

CORPORATE POLICY



Policy Title: **Penny Rounding**
Policy Category: **Financial Control**
Policy No.: FC-005
Department: Finance
Approval Date: October 15, 2012
Revision Date:
Author: John Morrison
Attachments:
Related Documents/Legislation:
Key Word(s): Penny Rounding

POLICY STATEMENT:

Penny Rounding Policy

PURPOSE:

- 1) While the cent remains the smallest unit for pricing goods and services, the Royal Canadian Mint will no longer distribute pennies as of Fall 2012
- 2) With the gradual withdrawal of the penny from circulation the price rounding of transactions will be required.
- 3) The City of Waterloo will round its goods and services in a fair, consistent and transparent manner.

DEFINITIONS:

N/A

SCOPE:

All departments.

POLICY COMMUNICATION:

To be incorporated into Cash Handling procedures.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: September 28, 2012

Corporate Management Team, Review Date:

POLICY:

1. When pennies are not available, all cash transactions will be rounded to the nearest five-cent increment in a fair and transparent manner:

Amounts ending in 1 cent and 2 cents are rounded down to the nearest 10 cents;
Amounts ending in 3 cents and 4 cents are rounded up to the nearest 5 cents;
Amounts ending in 6 cents and 7 cents are rounded down to the nearest 5 cents;
Amounts ending in 8 cents and 9 cents are rounded up to the nearest 10 cents;
Amounts ending in 0 cent and 5 cents remain unchanged.

2. Rounding on cash transactions should only be used on the final bill of sale/invoice/fee after the calculation of HST.
3. Non-cash transactions such as cheques, credit and debit cards will continue to be settled to the cent.
4. Citizens can use pennies for cash transactions, including paying to the nearest cent.
5. City fees, per the City Fee Guide, under \$25.00, should include HST, should be rounded and set to the nearest 5 cents.
6. The City of Waterloo will act in a fair and transparent manner.

EXAMPLE 1

A water bill was issued for \$54.83. If the customer chooses to pay by cheque or debit card, no rounding is applied and the final payment is 54 dollars and 83 cents. However, if the customer pays with cash, the final total is rounded up 2 cent to a final payment of 54 dollars and 85 cents.

EXAMPLE 2

A room rental book at \$102.72 per hour would cost 116 dollars and 07 cents after the 13 percent Harmonized Sales Tax. If the customer chooses to pay by cheque, credit card or debit card, no rounding is applied and the final payment is 116 dollars and 07 cents. However, if the customer pays with cash, the final total is rounded down 2 cent to a final payment of 116 dollars and 05 cents.