for copy of departmental cash handling procedures, if applicable.
- Review cash handling training records for staff and advise about staff in need of training.
- For each change and petty cash fund:
 - Change fund: Run register total/cash edit listing to show any transactions logged up to this time
 - Petty Cash: Obtain log of outstanding funds
 - Count and log cash amounts, in the presence of department staff member
 - Department witness will also sign
 - Use comment section to detail any information that needs to be reviewed or elevated
- Advise the staff member that a report of the count will be delivered to the department shortly. Any irregularities need to be reported immediately and a memo submitted to the department head.



EXAMPLE 4 – CHANGE FUND AND CASH DRAWER AUDIT

| | | | | | |
|--|------------------------------|-----------------------------|---|------------------------|-------|
| Change Fund Location | | | Change Fund Amount | | |
| Change Fund Custodian | | | Department Staff | | |
| Audit Staff <i>(Audit Supervisor, if applicable)</i> | | | Audit Date <i>(Start and End Time)</i> | | |
| Bill Currency | | | Coin Currency | | |
| Denomination | Count | Value | Denomination | Count | Value |
| \$100.00 | | \$ | \$1.00 | | \$ |
| \$ 50.00 | | \$ | \$ 0.50 | | \$ |
| \$20.00 | | \$ | \$0.25 | | \$ |
| \$ 10.00 | | \$ | \$0.10 | | \$ |
| \$ 5.00 | | \$ | \$0.05 | | \$ |
| \$ 2.00 | | \$ | \$0.01 | | \$ |
| \$1.00 | | \$ | <i>Loose Coin Subtotal</i> | | \$ |
| Bill Currency Subtotal | | \$ | | | \$ |
| Payment Method | | | Revenue Recorded | | |
| Bills & Coins | | \$ - | Bills & Coins | | \$ |
| Checks | | \$ - | Checks | | \$ |
| <i>(count, amount)</i> | 0 | \$ - | <i>(count, amount)</i> | | \$ - |
| | | | <input type="checkbox"/> Over/Short Amount | | \$ |
| Credit Cards | | \$ - | Credit Cards | | \$ |
| <i>(count, amount)</i> | | | <i>(count, amount)</i> | | \$ - |
| Grand Total | | \$ | | | |
| OBSERVATIONS: | | | | | |
| a) Custodian received cash handling training? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable | <i>If no, explain:</i> | |
| b) Cash drawer locked? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable | <i>If no, explain:</i> | |
| c) Individually assigned drawer? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable | <i>If no, explain:</i> | |
| d) All checks meet requirements? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable | <i>If no, explain:</i> | |
| e) All bills of \$50 or greater negative for signs of counterfeit? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable | <i>If no, explain:</i> | |
| f) All voids, refunds, adjustments appropriately authorized? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable | <i>If no, explain:</i> | |
| g) Overnight storage for undeposited revenue is secure? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable | <i>If no, explain:</i> | |
| COMMENTS: | | | | | |
| Department Staff <i>(Signature)</i> | | | Date | | |
| Audit Staff <i>(Signature)</i> | | | Date | | |
| Audit Supervisor <i>(Signature)</i> | | | Date | | |

EXAMPLE 5 – PETTY CASH AUDIT

| | | | |
|--|------------------------------|--|---|
| Petty Cash Fund Location | | Petty Cash Fund | \$ |
| Petty Cash Fund Custodian | | Department Staff | |
| Audit Staff | | Audit Supervisor | |
| Audit Date | | <i>Start Time</i> | |
| | | <i>End Time</i> | |
| Petty Cash Count Total | \$ | <i>Cash \$</i> | |
| | | <i>Coin \$</i> | |
| 1) Were all petty cash transactions \$50 or less? <i>If no, explain finding results</i> | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable |
| 2) Were any ineligible petty cash expenses included in the receipts? <i>If no, explain finding results</i> | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable |
| 3) Is the petty cash fund kept in a locked and secure location? <i>If no, explain finding results</i> | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable |
| 4) Did all cash receipts attached to a petty cash form include authorized signature, account coding, and description of expense? <i>If no, explain finding results</i> | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable |
| 5) If a receipt was lost or stolen, was the lost/missing receipt form completed? <i>If no, explain finding results</i> | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable |
| 6) Were any receipts approved by the same employee who was reimbursed or by the petty cash fund custodian? <i>If no, explain finding results</i> | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Applicable |
| Department Staff (Signature) | | | |
| Date | | | |
| Audit Staff (Signature) | | Audit Supervisor (Signature) | |
| Date | | Date | |

APPENDIX 3: OTHER POLICY EXAMPLES

The policies below were selected from other cities. They have been provided to demonstrate the varying level of detail that cities choose to include in their cash handling policies. Cities that provide limited detail in their citywide policies require departments to develop their own cash handling policies and procedures. Department policies must adhere to citywide policies and be approved by the Finance Department prior to implementation. Additionally, these policies provide Carson City with alternate examples for wording its own specific policies.

POLICY EXAMPLE 1 – CASH HANDLING POLICY

Purpose

The purpose of this cash handling policy is to provide all City departments with requirements for handling cash when it is received by a City department for payment of a City debt, deposit, tax, or fee for service.

Policy Statement

The City establishes this Administrative Policy Instruction (API) to set forth policy for cash handling throughout the City. The purpose of this cash handling policy is to provide all City departments with guidelines for handling cash when it is received by a City department for payment of a City debt, deposit, tax, or fee for service. This policy provides information about how and when to collect and secure payments in accordance with legal and policy requirements. All cash collection processes shall be performed within delegated scopes of authority and in compliance with all Federal, State, and City codes, regulations, policies, and generally accepted accounting principles. All documentation shall be maintained in accordance with the City's record storage and retention requirements. The Treasurer's Department shall be the point of contact for questions concerning this policy.

Cash Management Citywide

The City has instituted a policy to safeguard the resources received and manage those resources for the purposes intended. The policy is designed to protect the cash or cash equivalents received from theft, fraud, loss, or unauthorized use. The policy will enhance the accuracy and reliability of the City's financial records by reducing the risk of errors and irregularities in the accounting process. The City's financial records must report cash flows and cash balances accurately and timely. The policy will ensure that enough cash is available to meet operating needs and maturing liabilities.

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Internal Control of Cash

City departments should endeavor to have all funds received to be accepted through the City approved Cashiering System. The Cashiering System will accept, record, and deposit funds received daily as this increases cash processing efficiencies and provides more detailed support for reconciliations. When use of the Cashiering System is not possible, then the department must establish a procedure that contains the elements of this policy. The procedure must be approved by the Department of Finance.

Segregation of duties must be established for depositing, recording, and reconciling functions. The responsibilities for related activities should be assigned to different individuals and the responsibility for recordkeeping of funds should be separate from the physical custody of those funds. Related activities should be assigned to separate individuals to reduce the potential for errors or irregularities.

Daily processing of cash receipts and account receivable transactions should occur to ensure the accurate recording of transactions. Funds received should be recorded in the same accounting period.

Funds should be deposited to the bank daily to prevent the accumulation of excess amounts of idle cash and exposure to theft or loss of funds. Alternate bank deposit schedules may be arranged based upon transaction volume, dollar amount, and physical security of cash. Deposits should only be made by methods authorized by the City.

Timely reconciliation to the general ledger, other supporting accounting ledgers, and the bank must occur to detect errors, fraud, or misuse. The reconciliation method used must consider the type of funds being received, the use of large amounts of cash, the length of time between receipt and deposit, and the safeguards in place for securing the funds. Departments may require daily department reconciliation and a monthly bank reconciliation to ensure accuracy of the accounting records.

Automated system resources for enhanced processing and reconciliation should be used whenever possible. Prior approval from the Treasurer's Department and the Finance Department must occur before an automated system is utilized to ensure compliance with City policies and Treasury requirements for timely deposit of funds held by third party vendors.

The establishment of internal cash controls by departments shall be reviewed periodically by the Finance Department.

Notification of management and the Internal Auditor upon the suspicion of fraud must occur immediately. Management shall then notify the appropriate authorities in a timely manner for further investigation.

Periodic review by the Internal Auditor for internal control compliance must occur based upon the schedule established within the internal audit workplan. If management has a suspicion regarding non-compliance with internal control directives, the Internal Auditor shall be notified immediately.

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Credit Card Acceptance

The City accepts credit cards and debit cards with a credit card logo as a form of payment. The City and all departments accepting credit cards must meet Payment Card Industry Data Security Standards (PCI DSS). This standard applies to all entities that store, process, or transmit cardholder data.

Cardholder data refers to any information printed, processed, transmitted, or stored in any form on a payment card. The City is expected to protect cardholder data and to prevent unauthorized use, whether the data is printed or stored locally, or transmitted over a public network to a remote server or service provider. The City-approved merchant account vendor must be used by City departments to accept credit/debit cards using Visa or MasterCard. Departments choosing to use a vendor for electronic processing must be PCI DSS compliant and have approval from the Treasury Department prior to contracting with a vendor. Departments must not store payment card data unless it is absolutely necessary to meet the needs of the business function and must have obtained prior written approval from the Treasury Department that privacy will be appropriately safeguarded and records will be destroyed as soon as business needs have been fulfilled.

Accounting Practices

Revenue shall be recorded in the applicable general ledger account and in the applicable fiscal accounting period. Accounts receivable shall be established for services provided in advance of payment. Invoices shall be generated in the City's centralized accounting system whenever possible. If invoices are generated from a system other than City's centralized accounting system, the receivable shall be recorded in the general ledger in a timely manner and at the close of the fiscal period. Disbursements should not be made from cash receipts and checks should not be cashed from cash receipts collected.

Documentation Required

All source documents relating to the receipt and deposit of funds must be maintained by each City department, and whenever possible, City departments should use pre-numbered documents. All documents should be accounted for and promptly forwarded with the cash receipt form for daily deposit and verification. The cash receipt procedures approved by the Finance Department must be used and the document must include accounting entries.

Physical Security and Custody of Cash

Physical security of funds must be established for the purpose of safeguarding these assets. Safes, vaults, and safety deposit boxes for cash/checks must be utilized and procedures established and approved to determine individual access. Alarms may be utilized to prevent break-ins and pass key access may be established. These procedures shall be written and periodically reviewed and updated. Electronic controls to safeguard the accuracy and reliability of accounting records must be established to limit unauthorized access or unintended tampering.

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Balancing and Reconciling

Daily balancing from the department or individual receiving funds and department or individual depositing funds may occur as applicable. The daily balancing method used shall consider the type of funds, the length of time between receipt and deposit, and the safeguards in place for securing the funds. Monthly reconciliations of cash receipts and deposits to the bank should be performed by departments receiving cash/checks. Timely reconciliation to the general ledger and other supporting accounting ledgers must occur to detect errors, fraud, or misuse.

Internal Verification

The Department of Finance or Internal Auditor shall periodically verify records on a surprise basis. An employee who is independent of the department should make the verification. All records must be maintained on-site and in accordance with the City's record retention policy. Discrepancies and exceptions should be reported to management, who shall take appropriate corrective actions.

Frequently Asked Questions

How do I know if I need to create a department specific cash handling policy?

A cash handling policy is required if a department receives cash, checks, or credit card payments on a regular basis.

How do I create a department specific cash handling policy?

Contact the Treasury for coordination with staff to assess department needs and develop a policy.

Why should a department make daily deposits to the bank?

Daily deposits to the bank attempts to prevent the accumulation of excess cash, the possibility of theft or unauthorized use of funds, and the safeguarding of public funds.

If a department is unable to make daily deposits what should they do?

Contact the Treasury Division for assistance in creating a procedure that will ensure the safeguarding of funds and proper accountability for those funds.

What should I do if I suspect any misuse of funds?

Immediately contact the Department Manager and the Treasurer for instruction on securing the funds and protecting the assets from additional loss or misuse. An investigation will be initiated by the Internal Auditor immediately and the proper authorities will be contacted.

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POLICY EXAMPLE 2 – CITYWIDE POLICY GUIDELINES FOR CASH HANDLING PROCEDURES

Purpose

Managing and controlling the inflows and outflows of payments is an important responsibility of the Treasurer's Department. Ensuring the existence of policies and procedures governing all types of payments allows for the effective management of the City's liquidity and its ability to meet all obligations, and aids in the defense against fraud.

Scope of Application

This policy applies to all City employees handling City funds.

Policy

All persons engaging in any activity related to payments to and from the City must adhere to a system of internal controls that safeguard City funds. Controls must promote accuracy and reliability in accounting and operating records, promote the efficiency of operations, and allow for the segregation of duties to ensure no one person performs all tasks. In addition, internal controls are in place to utilize procedural controls that govern the flow of transactions through a system.

Effective cash handling management principles employ the use of industry approved best practices, as well as the implementation of sound internal controls. Utilization of the following will aid in the achievement of this common goal:

1. The organization's structure should provide for the segregation of functional responsibilities such as invoicing, receipt of payments, and recordkeeping.
2. The work environment must be conducive to safeguarding money. This includes proper office layout with counters, safes, cash boxes, cash registers/terminals, camera and video monitors, alarm buttons, etc.
3. Employees must be qualified and trained in proper cash handling techniques.
4. There must be sufficient staff to permit segregation of functions.
5. Limited access should be given to persons handling cash.
6. Sound practices and procedures must be established and followed at all times in the performance of department functions.
7. Where a work unit is not large enough to allow for proper segregation of functions, or if the work environment does not permit the optimal physical facilities, management oversight must be increased commensurately.

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Procedures

Establishment of Receivables

1. City invoices with an invoice number must be issued when it is determined that an amount is due and payable to the City.
2. Adjustments to the original invoice must originate in the initiating department according to their internal procedures.

Collection of Revenue

Payments can be made in a variety of ways including check, credit card, debit card, wire transfer, and cash.

1. Payments of bills or coins (U.S. currency only) must only be made in person.
2. Transactions of bills or coins must be reconciled and balanced each day. Cash on hand must be equal to the total cash receipts issued or cash register totals, less any change fund.
3. Check payments can be made in person or mailed. If there is no designated lockbox to receive mailed payments, they should be sent to the Finance Department, Payment Processing.
4. Credit card payments should be made through online payment platforms, mailed to a designated lockbox, made in person, or called in to a payment processor or other authorized person.
5. Information collected for credit card payments must be done in a Payment Card Industry (PCI) compliant manner. Information can only be written down temporarily until it can be entered into a secure payment environment. Once entered, the temporary document must be securely destroyed. All personnel have the responsibility to safeguard this information.
6. Departments have the responsibility to make sure their expected collection is received by the Finance Department.
7. Delinquent payments for invoiced receivables must be pursued by the Finance Department, Revenue Management Division staff through delinquency notices, delinquency fees, small claims court, collection agencies, and/or legal action.
8. For on-the-spot transactions taken at the counter or in the field, numbered and controlled receipts must be issued when receiving payments.
9. Revenue collected in the field must be turned in daily to the department's collection point.
10. Revenue collected in the field or remote locations must be reconciled on a daily basis.
11. Revenue collected at individual sites and not immediately deposited must be kept in an alarmed facility with a stationary, locked safe.

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12. Each employee with the responsibility for collecting payments must be accountable for his/her transactions. Employees handling a variety of payments types (cash, checks, or credit cards) must have their own locked cash drawer and change bag. Any variance from this procedure must be approved in writing by the Director of Finance.
13. All overages and shortages must be reported immediately according to the procedures described in Cash Overages and Shortages.

Deposit of Revenue

1. Each City site that collects payments must prepare the deposit of these funds to the City's bank. Deposits may be made daily, or less often, depending on the average amount collected. All receipts being deposited must be placed in a sealed bank bag along with the deposit slip and information required by the bank. Copies of the deposit slip must be provided to the Finance Department, Accounting Division.
2. The City employs an armored courier service to pick up deposits at the various sites according to a predetermined schedule and deliver the deposits to the bank. If operations do not permit armored courier pickup, two employees must transfer the deposit either to the bank or City Hall. Changes to the armored courier schedule must be arranged through the Treasurer's Department.
3. Revenue not deposited on the day of receipt must be placed in a stationary safe in an alarmed building. Departments may keep non-deposited receipts in an issued, sealed bag overnight in the Treasurer's Department vault. Any variance of this procedure must be approved by the Director of Finance and City Treasurer.
4. Some remote sites and City departments (with large volumes of checks) may deposit checks digitally. Users must print an electronic deposit slip to keep for their files and make a copy for the Finance Department, Accounting Division. The actual checks should be stamped, endorsed, and filed securely for 30 days. After 30 days, the checks must be destroyed. Images of the checks are available through the online banking website. For more information, refer to Check Processing policy.
5. Departments issuing invoices should strive to have check payments sent to a bank lockbox. This is the most efficient means for receiving payments. The bank will provide a file to the City that can be uploaded to the various systems to book the payments to the customer's accounts.
6. A collecting department must prepare a revenue voucher in order to book the receipt of funds into the City's accounting system. A copy of the revenue voucher should be kept with all supporting documents and retained in the collecting department's files.
7. A supervisor must review and sign approval of all revenue vouchers except where alternative procedures are approved by the Director of Finance.

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8. Deposits received by cashiering staff in the Treasurer's Department before the courier pickup will be deposited that day. Deposits received after that time will be locked in the vault overnight and sent to the bank the next day.
9. Treasurer's Department cashiers must reconcile their daily total cash receipts with the total revenue vouchers. Once reconciled, receipts must be placed into a sealed bag and placed in the vault overnight.

Accounting for Revenue

1. Each department must maintain with the Finance Department, Accounting Division, an up-to-date Signature Authority Schedule, identifying by name and title the employees authorized to sign for issuance of financial forms and to sign documents for approval. This list must be approved by the Director of Finance.
2. When the day's revenue receipts and deposit information are received from the departments, the Finance Department, Accounting Division must verify dates, account coding, authorized approval signatures, proper supporting documentation, and bank deposit totals. Any missing information must be accounted for by the responsible department.
3. The Finance Department, Accounting Division must enter revenue information into the citywide Financial Management System, prepare financial reports, and retain supporting documents in such a manner to provide an audit trail for verifying the accuracy and completeness of accounting for revenue.
4. Daily reports with backup documents must be prepared in sufficient detail to allow verification of revenue account distribution.
5. Department procedures must provide for periodic audits of all cash handling locations and field collections. An employee in the department's administrative fiscal unit could perform such an audit. The results of these audits must be reported to the department Director. Major exceptions must be reported to the Director of Finance and the City's Internal Auditor.

Non-Revenue Cash Handling Procedures

Petty Cash and Change Funds

1. A Department must obtain approval from the Director of Finance to establish a fund or to change the amount of an established petty cash and/or change fund.
2. Petty cash and change funds must have a designated custodian and alternate custodian.
3. Only the designated or alternate custodian is to have access to petty cash or change funds.
4. A petty cash transaction may not exceed \$100.00 including sales tax, shipping, and handling.

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5. A Department must maintain a petty cash log of expenditures, which includes signature of employee receiving reimbursement. All variances to this procedure must be approved by the Director of Finance.
6. Petty cash expenditures must be documented for fund reimbursement, which includes signatures of both the employee requesting reimbursement and the employee authorizing expenditure.
7. A petty cash or change fund must be stored in a locked box, in a locked desk drawer, or other secured location. Restricted access to the drawer or location must be maintained.
8. Departments must maintain an adequate balance in a change fund.
9. The department Director or designee must sign the reimbursement voucher to certify the validity and receipt of items purchased with petty cash.

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POLICY EXAMPLE 3 – OVERVIEW OF CASH HANDLING PROCESSES AND CONTROLS

Cash is defined as coin, currency, checks, electronic fund transfers, and credit card transactions. All cash received by any officer or employee of the City and County for, or in connection with the business of, the City and County, shall be deposited with the Treasurer or a City bank account no later than the next business day after its receipt. However, if a department's operations cannot meet this requirement, please contact the fund accountant. Transactions for these receipts should be recorded in the City's financial system on or about the same time the money is deposited.

It is the responsibility of City departments to have effective controls in place to accurately collect and safeguard cash, properly and timely deposit all cash due to the City, monitor cash balances, and record the correct amount and type of cash collected and deposited in the City's financial systems. Departments must develop written policies and procedures that will guide staff on safeguarding cash, processing transactions, handling, reconciling, and recording collections. There should be adequate separation of duties and good internal controls in all phases of cash handling.

This document is a general guideline for cash handling processes and controls. It is not a detailed instruction because the various revenues received by City departments each require specific procedures. This covers the following areas:

- Written cash handling procedures
- Segregation of duties
- Security
- Tracking of cash
- Payment collection and depositing of cash receipts
- Inventory control over cash receipts
- Controls over credit cards
- Reconciliation of daily collections
- Training of cash handling staff

Citywide Cash Handling Guidelines

These guidelines are intended to give a framework and major control points for cash handling. They may not apply to all City departments. Departments must document their cash handling processes based on their operations and requirements. Departmental procedures must ensure that proper internal controls are established to safeguard their cash and assets.

Both manual and automated systems should ensure internal control. For automated systems, the documentation should identify explicit control points and processes, including any associated manual procedures.

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Written Cash Handling Procedures

- Documentation should include the following as applicable:
 - General information as to sources of cash received, bank accounts, and/or investments held with trustees
 - Cash receipts processes describing methods of receiving customer payments and how customer deposits are processed
 - Cash, checks, debit and credit card payments
 - Wire transfers
 - Payments by mail
 - Interactive Voice Response System (IVR)
 - Online and ACH payments through third party electronic billing system, Paymode, or Automatic Bill Pay, etc.
 - Cash and checks received directly by Accounting
 - Lock box deposits
 - Reconciliation of deposits
 - Research processing
 - Unidentified payments received
 - Returned checks from bank
 - Accounting procedures for recording collections and deposits
 - Analytical review by staff that do not handle cash to monitor daily cash balances and trends or variances
 - Inventory control over receipt books
- Develop written policies and staff procedures for performing duties with respect to the safeguarding of cash
- Develop, formalize, and update staff procedures for processing transactions and handling collections in performing their duties
- Train staff in the handling of cash based on their duties
- Document and maintain a list of names and titles of all persons:
 - Collecting cash
 - Recording cash receipts
 - Depositing cash
 - Reconciling cash
 - Having access to safes, vaults, etc.

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- Preparing accounting entries for financial system
- Managing revolving funds

Segregation of Duties

- Enforce dual custody and segregation of duties for handling and managing cash by implementing the following procedures:
 - Only employees who need the combination to the safe should have it.
 - At least two staff should be present to open a safe.
 - The supervisor should observe and verify each cashier's cash count for end-of-day balancing.
 - Cash counts certified by two employees should occur for all deposits prepared for armored courier pickup.
 - Cash acceptance certified by two employees should occur for armored courier shipments.
 - Individuals present during cash counts and acceptances should sign directly on the cash count forms.
 - Signature required on reconciliation documents indicating their presence for the cash deposit reconciliation and that totals agree.
 - Prohibit employees responsible for collecting cash from preparing bank deposits.
 - Back-up policies in case of absence of key employees.

Security

- Analyze the security needs of each cash collection point and strengthen security controls whenever necessary. This might include: installing security cameras that can monitor all areas where cash is collected and handled, providing additional security guards, and securing the safe and cash registers or drawers.
 - Restrict cashier areas to cashier personnel and other authorized persons. Access doors to area should be locked at all times.
 - During business hours, all active cash drawers should be secured in a locked drawer at the cashier's window, including lunches and breaks.
 - The key to the cash drawer should remain in the sole custody of the cashier and should never be given to anyone else or left in the drawer when the cashier is away from the window.
 - Unused cash drawers must remain in the vault storage during the day.
- Avoid counting cash in view of the public during hours of operation. To prevent this process from being observed, windows should be covered or counts should occur in locations beyond the public's view.

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- Ensure that another employee or security officer accompanies any employee transporting large amounts of cash and checks. This procedure will minimize risk to staff's personal safety and decrease the risk of cash being unprotected.
- Enhance the Point of Sale (POS) systems to regularly prompt users to change their password. Industry standards indicate passwords should be changed every 60 to 90 days and users should not be allowed to reuse old passwords. Frequently changed passwords have the benefit of preventing predictability and provide greater protection of confidential customer information.
- In the event that an emergency requires that the section staff evacuate from the area, all negotiable instruments must be locked and secured immediately. The key to the cash drawers will remain in the possession of the assigned cashier. All checks and any unopened mail must be placed in a secure location. After all items are locked up, the building must be evacuated immediately until further instructions from authorized personnel.

Tracking of Cash

- Perform and document beginning counts of the cash placed in each drawer.
- Remind employees to log out of the POS (Point of Sale) system.
- Implement a cash management system that allows each cashier to have their own cash drawer and can then be held responsible for any cash shortages and overages.
- Ensure that cash registers allow individual users to input a unique log-in code when they conduct a transaction. This will help track any shortages or overages, or misappropriation of cash so they can be properly investigated and resolved.

Payment Collection and Depositing of Cash

- Establish procedures to have supervisors routinely collect revenue from the cash collection point. Adding this procedure will increase the location's ability to protect its cash collections, especially during busy times such as mornings, weekends, and the summer months.
- Require deposits of cash with the Treasurer or a City bank account no later than the next business day after its receipt. However, if a department's operations cannot meet this requirement, they should contact their fund accountant.

Inventory Control over Cash Receipts Books and Cash Register Receipts

- Develop an inventory control system for receipt books. Such a system would use the range of numbers preprinted on receipts in the books currently in stock to record books used and returned. When reorders are necessary, departments should request the printer place sequential numbers on the face of the books so that an inventory control system can be maintained using those numbers. In addition, departments should ensure that copies of these sequentially numbered receipts are compared to cash collected.

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- Implement policies and procedures related to customer receipt issuance at the location to systematically account for sales transactions. In particular:
 - Install a cash register that generates sequenced receipts that contain transaction amount, date, time, quantity, and description.
 - Place a sign at each transaction location that receipts are required to be provided to customers.
 - Maintain copies of issued receipts generated for accounting, balancing, verification, and auditing purposes.
- Establish and monitor a record retention policy for all cash receipts documentation.

Controls over Credit Cards

- Ensure that customers always sign the merchant's copy of the credit card receipt if more than \$25.00.
- Ensure that customer credit cards are returned promptly upon completion of a transaction. No department should take possession of a customer's credit card at any time.
- Ensure that employees do not initiate the processing of transactions that may cause them to exceed the day's closing time. They should complete all transactions before closing at the end of their shifts.

Reconcile Collections Daily

- Ensure that cash, checks, and credit/debit card collections on cashier's balance sheet at the end of the day match the cashier's recap. Note any discrepancies on the cashier's recap.
- Ensure that a supervisor review and approve any adjustments to financial reports, verify that adjustments are appropriate and discrepancies are adequately explained in the report.
- Cash reports should be forwarded to staff with responsibilities for daily reconciliation:
 - Cashier Workstation Summary
 - Cashier Recap
 - Deposit Summary
 - Cash Summary
 - Check Summary
 - Credit Card Summary
 - Credit Card Detail
 - Phone Payments
 - Electronic Payments

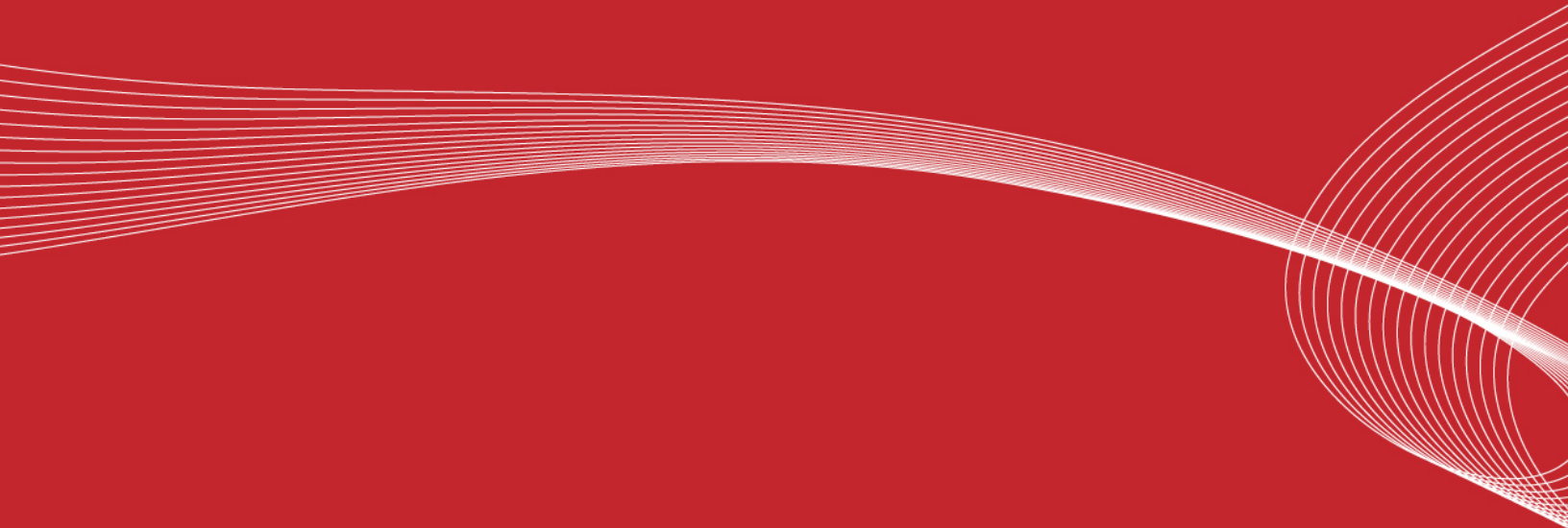
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Train Cash Handling Staff

- Ensure employees are well trained in important cash handling functions and maintain adequate segregation of duties by:
 - Implementing a detailed annual training program of cash- handling procedures.
 - Ensuring backup staff's ability to perform each segregated set of cash-handling functions.
 - Documenting all training that is provided.
 - Exploring ways to train staff involved in collections to increase their ability to detect counterfeit currency, such as using a counterfeit pen.

Summary of Department Requirements

Departments must develop cash handling policies and procedures for their specific operations. Procedures must reduce the risk of errors and irregularities and should incorporate good internal controls, including segregation of duties. Procedures must be documented and communicated to staff. Management should monitor compliance with these procedures and update them as needed to reflect changes in conditions.



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**Carson City Audit Committee
Agenda Report**

Date Submitted: 05/10/2016

Agenda Date Requested: 05/17/2016

To: Chair and Members

From: Michael Bertrand, Chairman

Subject Title: Discussion on potential areas of focus for the FY 2017 Audit Program.

Summary: The Audit Committee will discuss potential areas of focus for the FY 2017 Audit Program.

Type of Action Requested: (check one)

() Resolution

() Ordinance

() Formal Action/Motion

(X) Other (Specify) Discussion only

Does This Action Require A Business Impact Statement: () Yes (X) No

Recommended Committee Action: N/A

Explanation for Recommended Committee Action: N/A

Applicable Statute, Code, Policy, Rule or Regulation:

Fiscal Impact: N/A

Explanation of Impact:

Funding Source:

Alternatives: N/A

Supporting Material:

Prepared By: Michael Bertrand

Reviewed By: Nancy Paulson
(Chief Financial Officer)

Date: 5/10/16

Board Action Taken:

Motion: _____

| | Member | Aye/Nay |
|----|--------|---------|
| 1) | _____ | _____ |
| 2) | _____ | _____ |
| 3) | _____ | _____ |
| 4) | _____ | _____ |
| 5) | _____ | _____ |

(Vote Recorded By)