

Cash Overages and Shortages

5.3.5

PURPOSE

To establish a framework of administrative guidelines for the reporting, review, documentation, and recording of cash overages and shortages in revenue collection.

AUTHORITIES

San José City Charter, Section 806 Finance Department
San José Municipal Code, Part 20 of Chapter 2.04 of Title 2

SCOPE OF APPLICATION

This policy applies to all City employees responsible for handling City funds.

POLICY

Proper safeguarding and reporting of monies is of critical importance to the City. Cash overages and shortages occurring in the collection of City revenue should be promptly reported to management, investigated to determine the cause, and properly recorded in the accounting records.

All forms referenced in this policy can be found at the Finance Department's [Intranet site](#).

PROCEDURES

The following procedures are intended to establish the reporting requirements related to cash overages or shortages that are identified. In any instance of a cash shortage of \$50 dollars or more where theft is suspected, the incident must be reported to the Police Department.

Reporting Cash Overages and Shortages

Individual cash overages and shortages **less than** one hundred dollars (\$100) must be reported to the immediate supervisor and the respective department's Fiscal Officer.

Individual cash overages or shortages of one hundred dollars (\$100) **or more** must be reported to the immediate supervisor, department's Fiscal Officer, department Director and Finance Department Deputy Director for Debt and Treasury Management. The department Director will submit the Cash Overage/Shortage report within three (3) business days of identifying the occurrence.

Cash overages or shortages that accumulate to five hundred dollars (\$500) or more for a single individual during a 12-month period must be reported by the department Director to the Finance Deputy Director for Debt and Treasury Management, and the Director of Finance.

Any cash overage or shortage of fifty dollars (\$50) or more where theft is suspected must be reported to the Police Department. The department's Director must report the incident to the Finance Department Deputy Director for Debt and Treasury Management, Director of Finance, City Auditor, and City Manager's Office. The department Director will submit the Cash Overage/Shortage report within three (3) business days of identifying the occurrence.

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Summary of Notification Requirements					
Amount of Cash Shortage	Immediate Supervisor	Department Fiscal Officer	Department Director	Finance Department Deputy Director for Debt and Treasury Management	Director of Finance
Less than \$100	X	X			
\$100 or more	X	X	X	X	
Individual or accumulated total of \$500 or more in a 12 month period	X	X	X	X	X
\$500 or more	X	X	X	X	X

Departmental Action Items for Cash Overages & Shortages

The following action items are intended to ensure that each instance of an overage or shortage has a thorough review and existing processes and procedures are evaluated to mitigate future occurrences. In all instances, the immediate supervisor will perform a reconciliation to verify the overage or shortage. In all instances of an overage or shortage of \$100 dollars or more, a second reconciliation will be performed by the department's Fiscal Officer.

Summary of Departmental Action Requirements			
Amount of Cash Shortage	Supervisor Performs Reconciliation	Cash Reconciliation Is Performed by the Fiscal Officer	Department Director Submits the Report to Finance Within 3 Business Days of the Occurrence
Less than \$100	X		
\$100 or more	X	X	X
Individual or accumulated total of \$500 or more in a 12 month period	X	X	X
\$500 or more	X	X	X
Less than \$100	X	X	X

Cash Overages and Shortages**5.3.5****Reporting Suspected Theft**

For cash shortages of \$50 dollars or more where theft is suspected, the following actions must take place:

RESPONSIBILITY	ACTION
Department Fiscal Officer	<p>File a police report.</p> <p>Notify the department Director of the occurrence.</p> <p>Notify the Finance Department Deputy Director for Debt and Treasury Management, and the Director of Finance of the occurrence.</p> <p>Maintain a record of all overages/shortages.</p>
Department Director	<p>Within three (3) working days of determining theft is suspected, the department Director must submit the Cash Overage/Shortage report to the Finance Deputy Director for Debt and Treasury Management and the Director of Finance. Copies are provided to the City Manager and City Auditor.</p> <p>Upon completion of the Police investigation, a copy of the police report is provided to the Finance Deputy Director for Debt and Treasury Management, Director of Finance, City Manager, and the City Auditor.</p>
Police Department	<p>Conducts an investigation in cooperation with the department involved and the Finance Department. Provide the department with the investigation findings.</p>

Recording of Cash Overages and Shortages by Department**Change Funds:**

RESPONSIBILITY	ACTION
Department Employee	<p>Reports overages and shortages to Supervisor/Fiscal Officer.</p> <p>Cash overages and shortages are entered in the Cash Collection Edit List or Revenue Voucher (form 142-30) as separate entries using the appropriate overage or shortage revenue source.</p>

