



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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CFO DIRECTIVE
No. 2018-109-001

SUBJECT: Cash Handling
ISSUANCE DATE: May 24, 2018
EFFECTIVE DATE: May 24, 2018

1. AUTHORITY

1.1 State of Michigan Public Act 279 of 1909, Section 4s(2), as amended by Public Act 182 of 2014, states the chief financial officer shall supervise all financial and budget activities of the city and coordinate the city's activities relating to budgets, financial plans, financial management, financial reporting, financial analysis, and compliance with the budget and financial plan of the city.

2. OBJECTIVES

- 2.1. To ensure the secure deposits into bank accounts for entire amounts received.
- 2.2. To ensure strong receipting procedures are in place that safeguards city fund, supports internal controls, reduces risk exposure to employees, reduces fraud risks, and improves research and reconciliation capabilities.

3. PURPOSE

3.1. To establish policies regarding the collection, custody and deposit of monies and to outline specific cash handling procedures for departmental use.

4. SCOPE

4.1. This Directive applies to all City of Detroit locations where payments are accepted.

5. RESPONSIBILITIES

- 5.1. The Deputy CFO- Treasurer (Treasurer) shall be responsible for the administration and oversight of this Directive.
- 5.2. The Deputy CFO- Director of Departmental Financial Services shall ensure cash handling activities are performed in a manner consistent with this Directive.

6. POLICY

6.1. General

- 6.1.1. City Departments accepting cash, checks, or payment cards must be authorized by the Treasurer. All locations must be authorized by the Treasurer.
- 6.1.2. At every authorized location accepting cash, checks, or payment cards, an employee must be designated as the principal cash handler for the receiving of payment. An alternate shall also be designated.
- 6.1.3. All cash handlers shall be given a training manual and must sign a Certificate of Responsibility verifying they have received, read, and understand the training manual, this Directive, and other applicable policies and procedures as defined by the Chief Financial Officer (CFO) or Treasurer.

6.2. Deposit of City Funds

6.2.1. Deposits of cash and checks shall be made each day when the cumulative total amount reaches \$500.00, or once per week, whichever comes first.

6.2.2. Debit and credit card transactions shall be closed and transmitted- through the point of sale or credit card equipment- to the bank each business day.

6.3. Deposit Materials. Banks have standard deposit preparation procedures that customers are required to follow, and these procedures are intended as a guideline for City departments to ensure adherence to bank requirements. There include:

6.3.1. Deposit slip – is bank-required and shall accompany every deposit. A deposit slip helps ensure proper handling of the deposit and assists in research and reconciliation. Only preordered department or agency specific deposit slips approved by the Treasurer shall be used.

6.3.2. Endorsement stamp – an endorsement of every check is required by the bank. The use of an endorsement stamp directs the processing of the check, and reduces fraud risk. Every check shall be stamped at the point of acceptance. An endorsement stamp facilitates the automated Centralized Return Check process. Only a preordered department or agency specific endorsement stamp or preprogrammed point of sale endorsement approved by the Treasurer shall be used.

6.3.3. Sealed deposit bag – is a dual-pocket, security-sealed deposit bag required by both the bank and the armored courier service. Sealed deposit bags provide security and tracking of the deposit during transit and reduce the risk exposure to the employee. All deposits shall be transported to the bank using sealed deposit bags.

6.4. Checks. Any location accepting checks shall post the City of Detroit Check Payment Notice regarding the check presentation to the bank and return/collection fees where payers can read it. Checks may include personal checks, business checks, cashier's checks, certified bank checks, money orders, or traveler's checks. Only checks payable in U.S. dollars, drawn against U.S. bank accounts are accepted by the City, unless authorized by the Treasurer.

6.4.1. Guidelines for Check Acceptance

6.4.1.1. Ensure every check is payable to the City of Detroit - Treasurer.

6.4.1.2. Verify payer name is printed on the face of the check.

6.4.1.3. Verify the identity of the check writer with one of the following acceptable forms of photo identification: (1) state-issued or city-issued identification (driver's license, State or City identification card), (2) military identification card, or (3) valid U.S. passport.

6.4.1.4. Review each check for completeness and accuracy. This review shall include, but is not limited to, the following:

- Verify the check is not post-dated, or dated more than ninety (90) days prior to acceptance date;
- Verify the check is not a third-party check;
- Confirm the alpha amount on the legal line of the check matches the

numeric amount in the courtesy box on the check; the alpha (written amount) is the official payment record, and the amount for which the check should be processed;

- Validate the payment is not accepted for more than the amount due;
- Validate the check is complete with payer's signature; and
- Confirm that the check includes magnetic ink character recognition (MICR) encoding at the bottom of the check for bank processing.

MICR encoding:



- Ensure any other information that can further identify the payment, such as a city account/invoice number, is included on the face of the check in order to facilitate reconciliation.

6.4.1.5. Business checks may be accepted at the discretion of the Office of Departmental Financial Services.

6.4.2. Confirm all manually deposited checks are prepared for deposit by:

6.4.2.1. Properly endorsing checks at the point of collection;

6.4.2.2. Totaling checks on a calculator tape or equivalent document;

6.4.2.3. Placing checks in the designated section of a dual-pocket, security-sealed bag in the same order as listed on the calculator or equivalent document tape with all items facing and stacked in the same direction; and

6.4.2.4. Recording on a deposit slip: (1) current date, (2) preparer's initials, (3) unique deposit bag number, and (4) dollar amount.

6.4.3. Seal checks in the security deposit bag as indicated, with the deposit slip in the same section (unless a deposit is made up of cash only). Do not use staples.

6.4.4. Ensure all electronically converted checks are:

6.4.4.1. Properly endorsed at the point of collection;

6.4.4.2. Scanned in order of receipt, unless otherwise indicated by equipment/software (i.e., in order of check size); and

6.4.4.3. Retained in a locked location for at least fifteen (15) business days and no more than thirty (30) business days after processing before being securely destroyed.

6.5. Cash. Only U.S. paper or coin currency is accepted. Foreign paper or coin currency is not accepted.

6.5.1. Cash receipts in an individual drawer that reach \$10,000 in a business cycle shall require a cash drop. The cash drop shall be performed and documented by securely moving excess funds to the central safe or locked area to bring the drawer's balance down to a practical level.

6.5.2. Guidelines for Cash Acceptance

- 6.5.2.1. Ensure cash is not accepted if it is severely mutilated or contaminated.
- 6.5.2.2. Verify all currency, particularly bills larger than \$20.00, are reviewed for legitimacy by adhering to the following standards:
 - Examine large bills using an ultra-violet light, marking pen, or other method to check for watermarks and other indicators that the bill is legitimate;
 - Ensure the denomination of the note appears at the top of the bill, and the portrait is appropriate for that denomination;
 - Confirm the bill has a Federal Reserve Seal and Letter, a Treasury Seal, a Face Plate number, a Serial number, a Back Plate Number, a Portrait, a Series Year and a Federal Reserve Number; and
 - Request a new bill or another form of payment if counterfeit currency is suspected.
- 6.5.3. Ensure all cash is:
 - 6.5.3.1. Counted and verified by a second party other than the party originally accepting the cash. Cash drawer overages and shortages shall be reflected in the day's revenue deposit, and handled in accordance with the policies and procedures developed to address overages and shortages.
 - 6.5.3.2. Standard strapped according to bank standards.
 - 6.5.3.3. Organized by currency and proper strapping guidelines to reduce bank deposit errors.
 - 6.5.3.4. Recorded on a deposit slip with the department or agency identifier, which includes: (1) current date, (2) preparer's initials, (3) unique deposit bag number, and (4) dollar amount.
- 6.5.4. Sealed with the deposit slip in the designated section of the dual-pocket, security-sealed plastic deposit bag with all items stacked and facing the same direction. The deposit slip shall be sealed in the section containing checks unless no checks are included in the deposit.
- 6.6. Department Deposit Documentation. Departments making deposits shall keep appropriate records of each deposit, including documentation of each deposit bag and transfer with the bank.
 - 6.6.1. Complete the deposit details on the front of each sealed deposit bag itemizing the contents of each bag and numbering the bags such as 1 of 3 for multiple bag deposits.
 - 6.6.2. Detach strip from the sealed deposit bag that has the unique bag number printed on it.
 - 6.6.3. Retain this documentation with date of deposit and amount(s) of deposit(s) for department records.
- 6.7. Deposit Delivery Method. Departments shall coordinate with the Office of the Treasury and the Office of Departmental Financial Services to determine the best method for transporting deposits to the bank.

- 6.8. Debit and Credit Cards. Departments that accept payment cards shall handle card information in a responsible and secure manner.
- 6.8.1. Guidelines for Debit and Credit Card Acceptance
- 6.8.1.1. Confirm that the debit or credit card is present for all over-the-counter transactions.
 - 6.8.1.2. Ensure that authorization is attained through the debit or credit card equipment before completing the transaction and issuing a receipt to the customer.
 - 6.8.1.3. Verify the signature on the receipt matches the signature on the back of the debit or credit card for swipe and / or signature transactions.
 - 6.8.1.4. Ensure debit or credit card information is not recorded or stored in any manner.
 - 6.8.1.5. Request an alternate method of payment if a debit or credit card is declined and refer the cardholder to their banking institution for explanation.
- 6.8.2. Verify all payment card transactions are closed and transmitted to the bank each business day.
- 6.8.3. Ensure that chargebacks or documentation requests are responded to immediately by designated department staff.
- 6.8.4. The typical response time provided by the debit or credit card issuer is ten (10) days, however this will vary.
- 6.8.5. Departments will be notified about chargebacks and receipt or documentation requests by email, fax, or U.S. Mail
- 6.9. Reconciliation. Departments shall ensure that copies of all deposit information required for reconciliation or tracking purposes is retained prior to deposit with the bank. Deposits shall be made each day, when the cumulative total of cash and checks to be deposited reaches \$500, or once per week, whichever comes first, regardless of whether or not the deposit reconciles to department or agency records.

APPROVED



Christa Mclellan
Deputy CFO – Treasurer, City of Detroit