

General Guidelines for Cash Handling Procedures**5.3.7****PURPOSE**

Managing and controlling the inflows and outflows of payments is an important responsibility of the Finance Department, Treasury Division. Ensuring the existence of policies and procedures governing all types of payments allows for the effective management of the City's liquidity and its ability to meet all obligations, and aids in the defense against fraud.

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 handling City funds.

POLICY

All persons engaging in any activity related to payments to and from the City must adhere to a system of internal controls that safeguard City funds. Controls must promote accuracy and reliability in accounting and operating records, promote the efficiency of operations, and allow for the segregation of duties to ensure no one person performs all tasks. In addition, internal controls are in place to utilize procedural controls which govern the flow of transactions through a system.

Effective cash handling management principles employ the use of industry approved best practices, as well as the implementation of sound internal controls. Utilization of the following will aid in the achievement of this common goal:

1. The organization's structure should provide for the segregation of functional responsibilities such as invoicing, receipt of payments, and record keeping.
2. The work environment must be conducive to safeguarding money. This includes proper office layout with counters, safes, cash boxes, cash registers/terminals, camera and video monitors, and alarm buttons.
3. Employees must be qualified and trained in proper cash handling techniques.
4. There must be sufficient staff to permit segregation of functions.
5. Limited access should be given to persons handling cash and accessing safes.
6. Sound practices and procedures must be established and followed at all times in the performance of department functions.
7. Where a work unit is not large enough to allow for proper segregation of functions, or if the work environment does not permit the optimal physical facilities, the unit should develop concise procedures to ensure the safety of the cash utilizing centralized City services when possible. Additionally, management oversight must be increased commensurately.

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1. Number-controlled City of San José invoices must be issued when it is determined that an amount is due and payable to the City.
2. Adjustments to the original invoice must originate in the initiating department according to their internal procedures.

Collection of Revenue:

Payments can be made in a variety of ways including check, credit card, debit card, ACH, wire transfer and cash.

1. Cash payments must only be accepted in person.
2. Cash transactions must be reconciled and balanced each day. Cash on hand must be equal total cash receipts issued or cash register totals, less any change fund.
3. Check payments can be made in person or mailed.
4. Check payments sent to City Hall should be properly addressed with the name of the receiving department and floor number location indicated. Payments received without proper identification will go to the City Hall mailroom where they will try to determine where they should be directed to.
5. Credit/debit card payments should be made through online payment platforms, in person, or called in to a payment processor or other authorized help line.
6. Information collected for credit card payments must be done in a Payment Card Industry (PCI) compliant manner. The best practice is for information to be entered directly into a secure payment environment. If written down prior to entering, any temporary document used must be securely destroyed afterwards. All personnel have the responsibility to safeguard this information.
7. Many invoiced, contracted or agreement receivables are collected by the Finance Department Payment Processing Unit, but many others go directly to a department. Departments have the responsibility to make sure their expected collection is received.
8. For invoiced receivables, delinquent payments are pursued by the Finance Department Revenue Management Division staff through delinquency notices, delinquency fees, small claims court, collection agencies, and/or City Attorney legal action.
9. For non-invoiced, on-the-spot transactions taken at the counter or in the field, receipts must be issued when receiving payments.
10. Revenue collected in the field must be turned in daily to the department's collection point.
11. Revenue collected in the field or remote locations must be reconciled daily.

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12. Revenue collected at individual sites and not immediately deposited must be kept in an alarmed facility with a stationary, locked safe where access is controlled and limited.
13. Each employee with the responsibility for collecting payments must be accountable for his/her transactions. Employees handling a variety of payment types (cash, checks or credit cards) must have their own locked cash drawer and change fund. Exceptions to this procedure must be approved in writing by the Director of Finance.
14. All overages and shortages must be reported immediately according to the procedures described in City Policy Manual Section 5.3.5, Cash Overages and Shortages.

Deposit of Revenue:

1. Each City site that collects payments must prepare the deposit of these funds to the City's bank accounts. Deposits should be made daily. Less frequent deposits may be permitted for sites with low payment collections. All items being deposited must be placed in a sealed bank bag along with the deposit slip and information required by the bank. Copies of the deposit slip must be provided as backup to the department's cash voucher and submitted to the Finance Department Accounting Division.
2. The City employs an armored courier service to pick up deposits at the various sites according to a predetermined. These services are managed by the Cashier Unit of the Finance Department Treasury Division. Changes to the armored courier schedule must be arranged through the Cashier Supervisor.
3. The courier delivers all deposits picked up in a day to the cash vault services of the bank. If a situation occurs where the courier is not able to make its pickups, the locations may bring the deposits to City Hall Cashiers to be included in their daily pick up. This option is safer than taking the funds to the nearest bank branch.
4. Checks received in any City location should be deposited electronically whenever it is possible. Confirmation of the deposits should be downloaded from the bank site and used as the proof of cash needed to accompany the cash voucher submitted to the Finance Department Accounting Division.
5. Departments or locations that do not have check scanners may bring their checks to the City Hall Cashier where they will be deposited by the staff. Confirmations for the deposit will be sent to the individuals, determined by the requesting department, and is to be used as proof of cash for the cash voucher. The Cashiering staff is not responsible for making the accounting entries for the departments.
6. The original checks must be filed securely for 30 days. After 30 days, the checks must be securely destroyed. Images of the checks are available through the online banking website.
7. Lockbox services are employed by the City for selected payments managed by the Finance Department Treasury Division Payment Processing Unit. Any invoice issued by a department associated with these lockboxes should request that their customers send their check payments to the lockbox address. This is the most efficient means for processing these payments. The lockbox service provides a file to the City that is uploaded to the appropriate billing system and books the payments to the Customer's accounts.

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8. Departments are responsible for recording their revenue into the Citywide Financial Management System.
9. A collecting department must prepare a cash voucher to book a receipt of funds into the Citywide Financial Management System. Cash vouchers and all required backups are electronically scanned and submitted by email to the Finance Department Accounting Division. Electronic copies of all vouchers should be retained by the department for their own records.
10. Deposits received by City Hall Cashier staff before the daily courier arrived will be picked up on that day. Deposits received afterward will be locked in the vault overnight and picked up the next day.

Accounting for Revenue:

1. Each department must maintain an up-to-date Signature Authority Schedule with the Finance Department Accounting Division the identifies, by name and title, the department employees authorized to sign for issuance of financial forms and to sign documents for approval. This list must be approved by the Director of Finance.
2. When revenue receipts and deposit information is received from the departments, the Finance Department Accounting Division must verify dates, account coding, authorized approval signatures, proper supporting documentation, and bank deposit totals. Any missing information must be accounted for by the responsible department.
3. The Finance Department Accounting Division must enter revenue information into the Citywide Financial Management System, prepare financial reports, and retain supporting documents in such a manner to provide an audit trail for verifying the accuracy and completeness of accounting for revenue.
4. Vouchers with backup documents must be prepared in sufficient detail to allow verification of revenue account distribution.
5. Department procedures must provide for periodic spot audits of all cash handling locations and field collections. An employee in the department's administrative fiscal unit could perform such an audit. Overages and shortages should be reported as instructed in the Cash Overage Shortage Policy, 5.3.5.

Non-Revenue Cash Handling Procedures**Petty Cash and Change Funds:**

1. A department must obtain approval from the Director of Finance to establish a fund or to change the amount of an established petty cash and/or change fund using the form on the Finance Department [intranet page](#).
 - a. Petty cash and change funds must have a designated custodian and alternate.
 - b. Only the designated or alternate custodian is to have access to petty cash or change funds.

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- c. A petty cash transaction may not exceed \$100.00 including sales tax, shipping and handling.
2. A department must maintain a petty cash log of expenditures which includes signature of employee receiving reimbursement. Variances to this procedure must be approved by the Director of Finance.
3. Petty cash expenditures must be documented for fund reimbursement, which includes signatures of both the employee requesting reimbursement and the employee authorizing expenditure.
4. A petty cash or change fund must be stored in a locked box in a locked desk drawer or other secured location. Restricted access to the drawer or location must be maintained.
5. A department must maintain an adequate balance in a change fund.
6. The following link is to the Finance Department forms. Forms related to the management of Petty Cash and Change Funds can be found there.

https://sanjoseintranet--simpplr.vf.force.com/apex/simpplr__app?u=/site/a14a500000CPZgPAAX/page/a12a5000002wWzFAAU
7. The department head or authorized deputy director or designee must sign the reimbursement voucher to certify the validity and receipt of petty cash purchased items.

Approved:

/s/ Maria Oberg
Director of Finance

August 15, 2025
Date

Approved for posting:

/s/ Jennifer A. Maguire
City Manager

August 15, 2025
Date