

**PAYMENT ACCEPTANCE & RECONCILIATION MANUAL**

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# INTRODUCTION

The City of Madison wants to provide its citizens (the “customers”) with easy access to services. In addition, agency supervisors want to make internal workflow as efficient as possible. Often, this results in allowing citizens to make payments to the City in locations distant from the Treasurer’s Office. The challenge, therefore, is to ensure that payments are received and transported to the Treasurer’s Office in a safe and prudent manner, and recorded according to the needs of the Finance Department.

This manual is the product of a joint effort by the City Treasurer and the Internal Audit Section of the City of Madison Finance Department. It is the responsibility of each department and division head to provide for the proper control of cash within the guidelines set forth in this manual. It is expected that all City employees who are involved in receiving payments from the public will be familiar with the policies and procedures herein described. Furthermore, it is anticipated that agency heads will (in consultation with the Treasurer and Internal Audit staff) augment these policies and procedures with further requirements for their specific agencies.

The goal in handling payments to the City is to ensure strong fiscal management practices and proper control over receipts. This manual will deal with policies, procedures, and best practices involved with: 1) accepting payments; 2) safekeeping the payments; 3) reconciling and preparing deposits; and 4) transporting the deposits to the Treasurer’s Office or directly to the bank. Each of these aspects of receiving payments will be discussed in detail.

“The City Treasurer shall collect and account for all taxes, license monies, fees, accounts of charges due or owing to the City, shall be responsible for the collection, receiving, safekeeping, and accounting for all monies and securities of the City of Madison and attend to all treasury affairs . . .” MGO 3.055

# MANUAL CUSTODY & REVISION

This manual has been created by the City of Madison Finance department and will be maintained by the Finance department, with primary custody being assigned to the Treasurer’s office. The date of any major revisions will be listed below.

#### ORIGINAL ISSUE DATE

July 2014

#### REVISION HISTORY

September 2023

#### NEXT REVIEW

# SCOPE

This procedure applies to all City of Madison permanent and temporary employees and any other users who accept payments on behalf of the City of Madison.

# TRANSACTION PROCESSING

Specific details regarding processing and reconciliation will depend upon the method of payment and point of sale (POS) system. Employees should process transactions in accordance with the applicable POS system and refer to this manual at the point of payment acceptance.

# CASH & CHECK

## PAYMENT ACCEPTANCE

### CASH

1. Any cash presented for payment should be placed on the counter.
2. If the amount presented is more than the amount due, the employee should retrieve the appropriate change from the cash drawer.
3. Hand the customer any change and place the payment in the cash drawer.

### CHECK

#### IN PERSON

For checks received in-person:

1. Verify that the check is made out to “City of Madison Treasury”, the preferred payee designation. Checks made out to “City of Madison” or “City of Madison XX department” are acceptable. If asked, always respond “City of Madison Treasury”.
2. Verify that the date on the check is today’s date or prior. Do not accept a post-dated check. Assume all checks will be deposited the same day as received. A post-dated check may be rejected by the City’s financial institution.
3. Verify that the check is signed.
4. Restrictively endorse the check using the POS system.
5. Place the check in the cash drawer.

**NOTE:**

* Do not accept third-party checks (checks issued to the person making a payment and endorsed over to the City).
* Do not cash City employees’ personal checks (including your own).

#### MAIL

For checks received via mail:

1. Follow all steps above for checks received in-person.
2. If there are any issues with the check (post-dated, not signed, etc.)
   1. Contact the sender via phone or email
   2. If contact information is not available, mail the check and any included documentation back to the return address via USPS.

## SAFEKEEPING

In accordance with MGO 3.055, City of Madison employees have an obligation to keep all City monetary assets safe at all times. To facilitate these efforts, employees who handle cash and checks must adhere to the following policies and procedures to ensure the security of these receipts.

### PHYSICAL SECURITY

Consideration should be given to the amount of cash and checks that are routinely on hand and the level of physical security warranted based on the potential for risk. An agency’s needs for safekeeping may be different during business hours as opposed to non-business hours. For example, an agency may need to keep cash readily on hand in a cash drawer at the main counter in order to interact with customers during the day, but should lock the receipts safely away from the main counter at night.

At a minimum, all agencies must ensure that:

* Unsecured cash or checks should not be left unattended at any time.
* A safe, locked drawer, or secured cash box should be used to safeguard cash and checks. It should not be visible to the general public.
* Keys and combinations to safekeeping areas should be maintained away from the safekeeping area. Keys should be marked “do not duplicate”.
* Access to safekeeping places should be restricted to necessary employees.
* Management should maintain a list, in a secure location, of which employees have access to the agency’s safe, locked drawer, etc.
* Upon termination of employees with access to safekeeping areas, keys should be collected and combinations/locks should be changed.

### ROBBERY

* City policy is to cooperate with the robber’s explicit instructions and not make any attempts to play “hero” and thwart the robbery attempt.
* Discretely pay close attention to any identifying features of the robber.
* After the robber leaves, lock any doors and/or windows and retreat to a secure location.
* Call Police (911) and inform management of the incident.

## RECONCILIATION

Reconciliation of cash and checks should occur in an area that is not visible to the general public. Ideally, when an agency has a sufficient number of employees to segregate these duties, the reconciliation should be performed by an employee that has no other cash handling responsibilities.

### OVERAGES/SHORTAGES

Any overages or shortages should be investigated and resolved during the reconciliation process. If an overage or shortage is not resolved, it should be recorded to the appropriate general ledger account and documentation should be sent with batch detail to the Treasurer’s office.

* Employees should never use personal funds to balance City funds.
* A change fund for overages/shortages is not allowed.

### SUPERVISOR RESPONSIBILITY

Management should:

* Periodically review and document their review of the reconciliations.
* Periodically perform and document “surprise” cash counts and reconciliations.
* Retain proof of reconciliations.
* Review, resolve, and document overages/shortages by employee.
  + Identify any trends by employee to determine whether recurring problems may be the result of carelessness, need for additional training, or theft.
  + Determine and communicate consequences for significant and/or recurring overages/shortages.

## DEPOSITS

All deposits should be documented on a deposit slip that has been approved by the Treasurer’s office. Deposits should be made on a timely basis. Due to the variety of City locations that accept payments and the dissimilar level of materiality involved, discretion should be exercised in determining the frequency and method by which payments will be deposited for each City agency.

### DEPOSIT FREQUENCY

* Deposits should be made daily, when practical. This applies to agencies located in the City County Building (CCB) or Madison Municipal Building (MMB), unless payments received are infrequent and/or immaterial.
* At a minimum, deposits should be delivered to the Treasurer’s office on a weekly basis, regardless of materiality.
* A deposit schedule should be established, in conjunction with the Treasurer’s office
* If a scheduled deposit needs to be delayed due to extenuating circumstances, contact the Treasurer’s office.

### DEPOSIT TRANSPORTATION

* Transportation methods include walking, driving, and armored car services. The mode of transportation should be determined in conjunction with the Treasurer’s office.
* Transportation should be done discreetly.
* Depositor should vary the routine (route and timing) of transporting payments.
* If a bag is used, it should be locked and the depositor should not have access to the key.

### TREASURER’S OFFICE RESPONSIBILITY

Once deposits are received by the Treasurer’s office, Treasury employees are responsible for:

* Settlement of all payment batches
* Facilitating delivery of payments (physically or electronically) to the City’s financial institution
* Final reconciliation of all City bank accounts

# PAYMENT CARDS

## DEFINITIONS

**Payment Card:** A financial transaction card (credit, debit, etc.) issued by a financial institution; also called Bankcard/Payment Card/Charge Card/Credit Card/Debit Card.

**Payment Card Information:** Any personally identifiable data associated with a payment card. Examples include, but are not limited to: card number, expiration date, card type, and card validation code (three or four-digit value printed on the payment card referred to as CVV2 or CVC2).

**Payment Card Industry Data Security Standards (PCI DSS):** Set by the Payment Card Industry Security Standards Council, these standards were created to help organizations that process card payments prevent credit card fraud through increased controls around data and its exposure to compromise. These standards apply to all organizations that hold, process, or pass cardholder information.

## PAYMENT ACCEPTANCE

Policies and procedures regarding payment acceptance will depend upon the whether the payment card is present or not at the point of sale.

### CARD READER (CARD PRESENT)

1. If the payment card is present, it should be inserted (for “chipped” cards), swiped, or “tapped” (for contactless payment) via the card reader. This is the preferred method of entry.
2. Ask the customer to follow any prompts on the card reader to complete the transaction.

### MANUAL ENTRY (CARD NOT PRESENT)

1. If the payment card is not present or if there is an issue using the “card present” method above, the payment card information can be entered manually.
   1. This could include payment card information that is being communicated over the phone, has been mailed to the City, or was sent via a secure fax. NOTE: Payment card information should NEVER be sent or accepted via email, instant message, or unsecure fax. See the Safekeeping section below for further details.
2. Enter required information using the card reader.
   1. Required information will depend on the POS system, but will generally include the payment card number, expiration date, CVV code, and the billing zip code.
   2. Do NOT:
      1. Use your computer’s keyboard to enter any payment card information.
      2. Enter payment card information for the customer into an external-facing web-based payment portal. Ex: Resident Access
3. Follow any prompts on the card reader to complete the transaction.

## SAFEKEEPING

In addition to the safekeeping requirement outlined in MGO 3.055, the City of Madison must to adhere to Payment Card Industry Data Security Standard (PCI DSS) requirements when processing and interacting with payment card information. The payment card policies and procedures below are critical for maintaining PCI DSS compliance.

### PHYSICAL PAYMENT CARD INFORMATION

Payment card information that is written down, mailed or faxed to the City, or printed must be kept in a secured area with limited access until the transaction is complete. The information must be shredded once the transaction is complete and disposed of in a secure container.

### PROHIBITED PAYMENT CARD INFORMATION RECEIPT METHODS

#### EMAIL & INSTANT MESSAGE

Email and instant message must never be accepted as a method to supply payment card information, nor should they be used to transmit such information.

If an email or instant message containing payment card information is received:

* Reply to the email (or, in the case of an instant message, send an email to the message sender) immediately with **any payment card information deleted** stating, “The City of Madison does not accept payment card information via email as it is not a secure method of transmitting such data. The requested transaction will not be processed."
* Additionally, provide a list of any alternative, compliant options for payment.
* Once sent, delete the email from your inbox and delete it from your email trash.

### CARD READER SECURITY

Equipment used to accept card payments (card readers) must be secured against unauthorized use or tampering. Departments that manage POS systems will maintain a list of all applicable equipment and perform inspections of these devices at least annually. Inspections will include, but are not limited to, visual inspection for damage and/or card skimmers and serial number verification.

### SECURITY AWARENESS TRAINING

All City employees who are authorized to accept payment cards are required to complete security awareness training upon hire and annually thereafter.

* POS system access will NOT be granted until training is complete. Once completed, the employee should notify their supervisor so access can be authorized.
* Access the training video and presentation slides at: <https://www.cityofmadison.com/employeenet/finance/treasury>

### INCIDENT RESPONSE

Report any suspected exposure (to unauthorized parties) or loss of cardholder data to IT and the Treasurer’s Office immediately. This includes lost or stolen files with credit card numbers, electronic loss of data, databases infected with viruses and any other loss or potential loss.

**Contact Information**

IT

* Email: [helpdesk@cityofmadison.com](mailto:helpdesk@cityofmadison.com)
* Phone: (608) 266-4193

Treasury

* Email: [treasurer@cityofmadison.com](mailto:treasurer@cityofmadison.com)
* Phone: (608) 266-4771

### SOFTWARE/HARDWARE PROCUREMENT

Any software or hardware that will be used in the acceptance of payment card transactions (ex: POS software, card readers, etc.) should be reviewed by the Treasurer’s office before procurement in order to ensure that it is compliant with PCI DSS standards.

## RECONCILIATION

Reconciliation of payment card transactions should be done on a daily basis in accordance with the applicable POS system.

### OVERAGES/SHORTAGES

Any overages or shortages should be investigated and resolved during the reconciliation process. If an overage or shortage is not resolved, it should be recorded to the appropriate general ledger account and documentation should be sent with batch detail to the Treasurer’s office.

### SUPERVISOR RESPONSIBILITY

Refer to the Cash & Check Supervisor Responsibility section of this policy

## DEPOSITS

All payment card deposits should include documentation that has been deemed sufficient by the Treasurer’s office. Deposits should be made on a timely basis. Due to the variety of City locations that accept payments and the dissimilar level of materiality involved, discretion should be exercised in determining the frequency and method by which payments will be deposited for each City agency.

### DEPOSIT FREQUENCY

* Payment card deposits should be separated by the date the card was processed – in order to coincide with the POS system’s daily settlement process.
* At a minimum, payment card deposit detail should be delivered to the Treasurer’s office on a weekly basis, regardless of materiality.
* If deposit delivery needs to be delayed due to extenuating circumstances, contact the Treasurer’s office.

### DEPOSIT TRANSPORTATION

Refer to the Cash & Check Deposit Transportation section of this policy

### TREASURER’S OFFICE RESPONSIBILITY

Once deposits are received by the Treasurer’s office, Treasury employees are responsible for:

* Settlement of all payment batches
* Facilitating delivery of payments (physically or electronically) to the City’s financial institution
* Final reconciliation of all City bank accounts