

CITY OF Mont Belvieu
City Council Policy

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Approved By
City Council: Month XX, 200X

Reviewed By: Bryan Easum

Title: Cash Management Policy

I. PURPOSE:

This investment procedure details the processes and procedures to be executed by authorized personnel pertaining to the task of administering the management and investment procedures of the City of Mont Belvieu.

II. PROCEDURES:

A. Cash Management

1. Cash Receipts –

- a. **Daily Relinquishment and Deposit of Funds:** All offices and employees shall relinquish receipted and/or contributed monies (cash, checks, money orders, cashiers checks, etc.), other than assigned petty cash tills, along with all associated supporting documentation to Finance Department personnel. These monies shall be relinquished on a daily basis, unless arrangements are made with the Director of Finance for deposits to be made on a less frequent basis. However, in no case shall deposits be relinquished to the Finance Department on less than a weekly basis.
- b. **Computerized Receipting System:** Finance Department personnel (including cashiers) shall process received monies through the computerized cash receipts system, unless special deposit procedures are utilized by relinquishing monies to the Accountant (e.g., NSF checks, grant monies, ACH deposits and other transactions).
- c. **Combined Deposit to Pooled Cash:** At the end of each workday each Customer Accounts Clerk that has transacted money or checks shall reconcile and balance his or her receipts to the computerized cash

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receipts system. A composite of the individual proof summaries shall be generated and a single deposit slip prepared for the full amount of the day's combined transactions. Copies of the cash receipts reports and the deposit slip shall be forwarded to accounting personnel for the administration of such funds and documentation in account reconciliations.

Note: It shall be policy that all departments having custody of any City funds shall secure such funds at the end of each workday. Utility Accounts and Collections Clerk shall secure all tills with funds on hand in the Finance Department or Utility Department vault. Finance Department personnel shall store petty cash and any other funds on hand, controlled by the Finance Department, in the Finance Department vault.

- d. **Local Depository:** Deposits shall be deposited daily in the local depository.

- e. **Over & Short Deposits:** The Accounts and Collections Clerk shall verify daily cash collection and utility billing totals to system generated daily activity summaries and bank deposit slip amounts and shall – each day -, via system interface, post amount to the general ledger. The Accounts and Collections Clerk shall notify the Director of Finance when cashiers have unresolved cash short or over balances in excess of \$50.00 in any one business day. On a monthly basis the Accountant will verify the reconciliation of the deposits and utility receivables balances to City bank account credits and general ledger balances. And, the Director of Finance shall verify that the funds reported as collected on the till cash summary matches the amount that is receipted on the deposit slip's first bank endorsement.

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- f. **Bank Reconciliations:** Bank reconciliations shall be performed on all City of Mont Belvieu bank accounts on a monthly basis, verifying the propriety of bank and general ledger balances.

2. Cash Disbursements –

- a. **Proper Documentation and Authorization at Disbursement:** All operating funds shall be disbursed only if documents approving the disbursement have been properly approved and if each transaction is supported by an original invoice.
- b. **Two (2) Signatures on Checks:** Disbursements of funds shall require two (2) authorized signatures, original or facsimile, by authorized officials.
- c. **Security of Signature Plates:** Facsimile signatures shall be electronic in nature, within the Incode software system, and only the Director of Finance is authorized to have access to the plate(s).
- d. **Week Disbursement of Payables:** It will be normal procedure for accounts payable disbursements to be distributed on Thursday of each week. Accounts Payable personnel shall advise the Accounting Manger and the Director of Finance dollar value of each week’s disbursements for cash management purposes. The Accountant, Internal Audit Clerk, or Director of Finance shall review all invoices for propriety and shall initial their review.

3. Funds Management –

- a. **Maximization of Investable Dollars:** The primary checking accounts of the City will be managed with the objective of maximizing whatever form of investment yields the greatest the dollar returned within the Investment Policy and Investment Strategies of the City.

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3. Funds Management (continued) –

- b. Cash Flows:** Liquidity needs may be valued in a number of different ways, however, regardless the method used, consideration must be given to; a) balance per the bank, b) deposits in transit, c) planned cash outflows and **minimum float** in order to ascertain the City’s immediate operating needs.
- c. Pledges and Collateralization:** Bank deposits and other pledged or collateralized investments shall be reviewed on a quarterly basis to ascertain whether pledge and collateral obligations are met. Collateralization requirements will be calculated using the pledged security’s market value and accrued interest, less amounts insured by the FDIC, FSLIC or the successors. Collateral required shall be the percentages noted , based upon their value of par, plus accrued interest.
- d. Maturities Due Within Thirty (30) Days:** The City Manager and the Finance Director will review the maturity and diversity of the City’s investment structure. Sufficiency of liquidity to estimated cash flow needs shall be the first element to be reviewed. Subsequently, an examination of investment laddering and diversity thresholds will be reviewed. A recap of the planned investment activity will be generated and that scenario followed.