

## CASH HANDLING POLICY

**Version-control information:**

Adopted by ELT: 28 May 2021

Next review due: June 2027

Previous version(s): June 2017; June 2012

Policy register reference: 322

Responsible service: Finance

**Contact position: Manager Finance**

### Policy statement

Blue Mountains City Council will ensure consistent and strong internal controls for cash handling to support and guide employees who deal with cash and to provide a safe working environment that protects the welfare of Council employees while safeguarding cash.

### Scope

This policy applies to all cash transactions of Council including petty cash. It applies to all Council employees.

### Roles and responsibilities

Position	Responsibilities
Managers and supervisors	Ensure employees handling cash are trained in all relevant procedures.
Operational Accountant	Responsible for daily reconciliations. Reporting to Manager Finance any discrepancies
Finance Manager	Audit and control monitoring and reporting

### Definitions

Term	Definition
cash	Transactions of currency, i.e. coins, notes.
Cash handling	Manual and electronic means of cashiering, cash floats, petty cash, receipting, banking preparation and reconciliation.
site	Council facility that receives cash payments.
Council officers	Council's permanent and temporary employees, contractors, volunteers and all others that perform work on behalf of Council and whose tasks include cash handling.
Cash collection agency	The agency engaged by the Council to collect cash from Council sites.
cash collection officer	An employee of the delegated cash collection agency.
petty cash	Authorised out-of-pocket expenses of up to \$100 per claim.
reasonable cost of sustenance	Reasonable breakfast, lunch and dinner amounts as guided by the Australian Taxation Office.

Term	Definition
Stores	Council's Stores warehouse, which holds a stock of goods for the use of Council officers.
S355 committees	Community management committees responsible for delegated functions as per Section 355 of the Local Government Act 1993.

## 1. Overview

Council receives cash from customers in the course of providing services. All employees who receive funds on behalf of Council have a responsibility to ensure the funds are received, held, accounted for and deposited in a secure manner.

The purpose of this policy is:

1. to ensure that all cash received by Council is fully accounted for and deposited to Council's bank account;
2. to provide a framework for cash-handling and the security of cash; and
3. to establish and maintain accountability for the flow of cash through Council.

Strong internal controls for cash handling are necessary to prevent mishandling of funds and to safeguard against loss. Internal audits will be conducted periodically.

Instances of employee non-compliance with the Cash Handling Policy and related procedures or inability to reconcile cash takings will be reported for internal auditing purposes.

Community groups collecting cash on behalf of Council (e.g. facility bookings paid directly to S355 committees) are excluded from this policy. The Finance Service prepares monthly summary reports on income received by S355 committees.

## 2. Cash Handling

Sites are encouraged to actively move towards reducing cash transactions (e.g. by promoting use of EFTPOS) to reduce the risks surrounding the collection, holding and recording of cash transactions. All cash must be kept secure in a locked drawer, container or safe and must be banked and receipted as soon as possible after collection.

A receipt must be offered for all transactions in accordance with the approved receipting procedure at each designated site, with an appropriate cash receipting system installed and maintained for each site.

All employees undertaking cash handling, banking and related duties must be appropriately trained. Managers responsible for sites must maintain and make available to employees all current cash handling policies, instructions and procedures.

Wherever possible, segregation of duties will be maintained so that no individual has responsibility for more than one of the following functions for the same transactions:

- receipting cash and issuing receipts;
- undertaking banking functions; and
- verifying bank totals and undertaking account reconciliations.

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Borrowing or taking cash from any float or till for personal benefit is prohibited.

Cash will be collected from sites by Council's cash collection agency.

### **3. Petty cash**

Petty cash must only be used to purchase goods and services where such goods and services are not readily or cost-effectively obtainable through Stores or other means of procurement. It may be used for purchases required at short notice or in the event of an emergency.

All expenditure reimbursed through the petty cash system must relate to the business of Council, be covered by a budget and be in accordance with this policy and Council's procurement policies.

Petty cash claims are limited to expenditure of up to \$100 per claim. Claims over \$100 are paid through the accounts payable system (upon completion and authorisation of a payment request form). This requirement must not be avoided by breaking down expenditure into a number of smaller claims. Claims must be submitted as soon as possible after a purchase.

All petty cash disbursements will be approved in accordance with Council's delegation of authority as long as it is certain that the expenditure is for Council's business purposes. Council officers cannot authorise their own petty cash claims.

The responsibility of Council officers who make disbursements for authorised petty cash claims is to ensure that the claim is within the petty cash limit of \$100 and that the claim is authorised for payment. Any claims over \$100 or not properly approved will not be paid. It is the responsibility of the Council officer making the petty cash claim to comply with this policy prior to incurring expenditure.

For purchases over \$100 and under \$1,000, where it is not practical for a supplier to invoice Council, Council officers may request cash in advance using a payment request form (available on the intranet). Procurement must be in accordance with procurement policies and is subject to standard authorisation requirements (e.g. approval by a Council officer with sufficient financial delegation). Requests for cash advances are processed by Accounts Payable. Once purchases are finalised, receipts and a reconciliation to the cash advance amount must be forwarded to Finance.

### **4. Fraud and corruption prevention**

Council will conduct periodic audits/reviews to ensure all cash handling is being done transparently, responsibly and in accordance with Council's fraud and corruption prevention policies and processes to support cash handling controls are present and effective.

## **Related documents**

This document should be read in conjunction with:

### **Other documentation**

- *Blue Mountains City Council Code of Conduct*
- *Blue Mountains City Council Cash Handling and Petty Cash Procedures*