

CITY OF FOSTORIA, OHIO

Resolution No. 2020-_____

Sponsored by: _____

Requested By: Director of Finance

A RESOLUTION

A Resolution establishing a Cash and Accounting Policy and declaring an emergency to exist.

BE IT RESOLVED by the Council of the City of Fostoria, Seneca, Hancock, and Wood Counties, Ohio:

SECTION 1. The Council of the City of Fostoria, Ohio hereby approves and enacts this Cash and Accounting Policy to regulate petty cash accounts and cash drawers established pursuant to section 135.01 of the Codified Ordinances of the City of Fostoria, Ohio.

Purpose

The Cash and Accounting Policy has been established to create and provide guidelines for each department to follow and be held accountable to. These procedures will act as an internal control of cash handling throughout the City of Fostoria.

Overview of Cash and Accounting Policy

- Petty Cash
- Cash Drawer
- Revenue Received by Departments
- Security of cash, coin, and checks of any kind

PETTY CASH

Petty cash funds are established to enable departments to make small, emergency purchases. The amount of the petty cash fund is determined by a written request of the department head on a "Request to Establish a Petty Cash Fund" form, reviewed and signed off by the Director of Public Service and Safety, and approved and established by the Director of Finance.

Each department head will be, or assign an employee to be, the custodian of the petty cash for that department. The custodian is required to keep the petty cash, including coin, in a secure and locked location. The custodian will be accountable for all petty cash and documentation related to the petty cash that is maintained in that department on behalf of the City of Fostoria.

Petty Cash Guidelines

- Petty cash funds are to be used for expenditures that are \$50 or less by a City of Fostoria employee.
- Expenses paid from the petty cash fund can only be made for the purpose(s) for which the fund was authorized.
- Receipts and documentation must be maintained to support all transactions made from the petty cash fund in each department. This documentation includes:
 - Date of purchase or payment
 - Name of vendor or payee
 - Cash register receipt or a handwritten receipt in which the word “Paid” appears, or anything that is evidence of the expense
 - Amount paid
 - Detailed description of the goods purchased or expense
 - Signature by the employee who used the petty cash fund
- The total receipts plus the actual cash on hand must always equal the specified amount of the petty cash fund.
- When the petty cash is not in use, the guardian must be sure it is secure and in a locked location
- A petty cash fund may be revoked at the discretion of the Director of Finance if procedures and guidelines are not followed appropriately.
- The amount of the petty cash fund may be reduced at the discretion of the Finance Director.

Petty Cash Procedures

- 1) The requester **MUST** fill out a “Request for Petty Cash” form provided by the Finance Director
 - a. If it is a reimbursement to the employee:
 - i. The guardian will give the employee cash once all supporting and necessary documentation is received. (cash register receipt, handwritten receipt in which the word “Paid” appears, or anything that is evidence of the expense)
 - ii. The guardian and employee need to initial to verify reimbursed cash
 - b. If cash is given before the purchase/expense:
 - i. The guardian will take the request and give the cash to the requester; both need to initial the form to verify the amount of cash given
 - ii. Once purchase or expense is complete, the requester will give the guardian all supporting documentation (cash register receipt, handwritten receipt in which the word “Paid” appears, or anything that is evidence of the expense), and change from the transaction (if applicable)
- 2) On a periodic basis, the custodian will balance the petty cash drawer to make sure all petty cash and petty cash transactions are accounted for.
- 3) If a discrepancy exists in the petty cash when balanced, the custodian needs to inform their department head, who will then contact the Finance Director.
- 4) The custodian is responsible in determining the frequency for reimbursing the petty cash fund to ensure that enough currency and coin are on hand to reimburse employees for expenditures.

Reimbursement of Petty Cash Funds to the Department

- When the petty fund needs replenished in the department the guardian will fill out a “Petty Cash Replenish Request” form.
- The guardian will balance the petty cash drawer prior to sending all documentation to Auditor’s office to ensure balancing of the fund beforehand.
- Once balanced, the department head or guardian for that department will bring the replenish request form, all petty cash request forms, and all required supporting documentation to the Auditor’s office.
- The Auditor’s office will verify that the replenish form is equal to, and has, all the supporting documentation.
- The amount replenished will be given to the department head or the custodian for that department, and they will sign, along with the Auditor’s department employee to verify the amount given.
- The Auditor’s office will post the expenses/purchases to the appropriate fund, department, and account specified on the original petty cash requests forms.

Other Internal Control Procedures

- A surprise cash count of each petty cash fund, including a review of the documents on hand, will be performed at least annually by the Director of Finance, or an employee of the Auditor’s office as delegated by the Director of Finance, and just for the purpose of the surprise audit.

Established Petty Cash Funds

Department	Petty Cash Fund Limit
Police Department	\$ 200
Auditor’s Office (to be established)	\$300

CASH DRAWER

Cash drawers should be used for receiving payment for transactions processed in the department that issues a receipt for the transaction on behalf of the City of Fostoria. The amount of the cash drawer is determined by the department head, reviewed and signed off by the Director of Public Service and Safety, and approved and established by the Director of Finance.

Those that will have access to the cash drawer in order to process transactions, will be noted in the establishment of the cash drawer. The cash drawer, including all coin, needs to be kept in a secure and locked location when not in use.

Cash Drawer Guidelines

- Adequate receipts and supporting documentation must be maintained to support all transaction that have been processed through the cash drawer in each department.
- The total receipts (and supporting documentation), plus the actual cash on hand must always equal the specified amount of the cash drawer.
- When the cash drawer (including all coin) is not in use, the employee responsible must be sure it is secure and in a locked location
- When a deposit is made for the transactions processed through the cash drawer, the employee responsible should balance the cash drawer to make sure it remains at the designated cash drawer limit.
- Both overages and shortages should be noted and tracked by the department head of the department. If there appears to be a growing pattern or anything unusual about the overages or shortages, that information must be disclosed to the Finance Director immediately.
- If a large discrepancy exists in the cash drawer when balanced, the employee responsible needs to inform their department head, who will then contact the Finance Director in case there needs to be an adjustment made to keep the cash drawer at the designated amount.

Established Cash Drawers

Department	Cash Drawer Limit
Auditor’s Office	\$ 100
Income Tax Office	\$ 100
Water Department	\$ 500
Cemetery	\$ 100

REVENUE RECEIVED IN BY DEPARTMENTS

ANY revenue received within a department on behalf of the City of Fostoria, MUST be deposited within 24 hours of receiving it, as required by state statute. If a department is bringing this revenue to the Auditor’s office, it must be done within that same time frame so the Auditor’s office can get it deposited within the state statute required time frame. If the amount is \$ 1,000

or less, then by approved Ordinance 2019-49, the Auditor's office will have 3 business days to deposit it with the bank.

SECURITY OF CASH, COIN, OR CHECKS OF ANY KIND

Any and all cash, coin, and checks must be secured and locked when not in use during the day, and when closing at the end of the workday.

SECTION 2. It is found and determined that all formal actions of this Council concerning and relating to the adoption of this resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal actions were in meetings open to the public, and in compliance with all legal requirements including Section 121.22 of the Ohio Revised Code.

SECTION 3. This Resolution is declared to be an emergency measure necessary for the preservation of the public health, safety and welfare.

THEREFORE, upon the affirmative vote of two-thirds (2/3) of all members elected to Council and signature by the Mayor, this Resolution shall go into immediate force and effect.

Passed this _____ day of _____, 2020.

Steve Kauffman, Council President

ATTEST:

Tamara L. Drake, Clerk of Council

Filed with me and approved by me this _____ day of _____, 2020.

Eric J. Keckler, Mayor