

**DRAFT – For Discussion Only**

**Note: This is an amended draft with a new Payment Card Industry Data Security Standard section. The text for COTW approval is noted in red underlined text.**

**Last revised 2022-06-07**

**City of St. John’s Corporate and Operational Policy Manual**

<b>Policy Title:</b> Cash Handling and Petty Cash Policy	<b>Policy #:</b> 04-12-01
<b>Last Revision Date:</b> N/A	<b>Policy Section:</b> Finance and Accounting > Financial Management
<b>Policy Sponsor:</b> Deputy City Manager, Finance and Administration	

**1. Policy Statement**

This policy provides Employees involved in Cash handling, including Petty Cash, with direction for the proper controls over (i) the acceptance, custody, and safeguarding of Cash; and (ii) the establishment and administration of Petty Cash funds.

**2. Definitions**

“**Cardholder Data**” means the information about a cardholder that is collected for the purpose of processing of a credit or debit card transaction, and may include any of the following: contents of the magnetic stripe and/or chip, Primary Account Number (PAN), cardholder name, expiration date, or Card Verification Value (CVV) number.

“**Cash**” means coin, currency, cheques, money orders, bank drafts, and/or credit card/debit card transactions.

“**Cash Site**” means a City location that handles Cash but does not include a Petty Cash Custodian as defined in this Policy.

**“Cashier”** means any Employee who performs the function of receiving, transmitting, safeguarding, and/or depositing Cash.

**“Department Head”** means any Employee reporting directly to the City Manager and/or Council.

**“Employee”** means any person employed by the City of St. John’s as a permanent, term, part-time, casual, contract, seasonal, temporary, or student worker.

**“Payment Card Industry Data Security Standard”** (PCI DSS) means the official published set of industry standards and requirements that all credit or debit card processing merchants are expected to comply with, as set forth by the Payment Card Industry Security Standards Council.

**“Petty Cash”** means a small amount of currency to cover payments of low value, low risk, and infrequent purchases.

**“Petty Cash Custodian”** means an Employee appointed to operate, safeguard, and make disbursements from an individual Petty Cash fund.

**“Segregation of Duties”** means an internal control to mitigate risk, where no single Employee handles a transaction from beginning to end.

### **3. Policy Requirements**

Cash and Petty Cash shall be managed in accordance with this policy and the **Cash Handling and Petty Cash Procedures**.

#### **3.1 Cash Security**

##### **3.1.1 Segregation of Duties**

- a) Appropriate Segregation of Duties shall exist at all times in the Cash handling and Petty Cash functions. No individual Employee shall have responsibilities for the entire Cash management process. At a

minimum, the Employee responsible for cash acceptance and deposit preparation shall not be involved with the review and approval of the deposit.

- b) Divisional managers may require additional segregation of duties, as they deem appropriate.

### **3.1.2 Safeguarding and Transportation**

- a) Cash shall be safeguarded at all times, as detailed in the **Cash Handling and Petty Cash Procedures**.
- b) Access to secure areas or safes shall be limited to as few people as is necessary.
- c) Prior to purchasing any new safes or vaults, managers shall consult the Manager, Enterprise Risk and Insurance.
- d) Employees shall not transport Cash (including cheques) via internal mail.
- e) Armoured courier services shall be used to transport Cash to the bank.
- f) Where possible, security cameras shall be in place to monitor all safes.

### **3.1.3 Certificate of Conduct**

Employees having responsibility for the acceptance, custody, and/or safeguarding of Cash, excluding Petty Cash, shall provide the Department of Human Resources (HR) with a Certificate of Conduct:

- a) upon start of employment and every five years; and/or
- b) when transitioning to a position with these responsibilities, and where there is no current Certificate on file.

## **3.2 Forms of Payment**

Cashiers shall only accept the forms of payment for various revenue sources as detailed in **Annex A** of the **Cash Handling and Petty Cash Procedures**.

### 3.3 Reconciliations and Deposits

- a) Reconciliations of Cash deposits to the accounting records at Cash Sites shall be made daily.
- b) Records shall be kept on all Cash counts and deposits.
- c) Employees shall comply with the requirements in Cash Reconciliations and Deposits section of the **Cash Handling and Petty Cash Procedures**.

### 3.4 Petty Cash Fund

#### 3.4.1 Petty Cash Use

- a) Employees shall comply with the **Cash Handling and Petty Cash Procedures** for establishing, replenishing, or closing a Petty Cash fund; disbursing Petty Cash funds, changing the Petty Cash fund amount; and/or obtaining approval for a new or changed Petty Cash Custodian.
- b) Employees shall ensure there is appropriate Segregation of Duties, as detailed in Section 3.1.1(a).
- c) Petty Cash Custodians shall be the only Employees with access to their Petty Cash funds.
- d) Petty Cash transactions shall only be used for purchases to the maximum amount specified in the **Cash Handling and Petty Cash Procedures**.
- e) The Petty Cash fund shall not be used to circumvent the City's Procurement Policy and/or procedures, or record keeping requirements and shall only be used when other disbursement methods are impractical or cannot be used.
- f) Petty Cash funds that have been inactive, with no activity during a fiscal year, may be closed.
- g) The DCM, Finance and Administration or designate may evaluate the continued need for a Petty Cash fund and such fund may be closed in their sole discretion.

### 3.4.2 Petty Cash Eligible Expenditures

- a) Employees shall consult their manager prior to expending any funds if they are unsure a purchase is eligible for petty cash reimbursement.
- b) Division managers may choose to implement restrictions on eligible expenditures as they deem appropriate.

### 3.5 Loss (Including Theft)

- a) Overages or shortages above the threshold detailed in the **Cash Handling and Petty Cash Procedures** shall be brought to the attention of Cashier's/Petty Cash Custodian's manager.
- b) Overages or shortages above the threshold detailed in the **Cash Handling and Petty Cash Procedures** shall be brought to the attention of the Manager, Financial Services by the Cashier's/Petty Cash Custodian's manager.
- c) For any suspected theft of Cash, Employees and managers shall follow the requirements of the **Fraud Policy**.

### 3.6 Payment Card Industry Data Security Standard

- a) Employees and third-party service providers shall follow the **Payment Card Industry Data Security Standard (PCI-DSS) Procedures** when handling payment cards (including credit and debit cards) or managing Cardholder Data.

### 3.7 Oversight

- a) Employees responsible for Cash handling and/or Petty Cash shall sign an acknowledgement form indicating their agreement to comply with the Cash Handling and Petty Cash Policy and Procedures.
- b) The DCM, Finance and Administration; City Internal Auditor; and/or designate(s) may conduct reviews, audits, or checks at any time without notice to ensure compliance with this policy and related procedures.

## 4. Application

This policy, except for Section 3.6 “Payment Card Industry Data Security Standard”, applies to (i) all Cash Sites, (ii) Petty Cash Funds, and (iii) all Employees involved with Cash handling or Petty Cash Funds; with the exception of the St. John’s Transportation Commission (Metrobus).

Section 3.6 “Payment Card Industry Data Security Standard” and its associated procedures apply to (i) all City Employees and third-party service providers who have access to cardholder data or cardholder data systems, with the exception of the St. John’s Transportation Commission (Metrobus); (ii) all cardholder data; and (iii) all technologies associated with the creation, collection, processing, storage, transmission, analysis, and disposal of cardholder data.

## 5. Responsibilities

**5.1 Cashiers and Petty Cash Custodians** shall be responsible for:

- a) complying with this policy and related procedures;
- b) reporting any suspected misappropriation of cash; and
- c) maintaining records for audit.

**5.2 Employees involved in the handling or management of Cardholder Data** shall be responsible for:

- a) complying with this policy and related procedures.

**5.3 Managers supervising Cashiers, Petty Cash Custodians, or other Employees involved in the handling or management of Cardholder Data** shall be responsible for:

- a) communicating this policy and related procedures to all appropriate Employees under their supervision;

- b) establishing an effective internal control system that maintains appropriate Segregation of Duties;
- c) ensuring any additional standard operating procedures used by their divisions comply with this policy and associated procedures;
- d) advising HR of changes in cash handling responsibilities;
- e) reviewing and approving receipts and reconciliations;
- f) investigating unusual variations in cash; and
- g) taking appropriate action for any potential contravention of the policy or related procedures, including notifying the Department of Finance and Administration, when appropriate.

**5.4 Department Heads** shall be responsible for:

- a) ensuring that this policy and related procedures are communicated to all applicable Employees in their departments; and
- b) ensuring their departments comply with this policy and associated procedures.

**5.5 The Department of Finance and Administration** shall be responsible for:

- a) setting maximum amounts for Petty Cash Funds;
- b) performing timely bank account reconciliations and investigating any discrepancies between internal records and the bank's records;
- c) monitoring deposits to ensure Cash is being deposited and conducting intermittent random checks;
- d) managing armoured car services;
- e) overseeing compliance with the policy, the Cash Handling and Petty Cash procedures, and PCI DSS procedures; and
- f) authorizing any exceptions to the policy requirements.

**5.6 The Division of Human Resources** shall be responsible for:

- a) ensuring that Certificates of Conduct are provided by employees to HR when required.

**5.7 The Office of the City Internal Auditor** shall be responsible for:

- a) conducting compliance reviews, audits, or checks as they deem appropriate;
- b) applying the requirements of the **Fraud Policy** for any suspected theft of Cash.

**6. References**

04-12-01-01 Cash Handling and Petty Cash Procedures

04-12-01-02 Payment Card Industry Data Security Standard Procedures (draft)

**7. Approval**

- Policy Sponsor: DCM, Finance and Administration
- Policy Writer: Policy Analyst
- Date of Original Approval from Council: January 13, 2020
- Date of Amendment Approval from
  - Corporate Policy Committee: January 17, 2022
  - Senior Executive Committee:
  - Committee of the Whole:
- Date of Amendment Approval from Council:

**8. Monitoring and Contravention**

The Department of Finance and Administration shall monitor the application of this policy.

Any contravention of the policy shall be brought to the attention of the DCM, Finance and Administration; Division of Human Resources; the Office of the City Solicitor; the Office of the Internal Auditor; and/or the City Manager for further investigation and potential follow up disciplinary or legal action, up to and including dismissal.



## 9. Review Date

Initial Review: three years; Subsequent Reviews: five years

DRAFT