


Chief Administrative Office POLICY MEMORANDUM	DATE OF ISSUE June 2010 Revised June 2016 Revised October 2017	Expiration Date NA	No. 40
TO: ALL Divisions and Departments		Subject:	
SIGNATURE: 		Policy and Procedure for Cash & Check Handling	

The responsibility for safe guarding financial assets of the Lexington-Fayette Urban County Government is shared by employees across departments and divisions. While the central cashing function is performed by the Division of Revenue, other divisions receive cash and checks for charges or services and in some instances are responsible for their own bank deposits. LFUCG uses distributed input, (all divisions are responsible for their own input), into the PeopleSoft/Vermont Systems financial accounting systems.

In recognition of the need to safeguard public funds and to maximize resources, a series of cash controls and handling policies have been adopted by the Lexington-Fayette Urban County Government and its satellite entities for uniform application throughout all of its divisions. These policies recognize the decentralized nature of the receipting and depositing process and are also in compliance with standard internal audit controls.

1. All divisions must:
 - a. Provide a safe, locking drawer or locking cash box with restricted access to a minimum number of people.
 - b. Safeguard all monies and receipt books at all times.
 - c. Maintain clearly defined separation of duties for the deposit process (i.e. Individuals processing mail should not process payments/deposits).
 - d. Deliver to the Division of Revenue all funds to be processed by the Division of Revenue. Do not send inter-office mail.

2. All deposits are to be entered and submitted to the Division of Revenue in the following time frames:
 - a. Government Center & Neighboring Locations:
 - i. Within 24 hours of receiving funds.
 - b. Non-neighboring locations:
 - i. Within 48 hours of receiving the funds.

3. Each division is responsible for preservation and compliance of the attached policies and procedures, and a copy must be available for referral at all times.

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Policies and Procedures

1. Cash Registers:

- a. All cash register drawers are to be counted and verified by cashiers when they receive their drawer.
- b. Each person that serves in a cashing function should have their own cash drawer. Every attempt should be made to never share cash drawers across shifts or employees.
- c. Receipts are to be provided for all transactions and a duplicate retained for LFUCG auditing purposes. If manual receipts are given, they must be numbered and the manual receipt number is to be referenced on the PeopleSoft/Vermont Systems receipt.
- d. Voids, over-rings, refunds etc. are to be reviewed and authorized by a supervisor and the register tape or receipt are to be initialed by the person completing the transaction as well as the supervisor reviewing the transaction.
- e. Any checks received are to be endorsed immediately upon receipt, with an LFUCG endorsement stamp.
- f. If any cash monies are received via postal mail, the recipient is to:
 - i. Verify the amount received and sign the envelope as receiving the cash monies.
 - ii. Obtain re-verification and second signature by another employee.
 - iii. Process cash monies after verification. If the cash monies do not belong to your department or division, it is to be hand delivered to the intended receiver for deposit input.
 - iv. Attach verified envelope to PeopleSoft/Vermont Systems receipt.

2. Locking Cash Drawer or Box (no cash register receipt):

- a. Cash box custodians are to make a daily deposit; any monies held over to the next business day are to be verified and a deposit completed immediately.
- b. Cash box custodian shall verify and reconcile all monies and PeopleSoft /Vermont Systems receipts. Once verified, cash box custodian or appointee shall hand deliver to the Division of Revenue or bank when appropriate.
- c. The Department of Revenue will provide the second verification and process the deposit.
- d. Sequentially numbered receipts are to be provided for all transactions and a duplicate retained for LFUCG auditing purposes.
- e. Voids, refunds etc. are to be reviewed and authorized by a supervisor and the receipt is to be initialed by the person completing the transaction as well as the supervisor reviewing the transaction.
- f. If any cash monies are received via postal mail, the recipient is to:
 - i. Verify the amount received and sign the envelope as receiving the cash monies.
 - ii. Obtain a second signature to verify the amount, and process after verification.

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1. If the cash does not belong to your department or division, it should be hand delivered to the intended receiver for deposit input.
 2. Verify envelope is to be attached to PeopleSoft/Vermont Systems receipt.
 - g. Have a supervisor review receipt books for missing receipts on a monthly basis, and retain for annual audit inspection.
 - h. Keep a copy of voided sequentially numbered manual receipts in the receipt book and have available for review if necessary.
 - i. Immediately endorse checks upon receipt with an LFUCG endorsement stamp.
1. Petty Cash/Change Fund Requisition:
 - a. See Purchasing manual on the internal LFUCG intranet:
 - i. <http://fpweb.lfucg.com/Purchasing/PURCHASINGMANUAL2009.pdf>
 2. Deposit Procedures:
 - a. All monies received are to be entered into the PeopleSoft/Vermont Systems AR module immediately upon receipt.¹
 - i. Proof of funds deposited must always be provided to the Division of Revenue in duplicate form.
 - b. All deposits are to be submitted as follows:
 - i. Government Center & Neighboring Locations: Complete and deliver to the Division of Revenue within 24 hours of receiving funds.
 - ii. Non-neighboring Locations: Complete and deliver to the Division of Revenue within 48 hours of receiving funds.
 3. ACH/EFT:

Provide the Division of Revenue with the bank statement/advice and the PeopleSoft/Vermont Systems receipt.
 4. Credit Cards:

All locations accepting credit cards are required to settle machines daily and submit to the Division of Revenue, in duplicate, the transmittal advice attached to duplicate PeopleSoft/Vermont Systems receipts. The original verified copy of the receipt will be returned for your records at the time of deposit delivery.
 5. Monies brought to the Division of Revenue:

Duplicate PeopleSoft/Vermont Systems receipts and two (2) cash register tapes must accompany all funds to be deposited by the Division of Revenue. The original verified copy of the receipt will be returned for your records at the time of deposit delivery.

¹ There should be no co-mingling of funds. (I.e. change, petty cash and cash receipts).

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6. Monies taken to banks:

All divisions that deliver monies to respective banks are required to use a security sealed plastic tamper proof bag for deposits. All bank deposits need to be recorded and deposit logs retained for annual audit inspection. Deposit logs are to contain date, who prepared deposit and amount of deposit. Deposits should be delivered to the bank in a timely fashion (i.e. business day or next business day). Included in the sealed deposit, a bank deposit slip must detail all items contained within. Should there be any outages (over/shorts) the division of Accounting will notify appropriate division for validation. If adjustments are needed Accounting will record a manual journal entry to rectify.

7. End of Month Deposit Procedures:

- a. All monies and PeopleSoft/Vermont Systems receipts are to be present in the Division of Revenue **BY THE SECOND BUSINESS DAY OF THE NEW MONTH.**
- b. For all deposits not received by this time, the Department/Division will be notified via email on the third business day showing the amount and receipt number and asking for transaction to be presented **IMMEDIATELY.**
- c. On the fourth business day, if the transaction has not been received in the Division of Revenue, the deposit will be reversed and the Commissioner of the Department will be notified. The Division/Department will then need to re-enter the deposit upon notification of reversal. A new deposit ID number will be issued by PeopleSoft/Vermont Systems and the old deposit ID number will need to be referenced on the new receipt.²

8. Direct Deposits:

- a. Direct deposits entered into PeopleSoft/Vermont Systems:
 - i. The Division of Revenue must be provided with copies of the PeopleSoft/Vermont Systems receipt along with any documentation within 24 hours. These receipts may be sent via email, fax, or in person.
 1. Email: depositclerks@lexingtonky.gov
- b. Monies deposited directly into the bank:
 - i. The Division of Revenue must be provided with the bank deposit receipt as well as the PeopleSoft/Vermont Systems receipt and any other pertinent back up documentation.

9. Management Oversight and Reconciliation:

² Please see Section 4 – Deposit Procedures.

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- a. All cash funds are to be audited on a random basis by a supervisor or internal auditor. All resulting discrepancies are to be investigated and resolved by management.
- b. All cashier discrepancies are to be recorded in a log that is regularly reviewed and initialed by the direct supervisor or above.
- c. All discrepancies need to be adjusted in the general ledger by the Division of Accounting.
- d. All receipt records (receipts, register tapes, etc...) should reconcile to deposit slips.
- e. All management reviews are to be initialed and dated by person completing the review.

10. Bank Accounts and Vendor Contracts:

- a. All bank accounts associated with LFUCG must have LFUCG's official signers (Commissioner of Finance, Commissioner of Law, and Director of Accounting) included and be tracked through PeopleSoft. All off the books bank accounts are strictly forbidden and disciplinary action will be considered for any accounts that have not been brought up to policy within 30 days of the issuance of this policy.
- b. Any employee self-funded accounts (such as \$1 per paycheck for birthday celebrations, flower funds, etc.) shall be conducted at the employees' risk, with any funds being kept in cash or in a bank account that has no reference to LFUCG.
- c. Any contracts with a vendor occurring on/at LFUCG properties shall be in accordance with the Division of Purchasing's standard procedures with all proceeds tracked through PeopleSoft. Any contracts that are in effect outside of Purchasing's standard procedure or outside of PeopleSoft shall be in violation of this policy if not corrected within 30 days of this policy.