



City of Sumas Request for Council Action

Meeting Date: March 24, 2025

Subject:

Resolution 846: Adopting Cash Receipting & Procedures Policy

Department: Finance

Prepared By: Mollie Bost

Agenda Location:

☐ Public Hearing ☐ Old Business ☒ New Business ☐ Staff Reports

Brief Summary:

Cash Receipting & Procedures Policy:
Outlines policies, procedures & internal controls

Purpose:

1. Effective & efficient receipt operations
2. Compliant with laws and regulations
3. Safeguards public resources (funds)
4. Financial reporting reliability

Changes to current daily procedures:

1. Daily deposits will no longer need to be transported to the bank daily, but must be transported at a minimum of once a week.

Legal Review: ☒ Reviewed ☐ Not Reviewed ☐ Review Not Required

Staff Recommendation:

Staff respectfully request a motion to adopt Resolution No. 846 Adopting the City's Cash Receipting Policy and Procedures

Senior Staff Review:

- ☐ Mayor
☒ Finance Director
☒ City Clerk
☐ Public Works Director

Budget Implications:

- ☐ Current Budget
☐ New Budget Request
☒ Non-Budgetary

Resolution No. 846

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUMAS, WASHINGTON, ADOPTING THE CITY'S CASH RECEIPTING POLICY AND PROCEDURES

WHEREAS, the City of Sumas and the City Council recognize the importance of guidelines and policies to ensure that expectations are clearly conveyed to employees; and

WHEREAS, the City has created a policy to establish guidelines for cash receipting and procedures for internal controls over cash receipting; and

WHEREAS, the Cash Receipting Policy and Procedures, designated as section 10.0 of the Financial Policies, has been developed to provide reasonable assurance that receipt operations are effective and efficient, compliant with laws and regulations and safeguards public resources, and ensures the reliability of financial reporting; and

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SUMAS, WASHINGTON, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Approval of Cash Receipting Policy and Procedures. The City of Sumas hereby adopts the document titled "10.0 Cash Receipting Policy & Procedures" attached hereto as Exhibit A and incorporated herein by this reference as if set forth in full, with an effective date of March 1, 2025.

ADOPTED AND APPROVED by the City Council of the City of Sumas on this 24th day of March 2025.

CITY OF SUMAS, WASHINGTON

Bruce Bosch, Mayor

APPROVED AS TO FORM:

ATTEST:

James Wright, City Attorney

Michelle Quinn, City Clerk

10.0 CASH RECEIPTING POLICY & PROCEDURES

10.1 Purpose

To establish guidelines for cash receipting and procedures for internal controls over cash receipting.

10.2 References

Resolution 547-16; WA State Auditors Cash BARS Manual section 3.6.1 Accounting, Cash Receipting.

10.3 Policy

Cash Receipting is a very important function of all governments. Listed below are requirements for deposits, receipts, internal controls, and third-party receipting.

A. DEPOSITS:

- a. Every employee whose duty it is to collect and receive payments due or for the use of the public should deposit such monies collected or received by him/her with the treasurer of the local government once every 24 hours. The City Clerk or Finance Director may at their discretion grant an exception where such daily transfers would not be administratively practical or feasible.
- b. The daily deposits must be made intact and the composition of the checks and cash must match the mode of payment listed on the deposit slip and related receipt forms.
- c. Checks must be restrictively endorsed "For Deposit Only" immediately upon receipt.

B. RECEIPTS:

- a. All receipts must be generated within the City's financial software. The receipt generated must include the following information:
 - i. Name of payor.
 - ii. Amount received.
 - iii. Mode of Payment (cash, check, credit, direct deposit, or online).
 - iv. Purpose of payment.
 - v. Name of employee who prepared receipt.
- b. City Hall will be the only location where money will be received. City employees who work out in the community will not accept payments but must direct customers to City Hall.

- c. Voided or deleted receipts will be logged in the “Deleted Receipts Log” with a brief explanation, account or customer affected, receipted amount and the corrected amount (if applicable).
- C. Internal Controls:
 - a. The City will establish procedures to safeguard public funds and to verify the accuracy of daily financial transactions.
 - b. The Finance Director will monitor for any unauthorized alterations, modifications, or deleted transactions.
 - c. The Finance Director will present financial reports to the City Council’s Finance Committee and the Mayor on a quarterly basis, showing the City’s Year-to-Date position.
- D. Third-Party Receipting:
 - a. The City will establish contractual agreements with any Third-Party Vendor who is directed to accept payments on behalf of the City of Sumas. The contract will establish the responsibilities of each party and include details of the payment remittance process and compliance with Payment Card Industry (PCI) requirements if applicable.

10.4 PROCEDURES:

- A. CASH RECEIPTING PROCEDURES:
 - a. The City will assign individual cash register drawers to each cashier; and a drawer will also be assigned to the Finance Director who will receipt only as needed.
 - b. The cashiering area will be located in a restricted “employee only” location.
 - c. All money will be secured overnight in the vault.
 - d. Vault access will be restricted to the Finance Director and the City Clerk.
 - e. Cash received during business hours will be receipted immediately in the City’s financial software.
 - f. Checks received will be reviewed for accuracy including proper payee, date, signature of payor, amount, etc. Inaccuracies should be corrected prior to being deposited.

- g. Checks will be restrictively endorsed "For Deposit Only" immediately upon receipt.
- h. Upon notice from the Bank of any NSF (non-sufficient funds) or Returned checks, the City will post the NSF check in the financial system, notify the payor, and apply the current NSF/Returned check fee to the payor's account.
- i. Mail, and items received in the drop box, will be opened at the front counter in an area that is observable by other employees. Cash payments received in the mail or drop box will be logged and verified by a second employee in the "Cash Payments" log.
- j. Daily deposit reconciliations will be completed by the cashier and verified by the City Clerk, or the Finance Director if the Clerk is out of the office, against the receipted journals and remittance reports.
- k. Any transactions that have been found to have an error, and need to be deleted, modified, or voided will be logged in the "Deleted Receipt" log.
- l. Cashier's overage or shortage should be investigated by reviewing daily transactions for possible discrepancies or errors. Unresolved differences will be posted in the financial software to the Cashier's overage/shortage line item in the general fund.
- m. Deposits must be made intact and the composition of checks and cash must match the mode of payment listed on the deposit slip.
- n. Deposits will be secured in the vault until the City Clerk or Finance Director transports the deposit to the bank.
- o. Deposits must be transported to the bank, in a secure bank bag, at a minimum of once per week.
- p. Deposit slips must be validated by the bank and retained with the deposit reports and remittance list.
- q. The deposit slip and financial reports will be verified and matched to the bank records (bank register) at a minimum of once per week, by the Finance Director.

B. THIRD PARTY VENDOR REMITTANCE:

- a. EFTs and online payments will be receipted in the financial software as soon as email confirmation of payment is received.

- b. Debit/Credit card payments in person will be receipted into the third-party vendor portal and receipted in the financial software as soon as the email confirmation of payment is received.

C. INTERNAL CONTROLS:

- a. Bank statements will be reconciled monthly by the Finance Director and reviewed by the City Council's Finance Committee and Mayor.
- b. Receipt journals and supporting documents will be reviewed by the Finance Director monthly.
- c. Financial software transactions will be reviewed monthly by the Finance Director for any deleted, modified, or voided transactions.
- d. Cash on hand will be limited to cash register drawers and the "change bag". The total amount of cash on hand is \$600, with each of the three individually assigned drawers having \$100, and \$300 in the change bag. In addition to the daily reconciliation, the cash drawers and change bag will be verified once a month by 2 employees and reviewed by the Finance Director as part of the overall monthly bank reconciliation process.
- e. The change bag will be used for the purpose of replenishing cash denominations within the cashiers' drawers as needed. The City Clerk, or the Finance Director, whoever is available first, will furnish the change from the change bag, to replenish a cashier's drawer when requested by the cashier, as long as the cashier is able to furnish the same funds from their drawer. All transactions between the change bag and cashier's drawers will be recorded in the Change Bag – Accounting Log, with the initials of the 2 verifying employees conducting the transaction. When the change bag has been depleted of usable cash denominations, the City Clerk (or Finance Director) will exchange the funds at the bank. Upon returning from the bank, the transaction will be recorded in the Change Bag – Accounting Log, and 2 employees will verify the transaction.
- f. Third-Party Vendor remittance will be reviewed by the Finance Director monthly to verify receipt into the City's financial software and verify payments received into the City's bank account.