



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 9, 2014
SUBJECT/REPORT NO:	City-Wide Cash Handling Policy (FCS14003(a)) (City-Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Bev Neill 905-546-2424 Ext. 6274
SUBMITTED BY:	Mike Zegarac General Manager Finance & Corporate Services
SIGNATURE:	

RECOMMENDATION

- a) That the revised City-Wide Cash Handling Policy, attached as Appendix "A" to report FCS14003 (a), be approved;
- b) That the item respecting a City-Wide Cash Handling Policy be considered complete and removed from the Audit, Finance & Administration Committee's Outstanding Business List.

EXECUTIVE SUMMARY

On September 11, 2013, City Council approved Audit, Finance & Administration Committee Report 13-009 which directed the Acting General Manager of Finance and Corporate Services to create a Cash Handling Policy by the calendar year end 2013. This policy incorporates the Cash Handling Guidelines attached as Schedule "A" to Appendix "A" to report FCS14003(a).

On February 12, 2014, report FCS14003 was referred to staff for further consideration with respect to consistency and cash handling guidelines. Additional controls have been added to the policy that will ensure consistent practices are followed by all departments. These controls include the use of appropriate burglary protection in all cash handling locations and the requirement to schedule armoured courier pick-ups for deposits based on volumes of cash received.

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Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial:

Departmental staff collected details regarding the safe-guarding and depositing of cash for the City's 116 cash handling locations. It has been determined that the majority of the locations have and use the appropriate safes on site for the safe-keeping of cash overnight, if and when, required. It has been estimated that one-time costs of \$9,000 is required for the purchase of 6 safes. These costs may increase/decrease based on the type of safes purchased.

Currently, 32 locations use armoured car services to transport deposits to the bank on daily, weekly or bi-weekly schedules. Approximately 32 locations do not require armoured car service due to the small amounts of cash collected. The Cash Handling Policy, if approved, will require that approximately 52 locations implement the use of armoured services. The City currently has a contract, in place, for the provision of this service at a rate of \$43.75 per pick-up and an additional annual cost of \$118,300.00 has been estimated for the additional pick-ups. The cost may increase/decrease based on the number of pick-ups required, due to amounts collected, or the seasonality of the location's operations, as well as, the addition of a large number of sites may provide an opportunity to negotiate reduced pricing.

The city-wide cash handling policy states that all locations collecting over \$25,000.00 annually will be required to use armoured car services unless the General Manager of Finance and Corporate Services waives this requirement. In some cases, daily/weekly/bi-weekly service would not be required due to the flow/timing of funds received. In order to be exempted from using the armoured car service, the department must forward a written request, describing the reason for the exemption, to the General Manager of Finance and Corporate Services for authorization.

Department	Estimated Cost Armoured Car Service	Estimated Cost Purchase of Safes
Community Services	\$91,000	\$1,500
Corporate Services	\$2,275	\$0
Public Health	\$2,275	\$0
Planning & Economic Development	\$6,825	\$4,500
Public Works	\$15,925	\$3,000
Total	\$118,300	\$9,000

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Staffing:

Deposits are currently delivered to a bank branch by staff, on a daily or weekly basis, for a number of cash handling locations. The requirement to use the corporate pick-up service will address employee safety concerns, as well as, reduce costs related to time and travel for trips to the bank.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

On July 10, 2013 the Audit, Finance and Administration Committee put forth the following motion:

“That the Internal Auditor be directed to immediately commence a review of the cash handling policies, on a city-wide basis, and report to the Audit, Finance & Administration Committee with clear recommendations to assist in strengthening the security of all cash handling with the City of Hamilton.”

On September 9, 2013, the Audit, Finance & Administration Committee approved Report AUD13031 that included the following recommendation:

“That the Acting General Manager of Finance and Corporate Services be directed to create a corporate cash handling policy which incorporates the cash handling guidelines by calendar year end 2013.”

On February 12, 2014, the Audit, Finance & Administration Committee referred back to staff Report FCS14003 for further consideration with respect to consistency and cash handling guidelines.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There are various departmental and divisional cash handling policies and procedures which currently exist that will need to be reviewed and possibly be amended to comply with the Corporate Cash Handling Policy and Guidelines.

Minor revisions to the approved Guidelines are required in order to provide consistency with the Policy in language and definitions.

RELEVANT CONSULTATION

The Corporate Cash Handling Policy was developed after the following was undertaken:

- A review of Cash Handling Policies, in place, at other municipalities
- Consultation with Finance and Administration and departmental staff
- Consultation with Internal Audit; and
- Compilation of a detailed inventory of all cash handling locations.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

(Include Performance Measurement/Benchmarking Data if applicable)

An inventory of all cash handling locations was compiled and included the following information:

- Department
- Location
- Annual volumes
- Cash breakdown (Cash, Cheques, Debit/Credit)
- Staffing levels
- Security equipment
- Bank delivery methods
- Point of Sale information

The Corporate Cash Handling Policy has been designed to provide consistency in cash handling for all City Departments, avoid fraudulent activity in the handling of City cash and to prevent and minimize the risk to City employees when handling cash. The policy will govern all areas where cash is handled. This policy also incorporates the cash handling guidelines approved by the Audit, Finance and Administration Committee in report AUD13031.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

The Audit, Finance and Administration Committee may decide to add/delete any of the control standards of the cash handling policy. Each standard addresses a specific risk and requires that departments put in place procedures that will ensure the proper control standards are being addressed.

Financial: To be determined.

Staffing: None.

Legal: None.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Policy #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS14003(a) – City-Wide Cash Handling Policy