Essential Components of an Organization-Wide Cash Handling Policy

**MODERATOR**
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**SPEAKERS**
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  City Treasurer, City of Grand Rapids, MI
- Brigid O’Callaghan
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DAY ■ MAY, 23 2017 3:35-4:50PM
Cash Handling Policies, Procedures, and Training

TAMMY QUEEN, AAP, CTP
DEPUTY DIRECTOR OF FINANCE
CITY OF KANSAS CITY, MISSOURI
GFOA BEST PRACTICE
REVENUE CONTROL
GFOA Best Practice

Revenue Control Policy

- GFOA recommends that governments establish a revenue control and management policy and review it on an annual basis.
GFOA Best Practice

Factors to consider:

- Internal controls
  - Segregation of duties
  - Timely processing and deposit of receipts
  - Timely reconciliation to applicable ledgers
  - Physical security
  - Fraud reporting
  - Use of integrated receipt and accounting systems

- Accounting practices
  - Record in accordance with GAAP
GFOA Best Practice

Factors to consider

- Billing and collection practices
  - Establish accounts receivable for services provided in advance of payment
  - Establish terms for collection
  - Timely billing and collection
  - Write-off policy

- Methods of payment
  - Outline what is acceptable
  - Promote electronic payments
GFOA Best Practice

Factors to consider

◦ Deposit of received funds
  ◦ Centralize in Treasury function, if available, otherwise with a single point of receipt to control access to funds

◦ Consider a separate procedure for grants and other specialized revenue streams

◦ Returned checks
  ◦ Processing and collection procedures
  ◦ Fees
GFOA Best Practice

Factors to consider

◦ Accounts receivable management
  ◦ Maximize collections
  ◦ Ability to age receivables
  ◦ Use of a collection agency – including adherence to applicable laws and notice requirements

◦ Bad debt
  ◦ Allowance for doubtful accounts
  ◦ Estimate bad debt expense based on documented method of calculation
  ◦ Periodic write-offs
GFOA Best Practice

Factors to consider

◦ Budgetary review responsibilities
  ◦ Timely review of revenue collections to look for variances from budget/forecast
  ◦ Thorough investigation of variances found

◦ Ensure full compliance with applicable federal, state, local or other laws or requirements
AUTHORITY FOR CASH HANDLING POLICIES AND PROCEDURES
Oops, not this kind of Cash...
Authority for Cash Handling Policies and Procedures

State law
Charter
Local ordinance/law
Authority for Cash Handling
Policies and Procedures

Kansas City

- Missouri state law gives City broad authority to collect certain revenue – varies by tax/fee type
- City Charter – Section 407(a)3
  - Director of Finance is responsible for the supervision of the collection, custody, and disbursement of all City monies and taxes
- City Code of Ordinances – Section 2-1615
  - Further defines duties of Director of Finance and City Treasurer related to collection of receipts
    - Generally – all receipts provided to City Treasurer for deposit – but not directly!
    - Deposit requirements
    - Returned check policy and fee
Authority for Cash Handling Policies/Procedures

Kansas City

Administrative Regulation
- Requires attendance at an approved cash handling course for employees handling cash and cash equivalents
- Includes disciplinary action for those failing to comply

Manual of Instruction
- Outlines specific procedures for handling cash
  - Opening, maintaining, balancing, safeguarding, and closing cash work station
  - Cash, check, and credit card transactions
  - Separation of duties
  - Inventory control
  - Robbery prevention
  - Daily deposit requirements and procedures
  - Disciplinary action
Authority for Cash Handling Policies/Procedures

Kansas City

- Internal Operating Procedures
  - Currency vault
  - Unidentified receipts
  - Daily accounting for cash
  - Accounting for dishonored checks
  - Handling excess cash
  - Inventory reconciliation
Centralized vs. Decentralized Cash Management

Not always practical to take money at just one location or even consolidate for deposit

- Set up good controls so deposits don’t have to flow through Treasury function
- All departments should enter deposits into cash receipting or accounting system daily
- Amounts should be reconciled daily against bank statement

Use an armored car for outlying locations with large daily deposits

Use security personnel to take deposits directly to a nearby bank branch
CASH HANDLING TRAINING
CITY OF KANSAS CITY, MISSOURI
Cash Handling Training - KCMO

More than 100 cash taking locations
Training program established in 2006
Since inception, 800 cash handlers have completed the course
Four hour classroom training
About 12 people per class
Combination of lecture, hands-on exercises, and videos
  - Oral quiz at the end of each major section
Taught by Cash Manager and Head Cashier
Based on model from and certified by Association of Public TreASurers of the United States and Canada
Cash Handling Training - KCMO

Introduction and course objectives

◦ List the characteristics of successful cash handlers
◦ Recognize various payment methods
◦ Understand the procedures for opening, maintaining, and closing a cash workstation
◦ List actions to be taken during and after an emergency
Part I: City Cash Handlers

- Basis for cash handling policies and procedures

- Performance expectations of City cash handlers
  - Good customer/citizen relations
  - Follow established procedures
  - Balance and deposit all cash daily
  - Use sound loss prevention practices
  - Understand emergency procedures
  - Other duties as assigned!

- Essential characteristics of successful cash handlers
  - Accuracy
  - Efficiency and effectiveness
  - Well-groomed
Part II: Payment Methods
- Proper recognition of currency denominations
- Counterfeit currency (US Treasury video)
- Characteristics of checks
- Types of checks and how they differ
- Proper check endorsement
- Check negotiability
- Check fraud
- Credit/debit card processing (Visa video)
Cash Handling Training - KCMO

Part III: Cashiering Operations

- Methods of counting currency
- How to open, maintain and close a cash workstation
  - Hands-on exercises to run transactions and balance
- Separation of duties
- Reconciliation of inventory
- City deposit requirements
Cash Handling Training - KCMO

Part IV: Security

- Robbery prevention
  - Be discreet when taking funds to the bank or use an armored car service
  - Cash drawer should be locked when not in use
  - Utilize a secure area for cash handling
  - Follow rules for excess cash
  - Use security devices (i.e., bait money, dye packs, etc.)

- Emergency procedures in event of robbery
  - Stay calm
  - Assume a weapon exists – even if you don’t see it
  - Follow all instructions
  - Observe the robber and note important information (NASTY)
  - Don’t touch anything
Closing Comments

Emphasis on policy, procedures, and training has kept KCMO off the front page of the *Kansas City Star* in recent years.

- KC Zoo Cash Handling Audit

Questions?
2017 GFOA
Denver, Colorado

ESSENTIAL COMPONENTS OF AN ORGANIZATION-WIDE CASH HANDLING POLICY
PART IV: CASH HANDLING – MAKING IT WORK!
Different Types of Cash Receivables

- Property & Income Tax Payments
- Utility Payments – Water, Sewer, Electric, Refuse, Recycle
- Civil Enforcement – Parking tickets and court payments
- Remote Locations – Parks, concession stands, ice rinks, events
- Police Evidence – Best Practices and Hazardous Materials
- Petty Cash
- Other
Cash Counting

• Hand-to-Hand Method
  • Separate denominations and face bills in one direction
  • Count largest denominations to smallest
  • Run an adding machine tape with a large number of bills
  • Look at each bill and recognize if something is different
  • Count the bills a second time to make sure the totals agree

• Hand-to-Table
  • Instead of placing currency in the customer’s hand, you place it on the table as you count
  • Think of how a cashier in a casino counts the funds back to the customer

• Walk-through Method
Cash Counting - Policies

• What do you do when counterfeit bill(s) are received?
• How do you handle customer protest actions - paying in loose coin?
• Do you have a policy for handling large sums of physical cash?
  • Police Department Vice Unit
  • Metropolitan Enforcement Team (MET)
• Other special cash handling items
• What do you do with mutilated currency?
Limiting Cash “Touching”

• Conduct departmental cash receipt walk-through
  • Flowchart or document the how cash is received.
  • Note the number of times staff has to physically touch/count cash
  • Each time cash is touched, there is the chance for miscounts or missing funds.

• Example: The City of Grand Rapids would count the same cash five times before the funds were deposited in the bank.

• Eliminate waste – send the funds directly to the bank from the departmental units. Serialize deposits followed by a verification process.
Use of Outside Services

• Armored Car Service
  • Contract for daily pick ups and delivery to the bank
  • May be as little as $15 per pick up.
  • Do not let municipal employees transport cash to the bank if possible.

• Cash Recyclers
  • Bank product and service
  • Cash is deposited in the recycler – municipality receives credit as if funds are in the bank.
  • Bank schedules the armored car to empty the recyclers when necessary.
Identifying Counterfeits

• The U.S. Currency Education Program
  • www.uscurrency.gov

• U.S. Secret Service
  • www.secretservice.gov/data/KnowYourMoney.pdf

• Common issues impacting detection
  • Printing technology is much more advanced
  • Color copying and printing hinders detection
  • Customer paying large dollar transactions in various denominations
Awareness and Tools

- Paper – special paper from cotton and linen
  - Notice the blue and red fibers
  - Notice the texture or feel

- Portraits and Watermarks
  - Portraits appear 3D – Watermarks are visible when held up to the light

- Microprinting – letters and phrases too small to copy

- Security Thread – polymer thread indicating denomination

- Color Shifting Ink – change the bills position and look to see how colors may shift. (Ink well on the $100 bill is an example.)
Handling Discrepancies

• Quantify the Discrepancy
  • Shortage/Overage/Loss
    • Shortage – change making error
    • Overage – too much money is collected and can’t be returned
    • Loss – cash had been mishandled. Cashier takes possession of the funds and due to other circumstances the funds can’t be deposited in the bank.
  • Shortages/Overages
    • Handled with staff training
    • Vigilance to track the who, what, when, and how these occurrences happen
  • Loss
    • Involve supervisor and possibly police
    • Review security tapes and conduct investigation into what happened
Movement of Cash/Making Deposits

• Work with your primary financial institution
  • Serialized Deposits – tracking tool
  • Cash Recycler
  • Armored Car Service
• Daily Deposits – no exceptions unless bank holiday or weekend
  • Avoid night deposits
  • Avoid having staff take deposits to the bank
    • No other choice, use prudence
    • Vary the time the deposit is taken to the bank daily
    • Change the route you take to the bank
    • Buddy system – a second set of eyes and safety in numbers
PART V: IS CASH STILL KING?
Diminished Use of Cash – Treasury Impact

• Technology Impact
  • More electronic transactions
  • Fewer walk-in customers
  • Changes to the way the office is staffed

• Re-evaluating work loads

• Staff training to facilitate how customers pay

• Funds are deposited and municipality has access to the cash faster

• Increased awareness to other types of fraud
  • Credit card fraudulent use/Sending funds via ACH
Technology Replacing Cash Transactions

• Pros:
  • Changes in how we interact with customers
    • Absorbing credit card fees and include cost in the rates we charge where applicable
    • Adding multiple notifications of bills due – push to decrease late fees and penalties
    • Strive for increased on-time payments (Late fees/penalties are not revenue streams)
  • Risks involved with physical cash are lower
  • Cost to process transactions decreases
  • Customer has the flexibility to pay bills according to their preference
  • Municipality has a better audit trail
  • Funds are confirmed immediately (credit cards) – next day (ACH)
  • Fewer issues such as NSF checks (Checks are becoming more costly.)
City of Grand Rapids
Sample Guidelines

• Cons:
  • Citizens don’t want to pay a convenience fee
    • Isn’t there a cost no matter which payment method we accept?
  • Municipality does not have the funds to upgrade technology
  • Staff is spread too thin – segregation of duties
  • Citizens won’t engage – “Build it and they DON’T come”
  • Process becomes too cumbersome
  • Municipality doesn’t have adequate technology staff to assist
  • Will inaction be detrimental to the municipality or the treasurer
Questions
Cash Handling:
A Bank’s Perspective

Brigid O'Callaghan, CCM
Senior Vice President and Western Manager
U.S. Bank, Government Banking Division

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Discussion topics

I. Counterfeit Currency
II. Cash Handling Strategies
III. Federal Regulatory Environment
IV. Looking to the Future
Counterfeit Currency
Quick Ways to Authenticate U.S. Currency

Feel the Paper

Genuine U.S. currency has a unique feel. When you are handed a note:

- Run your fingers over it - the note should feel slightly rough to the touch.
- Ask yourself: Does it feel overly soft or overly stiff? Does the paper feel thicker or thinner than usual? Does the paper feel unusually glossy or smooth?
- If something feels off at first touch, you can quickly check the note’s security features.
Quick Ways to Authenticate U.S. Currency

Tilt the Note

If you’re unsure if the note you’re holding is genuine, subtly tilt the note back and forth and observe the color-shifting ink, which is found on denominations $10 and higher. The current style $100 note includes two additional security features you can check by tilting the note: a 3-D Security Ribbon and color-shifting Bell in the Inkwell.
Quick Ways to Authenticate U.S. Currency

Check with Light

Notes of denomination $5 and higher have two security features that can be checked by holding the note to light: the watermark and the security thread.

Watermark
If the watermark is nonexistent or not visible from both sides, or if it does not match the note’s portrait or denomination, you may be handling counterfeit currency.

Security Thread
If the security thread is nonexistent or not visible from both sides, or if the security thread does not match the note, you may be handling counterfeit currency.

Resources:
https://www.uscurrency.gov/
https://www.secretservice.gov/data/KnowYourMoney.pdf
How do Bank’s address Counterfeit Currency?

• Identify the counterfeit currency
  – Overt Detection
  – Covert Detection
• Isolate the location/source
• Depositor may be responsible for losses due to Counterfeit items.
• Suspect items sent to the Secret Service for investigation.

https://www.secretservice.gov/about/overview/
Cash handling strategies
Cash processing challenges

• Managing deposit and order activity for multiple store locations
• Researching missing deposits, adjustments, and other discrepancies costs money
• Transporting cash to a branch location
• Monitoring the performance of your organization’s Treasury functions, armored carriers and bank partners
Payment usage

Cash is still the most frequently used payment instrument.

Remote Cash Deposit
Smart Safes - secure and efficient processing

How it works

• Employee feeds currency into an electronic safe
• A daily posting file is transmitted from the safe
• Currency is stored in locked cassettes for secure retrieval
• The armored courier delivers the cash to a bank vault for final reconciliation
Benefits of depositing cash electronically

• Deposit cash without going to a branch or a vault
• Consolidate depository relationships
• Reduce armored pickups
• Enhance staff safety
• Save time
Handle cash more efficiently

Remote Cash Deposit

• Automated Remote Cash Deposit technology
  – Quickly reads U.S. currency
  – Secures cash in an on-site “smart safe”
Remote cash deposit equipment examples

BRINKS

Dunbar Cash Manager Safes™

GARDAWORLD

LOOMIS Safe Point®
Cash recyclers

• A smart safe that automates cash handling
• Deposit area only accepts currency (typically higher value notes)
• Recycler area accepts currency (typically lower value notes) and coin that will be “recycled” for change needs later
Stand-alone cash recycler

How it works

• Client purchases a cash recycler from a safe manufacturer
• An armored carrier extracts cash from the deposit cassettes and delivers to a Cash Vault
  – Daily credit is not provided
• Solution is for a traditional cash vault client who has invested in a cash recycler unit
  – Gain operational efficiency and security; not for advanced credit on deposits
Remote Cash Deposit (RCD) - cash recycler

How it works

• Client purchases or leases a cash recycler unit
• Daily electronic credit is provided for currency in the deposit area of the safe
• Solution is a traditional RCD client using a technologically advanced smart safe
• The recycler provides daily credit through RCD and operational efficiencies for managing change orders
Cash recycler benefits

This solution can help you:

• Gain efficiencies
  – Reduce cash adjustments, reconciliation research and change orders
  – Speed up deposited funds availability
  – Capture enterprise-wide cash requirement data
  – Reduce frequency of armored pickups needed

• Reduce risk
  – Increase cash security
  – Reduce internal shrinkage

• Save time
  – Eliminate labor-intensive cash handling
  – Spend more time with customers
Deposit tracking options
Deposit tracking options

- Web-based modules help create, track, and manage deposit and change order activities
- Standardized and streamlined deposit and change order processes
  - All steps for deposits are captured and recorded, from preparation to verification at the bank cash vault
  - Change orders tracked from creation to delivery to ensure visibility
Tracking deposits can help you

• Mitigate risk
  – Monitor, track and control deposits and orders
• Enhance processing efficiency
  – Centralized location to manage your activity
• Manage your partners
  – Evaluate performance of employees, couriers, and banking partners
• Reduce errors
  – Less adjustments
Federal Regulatory Environment
Intense banking regulatory environment

- New U.S. Treasury Authority
- Basel III Implementation
- Dodd-Frank Act
- New Federal Reserve Rules
- New FDIC Rules
- New Federal Agency
Intricate web of oversight and regulation

- Financial Stability Oversight Council

- Global Regulators

- HUD
- FDIC
- CFPB
- OCC
- FRS
- CFTC
- SEC
- FINRA*
- Other**

- Commercial Lending
- Mortgages & Insurance
- Consumer Lending
- Derivatives
- Hedge Fund & Private Equity
- Investment Management
- Broker-Dealer
- Investment Banking
- Payment & Clearing

*in conjunction with the Treasury Office of Financial Research.
**Other organizations like State Ags and banking, insurance, and consumer protection regulators.
# EME, Latin-Am, Asia-Pac, and BRIC regulators.
Key Banking Compliance Regulations

Anti-Money Laundering (AML)
- Placement
- Integration
- Layering

Know Your Customer (KYC)
- Customer Policy
- Risk Management
- Customer ID Procedures
- Transaction Monitoring
Implications of the Basel III Requirements

Liquidity Coverage Ratio (LCR) – impact on Deposit Balances

• Each liability on a bank’s balance sheet is assigned a runoff factor:
  – For example: A deposit with a runoff factor of 40% means that for each $100 held, a bank must hold $40 of liquid assets on balance sheet

<table>
<thead>
<tr>
<th>Deposit/Liability Type</th>
<th>Description</th>
<th>Run-off Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-retail term products maturing &gt; 30 days</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Retail/Small Business – Fully Insured</td>
<td>Fully FDIC Insured and multiple products</td>
<td>3%</td>
</tr>
<tr>
<td>Retail/Small Business – Not Fully Insured</td>
<td>Aggregate balances that exceed FDIC insurance limits. Entire balance receives this factor</td>
<td>10%</td>
</tr>
<tr>
<td>Corporate/Commercial/Financial deposits</td>
<td>Operational</td>
<td>25%</td>
</tr>
<tr>
<td>Corporate/Commercial deposits</td>
<td>Non-operational</td>
<td>40%</td>
</tr>
<tr>
<td>Deposits from financial companies</td>
<td>Non-operational</td>
<td>100%</td>
</tr>
</tbody>
</table>
Looking to the Future
Analyze your Working Capital Strategy

• Examining all aspects of cash flow is key for successful treasury operations

• Identify opportunities for increased efficiency and working capital advantages

• Strategy should support culture and desired objectives
The Working Capital Engagement roadmap

Ask questions and listen to process

Map a complete AP /AR model

Engineer working capital strategy

Advise based on client’s unique business

Provide Working Capital Advantage & future vision
Turning your strategy into opportunities

Payments policy
• Unchanged or updated
• Manual process
• Resistance
• No compliance or control

Optimum payments strategy
• Incorporate best practices
• Consistent with company’s expectations
• Simplified process
• Compliance and control
Banking consultation – expected outcomes

• Confirm best practices
• Drive automation and efficiency
• Identify optimal payment mix
• Streamline payment processing
• Reduce payment costs
• Improve cash flow forecasting
• Decrease manual processes and mistakes
A consultative approach will be advantageous

**Solutions for your unique needs**
Work with a partner who views payments holistically to tailor solutions for your unique needs.

**Processing**
A knowledgeable Banker can show you how to reduce costs, improve cash flow and streamline your entire payment processing function.

**Support**
Experienced implementation and customer service team ensures a seamless transition for your continued success.

**Innovation**
Leverage the Bank’s consultative expertise, technology investments, and client insights to create a working capital optimization strategy.
Appendix – Resources
Essential components of an organization-wide cash handling policy

Sample Policy Documents
Counterfeit Currency
Handling Process and Update
January 1, 2017

UPDATE: Over the past two days, we have received a counterfeit $50 bill and $5 bill. Please be aware that we have seen a recent uptick in receiving counterfeit currency. Pay close attention to the cash that you are receiving.

PROCESS: If you believe you have counterfeit currency and ...

1. The customer is paying a bill at your window...
2. Continue accepting the payment. Do not return the note to the passer.
3. If you suspect a large number of the bills is counterfeit, request supervisor assistance to verify the transaction.
4. Observe the passer’s description and any companions.
5. Print a duplicate receipt of the transaction.
6. Write your initials and date in the white border areas of the suspected note.
7. Place note in an envelope and minimize handling of the bill.
8. Contact Treasurer’s Office – John (ext 3285) or Phill (ext 4218)
9. Treasurer’s Office will contact local police or Secret Service field office. (616) 454-4671
NOTE: Your safety is of utmost importance to us. Don’t challenge the person passing the suspected counterfeit money. There are security cameras capturing the transaction and images of the individual passing the counterfeit.

If the payment is dropped off (drop box or deposit bag from another department), you would...

1. Notify head cashier or supervisor.
2. Write your initials and date in the white border areas of the suspected note.
3. Identify the passer or department presenting the note.
4. If customer payment, collect the documents associated with the payment and set aside for review.
5. Letter to customer indicating no acceptance of payment stating counterfeit bill was presented and unacceptable.
6. If department payment, post the cash/over short to the department presenting the deposit.
7. Place note in an envelope and minimize handling of the bill.
8. Contact Treasurer’s Office – John (ext 3285) or Phill (ext 4218)
9. Treasurer’s Office will contact local police or Secret Service field office. (616) 454-4671

Please contact John Globensky (ext 3285) if you have any questions.
Purpose:
To provide guidelines for accepting coins tendered for payment.

Guidelines:

- The City will not accept more than twenty coins in payment of any debts or obligations owed to the City of Grand Rapids.
- The City Treasurer or his supervisory representative may waive this guideline provided the following conditions are met:
  1. Coins are wrapped in coin wrappers containing the customer’s name, address, and telephone number.
  2. Coins are wrapped in the following categories:
     a) Pennies  $0.50 roll wrapper (50 pennies)
     b) Nickels  $2.00 roll wrapper (40 nickels)
     c) Dimes    $5.00 roll wrapper (50 dimes)
     d) Quarters $10.00 roll wrapper (40 quarters)

Shortages or overages in excess of $1.00 will be adjusted to the customer’s account.
Support:
State of Michigan MCL (Michigan Compiled Law) 21.153 requires the treasurer to accept United States silver coins in payment of any debt, taxes, or other obligations collectible by the municipality. Because the statute specifies silver coins, not nickel or copper coins, the treasurer is not required to accept payment in nickels or pennies. The treasurer requires that the coins be rolled and the name, address and phone number of the payer written legibly on each wrapper.

Note: The City of Grand Rapids does not supply coin wrappers to accommodate this type of transaction. I would encourage citizens to contact their local bank or office supply store to obtain coin rolls for the loose coins.

John M. Globensky
Grand Rapids City Treasurer
Large Sums of Physical Cash
Treasury Guidelines
January 1, 2017

Purpose:
To provide guidelines for accepting large sums of cash from the Grand Rapids Police Department – Metropolitan Enforcement Team or Vice Unit.

Guidelines:
- From time to time, officers will deposit large sums of physical cash (evidence and seized funds) related to their activities. (Largest to date has been greater than $100,000)
- The Treasurer’s office is not staffed to handle a large sum of physical cash in terms of opening the bundles and recounting the cash.
- We take the position as if we were an evidence room and follow a physical control process.

Process Steps:
1. Cashier receives the documentation and physical cash to receipt.
2. The receipt is entered and documents are validated with a copy of our records and one for the officer.
3. Fill out one deposit ticket and a Security Bag for the total cash received per receipt. Note the Security Bag control number on the receipt paperwork for tracking purposes.
4. Place cash and deposit ticket into a Security Bag to be sent to the bank. Place in Treasurer’s office safe until time for armored car pick up.
5. Do this same process for each receipt transaction presented by the officer. It is critical that they remain at the window to view the process and that the cash is secured and unopened.
If there are any adjustments received from the bank vault, we are able to track the discrepancy back to the specific deposit and case file. Overage/shortages can occur, but the real benefit would be if a significant number of counterfeit bills are discovered.

**Benefits:**

- We take the position the count provided by the police department is accurate.
  - Recounting large sums of money takes too much time for staff to complete.
  - What if the count is different? Recounting could make things worse.
  - Officer would not be present for recount to witness any issues.
- Minimizes the officer time spent with paperwork/administrative duties.

John M. Globensky
Grand Rapids City Treasurer
Mutilated Currency – Filing a Claim

The information below is taken directly from the U.S. Bureau of Engraving and Printing’s website.

Actual Event – The City of Grand Rapids has a vehicle catch fire. The vehicle was used to service our automated parking system to withdraw cash and replenish coins. Most of the paper money was burned up and many coins were fused together because of the intense heat. We were able to submit a claim and send the charred remains to be examined. The cash in the vehicle was $250. We were able to recover $86.25 after the US BEP staff examined the remains. $250 was too low of an amount to file an insurance claim for lost contents; however, we were able to recover something.

Services

How to Submit a Mutilated Currency Claim
Mutilated currency may be mailed or personally delivered to the Bureau of Engraving and Printing.

Include a legible letter stating the estimated value of the currency, your contact information, and an explanation of how the currency became mutilated. The submission should also contain the bank account and routing number for an account of a United States bank. For reimbursement via checks, provide payee and mailing address information.
Although Treasury examiners are usually able to determine the amount and value of mutilated currency, careful packaging is essential to prevent additional damage.

**Personal Delivery and Non Postal Couriers, i.e. FedEx/UPS**

**Send to:**
Bureau of Engraving & Printing
MCD/OFM, Room 344A
14th and C Streets SW
Washington, DC 20228

Personal deliveries of mutilated currency to the BEP are accepted between the hours of 8:00 a.m. -11:30 a.m. and 12:30 p.m. - 2:00 p.m., Monday through Friday, excluding holidays and other closings.

**USPS Delivery**

**Send to:**
Bureau of Engraving & Printing
MCD/OFM, Room 344A
P.O. Box 37048
Washington, DC 20013

It is suggested that mutilated currency be sent by “Registered Mail, Return Receipt Requested.” Insuring the shipment is the responsibility of the sender.
Contact Information:

The best method to contact the BEP’S Mutilated Currency Division for information about pending cases is via our email address: mcdstatus@bep.gov

Toll-free: 866-575-2361

Local: (202) 874-2141; (202) 874-2595

Recommended Packing Procedures:

Regardless of the condition of the currency, do not disturb the fragments any more than absolutely necessary.

If the currency is brittle or inclined to fall apart, pack it carefully in plastic and cotton without disturbing the fragments and place the package in a secure container.

If the currency was mutilated in a purse, box, or other container, it should be left in the container to protect the fragments from further damage.

If it is absolutely necessary to remove the fragments from the container, send the container along with the currency and any other contents that may have currency fragments attached.

If the currency was flat when mutilated, do not roll, fold, laminate, tape, glue or in any other way alter the currency in an attempt to preserve it.
If the currency was in a roll when mutilated, do not attempt to unroll or straighten it out.

If coin or any other metal is mixed with the currency, carefully remove it. Do not send coin or other metal in the same package with mutilated paper currency, as the metal will break up the currency. Any fused, melted, or otherwise mutilated coin should be sent to the United States Mint for evaluation.

**Claim Processing**

Each case is carefully examined by an experienced mutilated currency examiner. The amount of time needed to process each case varies with its complexity and the case workload of the examiner. Standard claims can generally take from **six months to 36 months** to process depending on the condition of the currency.

The BEP is experiencing a high volume of mutilated currency claims. Thank you for your patience as each examiner carefully processes each claim. Every effort will be made to return calls and emails regarding claims within 48 hours. If you utilize caller ID for incoming calls, please note that government phone numbers are not identified for security reasons.

The Director of the Bureau of Engraving and Printing has the final authority for the settlement of mutilated currency claims.
Notice

The Director may provide information pertaining to any mutilated currency submission to law enforcement officials or other third parties for purposes of investigation of related criminal activity or for purposes of seeking a civil judgment;

Whoever mutilates currency with the intent to render it unfit to be reissued may be fined and/or imprisoned. 18 U.S.C. 333; and

Whoever intentionally files a false claim seeking reimbursement for mutilated currency may be held criminally liable under a number of statutes including 18 U.S.C. 287 and 18 U.S.C. 1341 and may be held civilly liable under 31 U.S.C. 3729, et seq.