



## The Corporation of the Town of Essex

Section:	<b>Corporate – Finance</b>
Subject:	<b>Cash Control Policy</b>
Policy Number:	044
Approval Date:	April 6, 2021
Approved By:	Council Resolution #: R-21-04-133
Prepared By:	<b>Kate Giurissevich &amp; Heather MacDonald</b>

### Objective

To ensure timely and accurate financial reporting, prevent misappropriation, fraud or theft, through the implementation of a comprehensive guideline for proper cash receipt controls with an emphasis on segregation of duties.

### Responsibilities

All staff that receive funds on behalf of the Town must adhere to this policy and must maintain records for audit purposes.

All Management staff are required to enforce, continually monitor and periodically audit the application of the policy and provide support to staff as necessary.

## Best Practices; Cash Handling

### Receipt of Cash

- All cash/cheque/or other type of payment are to be recorded immediately upon receipt in the financial accounting software or a Finance Approved Reconciliation Sheet if this is not possible.
- All cheques must be made payable to "The Corporation of the Town of Essex"/ The Town of Essex or to an organization that has entered into a financial services agreement with the Town. (ex. Essex Funfest)
- Customers are to be provided with a proper receipt for all cash transactions
- Where staff are opening mail that could contain cash, another staff member from that department must be present in the opening of said mail. If second staff member from the department is not present another department member can assist (does not have to be a cash handler).

### Safeguarding of Cash/Security

- Cash drawers containing daily cash floats should be verified daily by the cashier, not visible to the public, and locked and secured in the safe at the end of each day.
- Any un-deposited cheques/cash, letters of credit, or any other form of tender must be locked and secured in the safe at the end of each day, in absence of a deposit that day.
- The amount of cash on hand should be minimized through the occurrence of regular bank deposits. If a significant amount of cash is received, it should be sealed and stored in the safe until the daily balancing occurs.
- Staff should alert their manager, use the panic button , or call police when required in the event of theft, robbery or other threatening activity

### Reconciliation

#### Cash Over and short

- When a clerk balances a batch in the Financial Accounting Software to the bank deposit they must balance fully. If there is a variance greater than \$0, an entry for the unreconciled difference must be made to the Cash Over/Short Account.

- Department Manager Approval (or delegate) <sup>1</sup> is required before any entry is posted to the Cash Over/Short Account.

#### Weekly close of batches

- Every department must close and balance any open batches at a minimum of once a week (and always at month end as described below) by Friday at noon. The cash deposit must be dropped off, at least once a week, to the Financial Institution.

#### Separate batches for debit/credit receipts

- A separate batch is required for debit and or credit transactions within the Financial Accounting Software.

#### Month End

- Every department must close and balance any open batches at the end of every month before any transactions for the next month are entered. The cash deposit must be dropped off to the Financial Institution by the end of current business day.
- A bank reconciliation shall be performed monthly, authorized and signed by the Assistant Manager, Finance, Manager of Finance and Business Services, or Director of Corporate Services. The reconciliation cannot be prepared by the same person granting authorization.

#### Approval for void transactions

- When an employee requests a void on a transaction, or an adjustment on a monetary value, this must be supervised by your Department Manager or delegate.
- On a routine basis, at least annually, a Management Position must review the void listing

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<sup>1</sup> A delegate must be assigned by the department Manager and cannot be involved with any cash handling. The assignment of any delegate must be approved by one of the; Manager of Finance, Business Services, the Assistant Manager, Finance or the Director of Corporate Services.

## **Segregation of Duties**

### **Duty Separation**

**The following duties should not be done in combination by the same staff member;**

- Opening of mail
- Deposit/Receipt of cash
- Reconciliation of banks
- Issuance of invoices; or
- Posting of cash receipts to accounts receivable sub ledger

NOTE: If segregation is not practical, additional procedures or management review must be present to reduce the risk of loss.

### **Use of own drawers**

Each clerk will be required to have their own cash float and balance this float per the above.

### **Individual batches**

Each clerk will be required to have their own batch (not including debit/credit transactions) within the Accounting software. No one should be posting to a batch that is not their own.

### **Petty Cash**

- Petty cash can be used for smaller purchases that were not anticipated but are required prior to a cheque run.
- The Petty Cash must be balanced at least weekly using the reconciliation form (Appendix A).
- Only designated department members should have access to the Petty Cash Balance.
- When reimbursement of a Petty Cash balance is required, please attach the reconciliation form and all supporting receipts.

- A Petty Cash Balance increase must be approved by either; Manager of Finance, Business Services, the Assistant Manager, Finance or the Director of Corporate Services.
- Finance has the right to audit any petty cash balance at any time

## Acknowledgement

I, \_\_\_\_\_, acknowledge that I have read and understand the Cash Control Policy of the Town of Essex. I agree to adhere to this policy and will ensure that employees working under my direction adhere to this Policy. I understand that if I violate the rules set forth in this Policy, I may face punitive or corrective action, up to and including termination of employment.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_