

**CITY OF HILLSBORO, OHIO
ORDINANCE NO. 2023-25**

**AN ORDINANCE AMENDING SECTION 36.056 AND REPEALING SECTION 36.052 OF
THE CODIFIED ORDINANCES OF THE CITY OF HILLSBORO PERTAINING TO PETTY
CASH AND CHANGE FUNDS**

WHEREAS, Council desires to adopt a city-wide cash handling policy to ensure adequate internal controls to account for the handling of the City's municipal cash and to maintain public trust; and

WHEREAS, to effectuate a city-wide cash handling policy, Section 36.056 of the City's Codified Ordinances shall be amended, and Section 36.052 shall be repealed.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF HILLSBORO, STATE OF OHIO, WITH A MAJORITY OF ALL COUNCIL MEMBERS CONCURRING THAT:

SECTION 1: That Section 36.052 is hereby repealed.

SECTION 2: That Section 36.056 of the Codified Ordinances shall be amended, as attached hereto as "Exhibit A" and incorporated herein by reference.

SECTION 3: That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal actions were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

SECTION 4: This Ordinance shall take effect and be in full force upon passage by a majority of Council and approval by the Mayor.

Passed this 17th day of August, 2023.


Tom Eichinger, Council President

Attest: 
Whitney Aliff, Clerk of Council

Approved: 
Justin Harsha, Mayor

Date: 8/17/2023

Prepared by the City Law Director

1st Reading 6/15/23
2nd Reading 7/13/23
3rd Reading 8/17/23

36.056 CITY-WIDE CASH HANDLING POLICY

A. PURPOSE:

The Cash Handling Policy is established for the purpose of ensuring adequate internal controls to account for the handling of the City of Hillsboro's ("City") municipal cash and to maintain public trust. The procedures to enforce and controls to ensure that this Cash Handling Policy is carried out are to include but are not limited to those outlined below:

- a. Written documentation evidencing assigned authority (see Cash Handling Policy Employee Acknowledgement Form below).
- b. Random drawer audits conducted under the direction of the City Auditor. A requirement that any non-compliance with this policy or deviation from set procedures will be reported to the City Auditor in the form of a memorandum outlining the non-compliant act or procedural deviation.

B. DELEGATION OF AUTHORITY:

- a. The City Auditor is authorized to promulgate rules for establishing procedures for the receipt, handling, and deposit of municipal cash by municipal employees and persons performing cash handling functions where there are municipal operations being performed, and funds that are to be placed into the municipal treasury. For the purpose of this policy, city employees, employees of companies that perform services operating departments or facilities for the City, volunteers, and all other persons involved in cashier related functions involving municipal cash, whether the employee(s) is/are full or part-time are covered by the terms of this policy. Incorporated within the authority granted via this policy is the right to require regular reporting to the City Auditor; inspection of departmental cash records, including overages or shortages and inspection of departmental practices and procedures in handling municipal cash. The City Auditor may verify and inspect for compliance with promulgated policies, procedures and rules to assure that they are being adhered to through on-site inspections.
- b. The City is required by law to keep detailed records of transactions involving the receipting, retention, and disbursement of all City revenue. The

Auditor's Office is charged with the responsibility of overseeing the proper receipting and safeguarding of all municipal funds.

- c. Responsibility and accountability for the daily collection of funds is delegated to the principal municipal cash custodian of each operating location involved in cashiering operations along with his/her supervisor.

C. DUTIES OF CITY PERSONNEL:

Any City employee who receives municipal cash in the normal scope and course of his/her duties shall:

1. Ensure the delivery or deposit is made in compliance with ORC Section 9.38 and comply with rules promulgated by the City Auditor for handling and processing of municipal cash.
2. Notify his/her supervisor and department head of any loss or theft of municipal money immediately upon discovery. Written notice shall be given to them no later than twenty-four hours after discovery.
3. Shall count, balance, report and relinquish cash drawer collections in excess of the cash drawer amount to the facility's principal municipal cash custodian no later than the end of his/her shift each day.
4. Each cash custodian/the department head or manager shall prepare deposit records and deposit the day's collections in accordance with the following process:
 - a. City personnel must deposit all public moneys received by that person with the City Auditor's Office or properly designated depository (bank) on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars (\$1,000). If the total amount of the public moneys so received does not exceed one thousand dollars (\$1,000), the person shall deposit the moneys within three (3) business day next following the day of receipt, provided the person is able to safeguard the moneys until such time.
 - i. Safeguarding the public moneys include proper segregation of duties on handling the cash (signoffs, reviews); securing cash received for deposit in a locked safe within a secured area; restricted access to the safe. This process must be approved by the City Auditor.
5. Municipal employees are subject to disciplinary action for failure to comply with the duties described in the Cash Handling Policy.

D. LIABILITY FOR LOSS

Primary responsibility for care and liability for loss of municipal cash in its custody is recognized at the department/facility level until deposited with the City Auditor's Office or bank. Compliance with the procedures approved by the City Auditor establishes a presumption that a municipal department/facility is exercising due care in its custody and care of municipal cash.

E. ESTABLISHMENT/INCREASE OF CASH FUNDS

All requests for the establishment of cash funds, (i.e. cash drawer and petty cash funds) must be made to the City Auditor. The City Auditor will maintain a complete listing of all cash funds. The department/facility, custodian and the dollar value of the cash funds are to be maintained on this written listing.

1. A check request signed by the department head; specifying the type of fund (cash drawer or petty cash), the amount being requested, and an explanation describing the basis for the requested funds is required to be submitted to the City Auditor. (Email is acceptable)
2. It is not permissible for cash funds to be established out of cash receipts by any department/facility.
3. A cash fund will not be established until a cash fund custodian has been designated by the department head/facility manager. Cash funds must have only one cash fund custodian responsible for managing cash funds. In the absence of the cash fund custodian, the supervisor is responsible for the control and management of cash funds.
4. Should it become necessary to change fund custodians, the supervisor must notify the City Auditor and an audit of the cash fund be performed prior to transferring the cash fund to a new cash fund custodian. An audit of the cash fund will not be performed unless and until the new custodian is present.
5. Upon receipt of the cash fund money, the new custodian will sign the custodian acknowledgement form maintained by the City Auditor.

F. TERMINATION OF CASH FUNDS

- a. When the need arises to close a municipal cash fund, the department head/facility manager shall notify the City Auditor that the cash fund is to be closed by providing a memorandum (email is acceptable) specifying the reason for the closure. At the point funds are to be relinquished, an audit of the cash fund shall be performed in the presence of the department

head/facility manager or the municipal cash fund custodian. Any discrepancy from the proper balance shall be noted and addressed at that time. The City Auditor shall void and return the department head and custodian's signed Cash Handling Policy Employee Acknowledgement Form.

- b. Upon completion of the cash audit and relinquishment of the funds to the City Auditor or his/her designee, the cash will be deposited into the municipal depository and appropriate accounting entries recorded to reverse the recognition of the municipal cash funds on the general ledger.

G. SECURITY OF CASH FUNDS

- a. Funds must be secured in a safe when not being used operationally or receipts are not being prepared for deposit.
- b. Provisions should be made in departments where more than one cash fund exists to secure all funds that are not being currently utilized.
- c. Only the department head, cash fund custodian, and alternates should maintain keys and have access to municipal cash funds on hand and relinquished daily receipts when they are not in operational use or being prepared for deposit.
- d. Bank bags must be locked and kept out of sight when transporting municipal funds for deposit at the municipal depository.
- e. All cash funds must be reviewed for propriety randomly by the department head/facility manager.
- f. Petty cash funds shall remain secured until need arises to perform a transaction involving petty cash.
- g. Cash register drawers shall not be left unattended without the cash register being locked and the register's key removed and retained on the person of the responsible employee.
- h. Cash register drawers shall be removed from each cash register before the close of business each day, relinquished to the department head/facility manager, principle municipal cash fund custodian or on duty alternate, and placed in a vault or safe.

H. CASH DRAWER GUIDELINES

- a. Cash drawers should generally be used for the following:
 - i. Making change to the public,
 - ii. Receiving payment for multiple types of transactions.
- b. Adequate receipts and documentation must be maintained to support all transactions made from the cash drawer.
- c. A cash drawer custodian may be revoked at the discretion of the City Auditor.

I. CASH

DRAWER

BALANCES

| Department | Fund Limit |
|---------------------|------------|
| City Water Office | \$300 |
| City Tax Office | \$200 |
| City Administration | \$100 |
| | |
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| | |

J. OVERAGES AND SHORTAGES

Both overages and shortages should be noted and tracked by the custodian and then reviewed and certified by a department supervisor. Significant amounts should be immediately reported to the department director and the City Auditor. If there appears to be a growing pattern or anything unusual or strange about the overages and shortages, that information must be disclosed immediately.

K. CASH DRAWER PROCEDURES

- a. Custodians of cash drawers shall issue a receipt to the customer for all transactions.
- b. The custodian shall for a specified period of time complete a cash reconciliation form for deposit with the City Auditor's Office and submission to the City Auditor's Office and recording of revenue in the City's accounting system.
- c. If a discrepancy exists between the "Total Cash on Hand" and the "Valid Cash Balance", then the custodian needs to inform his/her supervisor who then contacts the City Auditor's Office. The discrepancy should be noted on the reconciliation with supervisor sign-off, if the unreconciled discrepancy is not known.

L. REGULATION OF PETTY CASH

- a. Petty cash funds are used for expenditures of \$100 or less made by a City employee.
- b. Adequate receipts and documentation must be maintained to support all transactions made from the Petty Cash Fund.
- c. A petty cash fund or custodian may be revoked at the discretion of the City Auditor.
- d. The amount of the petty cash fund may be reduced at the discretion of the City Auditor.

M. ESTABLISHED PETTY CASH FUNDS

| Department | Fund Limit |
|-------------------|------------|
| None at this time | \$0.00 |

N. ESTABLISHING NEW PETTY CASH FUNDS

Departments wishing to establish a new petty cash fund shall contact the City Auditor.

O. CLOSING A PETTY CASH FUND

If it is determined that an existing petty cash fund is no longer needed, the custodian must close the fund. The remaining cash and all receipts should be taken to the City Auditor's Office for deposit.

Contact the City Auditor's Office to obtain the appropriate account information before the deposit is made. Supporting documentation will be forwarded to the City Auditor's Office for reconciliation.

P. PETTY CASH PROCEDURES:

- a. The requester shall complete the Petty Cash Reimbursement Form (attached). Describe the purchase/expenditure in the description/explanation area and enter the total amount requested for reimbursement. A receipt for the expenditure must be attached to this form. The form must be signed and dated by the requestor and approved by the City Auditor with his/her signature and the date.

- b. On a periodic basis, the custodian counts the currency and coins in the petty cash fund, sums the receipts in the petty cash fund file. The combined dollar value of the currency, coins and the receipts must equal the petty cash fund total assigned to the custodian. The custodian then completes a Petty Cash Reimbursement Form and a check request to reimburse the petty cash fund for the amount of the outstanding receipts.
- c. If a discrepancy exists between the total of the currency, coin and receipts and the petty cash fund total assigned to the custodian, the custodian needs to inform the City Auditor's Office petty cash fund to ensure that sufficient currency and coin are on hand to reimburse employees for expenditures.

GLOSSARY

Municipal Cash

- Currency, coins, checks, charge payments, other electronic payment media, and other negotiable instruments payable as money to the municipality or to operations owned or affiliated with the municipality.

ORC 9.38

- This Ohio Revised Code Section states, "A person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy."

CITY OF HILLSBORO
CASH HANDLING POLICY
Municipal Cash Fund Custodian
Employee Acknowledgement Form

I, _____, accept and acknowledge I am a municipal cash fund custodian for the below named department/facility of the City of Hillsboro. I accept and understand the responsibility delegated to me. I understand and agree, as department head/facility manager/municipal cash custodian, that I may be held responsible and accountable for municipal cash that is administered under my care and authority on behalf of the City of Hillsboro, as provided in the Cash Handling Policy of the City.

Department/Facility Name: _____

Signature: _____

Print Name: _____

Date: _____

CITY OF HILLSBORO
CASH HANDLING POLICY
Municipal Petty Cash Reimbursement Form

Department/Facility Name: _____

Original Petty Cash Fund Balance: _____

Amount of Requested Reimbursement: _____

Recap of Disbursements

| Vendor Name | Date of Purchase | Account Code | Amount |
|---------------|------------------|--------------|--------|
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| | | | |
| Total: | | | |

Requestor (Custodian) Signature: _____

Print Name: _____

Date: _____

City Auditor Signature: _____

Print Name: _____

Date: _____