

General Order

Houston Police Department



ISSUE DATE:

October 22, 2014

NO.

200-39

REFERENCE: This newly created General Order supersedes all prior conflicting Circulars, Directives, and General Orders

SUBJECT: CASH HANDLING

POLICY

Employees who receive or process revenue (cash) in payment for City fees or services or who audit such revenue transactions shall follow the guidelines outlined in this General Order. Except as authorized by the Chief of Police, all revenue received by employees for fees, services, or department donations shall be considered City revenue.

This General Order outlines the minimum procedure requirements to safeguard cash while in the custody of department employees. Employees shall maintain appropriate segregation of duties as defined herein at all times including during cash collection, reconciliation, recording, and transfers.

This General Order applies to all employees.

DEFINITIONS

Cash. All mediums accepted by the Houston Police Department used to transfer legal tender, i.e., coin, currency, business checks, personal checks, money orders, and debit card and credit card transactions.

Cash Collection Point (CCP). A business entity within the department that handles cash.

Cash Handling System. A combination of coordinated manual or electronic actions carried out for the purpose of maintaining responsible custodial controls on cash handled.

Change Fund. A fixed currency amount withdrawn from a City authorized account to facilitate the receipt of fees or other pay-

ments. Change funds generally operate in conjunction with revenue streams.

Change Fund Audit. A report verifying fund activity and cash reconciliation.

Receipt of Cash Log. A log created by the cash collection point and used to document receipt of cash.

Revenue Stream. Cash collected within the department in exchange for fees or services. Generally these are fees collected on a regular basis. They may come from either employees or citizens outside the department. A revenue stream begins with the point of collection, includes security of cash within the division, and ends with transferal to the Office of Budget and Finance (B&F) for deposit.

Revenue Stream Audit. Report generated by Inspections Division reviewing the procedures, documentation, and standard operating procedures used by a division or unit relevant to their cash handling, excluding change funds.

Segregation of Duties. A formal business practice that delineates the particular roles within a process and insulates those roles from each other by having them carried out by different employees. These roles include collecting, reconciling, recording, and transferring cash.

1 ESTABLISHING A CASH COLLECTION POINT

Any division that seeks to establish a cash collection point (CCP) shall submit a written request to the Chief of Police. Only the Controller's Office may authorize a cash

collection point. To meet the requirements of the Controller's Office, the request to the Chief of Police shall include all of the following:

- a. The purpose it is to serve.
- b. A list of employee positions involved with the CCP, a description of their duties, and how segregation of duties shall be maintained.
- c. Whether there is a need for a change fund.
- d. A description of the reconciliation process, including frequency of reconciliation.
- e. A description of the process for safeguarding cash until it is deposited.
- f. A schedule of how often cash deposits shall be made that clearly establishes time lines.

Upon approval of the CCP, division commanders shall develop and maintain standard operating procedures for all cash handling duties.

2 CASH HANDLING PROCEDURES

All supervisors are expected to monitor the daily activities of their subordinates with particular attention given to safeguarding cash. Supervisors shall ensure that each subordinate understands all division procedures and City policies regarding the handling of cash and that each subordinate follows the established cash handling system.

Cash Collection Point Transactions

Each CCP shall create and use a *Receipt of Cash Log* to thoroughly document each cash transaction. Divisions may continue to use an established form or log created for

additional purposes if it adequately captures cash transaction information.

Checks must be made payable to either the City of Houston or the Houston Police Department. Checks must be endorsed immediately with a restrictive endorsement stamp payable to the City of Houston.

Checks, money orders, or debit card or credit card transactions shall not be accepted for more than the amount due to the City.

Refunds shall be made through an appropriate approval process, and shall not be paid in currency.

All voided transactions are to be approved by an authorized supervisor.

Departments shall establish methods for a clear chain of custody and accountability for transactions administered by mail.

Transactions Administered in Person

For all personal checks, money orders, and cashier checks, customers must present a valid driver license or state issued identification. The license or I.D. number shall be written on all checks and money orders. Additionally, the customer's name, address, and telephone number shall be written on all cashier checks and money orders. Copies of driver licenses or other identification may be kept for further record keeping.

Receipts shall be given for any cash collected by City employees. At a minimum, the receipt must include the date, mode of payment, and identification of employee issuing the receipt. Receipts are to be issued in sequential order and each receipt must have a unique identifying number. Spoiled receipts should be marked voided and be retained in the receipt books to evidence its spoilage. If receipt books are needed, they can be requested through the Office of Budget and Finance (B&F).

Security

Each CCP shall create a process for safeguarding cash until it is transferred to B&F.

If monies are kept at the division, then cash collection points shall have a basic cash register or a secure location (e.g., locked box or in a locked cabinet or closet) with access controlled to safeguard non-deposited collections.

Records or a log must be maintained identifying any personnel who has access to a cash drawer or lock box during each shift. Each shift that handles cash will need to have access. If a key is used, it shall be secured in an area with limited access.

All CCPs shall utilize a log book to document all safe transactions. The log book shall include the date, time, employee, and reason for additions or removals of revenue in or out of the safe. At any given time, the division should be able to identify the amount of cash currently in the division.

Reconciliation

Each CCP shall have a process documenting all revenue collected. Monies shall be reconciled to a *Receipt of Cash Log*.

Change Fund Reconciliation

Divisions with change funds shall reconcile monies at the start and end of each shift.

Transfers

Each CCP shall make cash transfers to B&F within three business days of receipt. Divisions shall prepare a transfer packet for each transfer, which includes copies of *Receipt of Cash Logs*, receipts, and copies of all checks and money orders.

The CCP shall also maintain copies of each transfer packet, along with a copy of the receipt provided by B&F.

3 REVENUE STREAM AUDITS

Inspections Division is charged with conducting revenue stream audits within the department. These audits are generally initiated on an unannounced basis. All units are required to cooperate with these audits in an expeditious manner.

Upon completion of each audit, the concerned division or unit will be directed by the Chief of Police to provide a written response to the concerned commander addressing the audit findings and recommendations within 90 *calendar* days. Divisions or units shall forward copies of their response letters to both the Inspections Division and B&F.

4 CHANGE FUND AUDITS

For each department change fund Inspections Division shall conduct at least two unannounced audits per fiscal year. A copy of each audit shall be forwarded to B&F.

Quarterly change fund verifications shall be conducted each fiscal year by independent administrative personnel from the division or unit or Inspections Division. The verification procedures must first be approved by the Inspections Division.

5 REVENUE COLLECTIONS FOR OUTSIDE THE DEPARTMENT

Employees shall not collect fees nor accept revenue on behalf of organizations outside the department. Employees shall advise citizens wishing to make a donation to an outside organization that supports the department to contact that organization directly. Employees shall make every effort to provide the citizen the necessary contact information.

Any exception to this section is at the discretion of the Chief of Police.

6 RECORDS RETENTION

All cash receipts and related documents shall be maintained in accordance with established department records retention schedules.

7 RELATED GENERAL ORDER AND REFERENCE MATERIAL

200-36, Solicitation, Gifts, and Bribery
City of Houston Administrative Procedure No. 4-8 Revised, Cash Handling



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Chief of Police