

CONTRA COSTA COUNTY
Office of the County Administrator

ADMINISTRATIVE BULLETIN

Number: 205.1
Date: February 20, 2008
Section: Budget & Fiscal

SUBJECT: CASH – RECEIVING, SAFEGUARDING AND DEPOSITING

This bulletin establishes uniform procedures and standards for receiving, safeguarding and depositing cash.

- I. **APPLICABILITY.** This bulletin applies to all employees (including contractors, temporary, agents or others) receiving or processing cash; their supervisors and their managers.
- II. **DELEGATION OF AUTHORITY.** All department heads, including elected officials, are responsible for implementation of this bulletin. Any deviation requires prior approval, in writing, from the County Auditor-Controller.
- III. **DEFINITION – CASH.** Cash includes coins, currency, checks, postal and express cash orders, traveler checks, bankers drafts, wire transfers, debit and credit cards and any other payment device.
- IV. **GENERAL REQUIREMENTS.** Every employee receiving cash is accountable for all cash that he or she receives and such cash must be kept intact, secure, and separate from other cash in the office. Receipts shall be prepared for all accepted cash using one of the receipt forms approved by the County Auditor-Controller. All customers must receive a receipt for their payment unless the payment is received by mail and a receipt was not requested.

All cash received shall be delivered in a timely manner to the County Treasurer or deposited to a bank account maintained by the County Treasurer with a corresponding County deposit permit to the Treasury.

No County cash is to be maintained in an account in any financial institution, bank, credit union or other depository without the knowledge and written permission of the Auditor-Controller.

[Internal Control Checklist for Cash](#) details best practices on receiving, safeguarding and depositing cash. Employees should periodically compare their own practices to those detailed in the Checklist. Management must also complete and submit the Checklist to the Auditor-Controller no later than June 1st of every year.

V. **RECEIVING CASH.** Cash may be received over the counter in the office or through the mail.

A. Over the Counter Payments

1. Approved receipts must be issued for all payments.
2. Restrictive Endorsement – All negotiable instruments (non-cash form of payment such as checks) must be restrictively endorsed immediately upon acceptance using a stamp, which restricts payment for deposit only to the County Treasury.
3. Payments must be deposited intact. Customers' checks should be written for the correct amount (no "cash back"). Employees may not cash personal checks or exchange personal funds from the cash drawer.
4. Second party checks are not to be accepted.
5. No post-dated checks are to be accepted without a supervisor's approval.

B. Through the Mail Payments

1. Restrictive Endorsement – All negotiable instruments (non-cash form of payment such as checks) must be restrictively endorsed immediately upon receipt using a stamp, which restricts payment for deposit only to the County Treasury.
2. Second party checks are not to be accepted.
3. All checks received through the mail shall be recorded by the Mail Clerks (team of two Clerks recommended) on a [Mail List/Transfer Record](#) showing all relevant information, including the date, name of payer, amount, client account to be credited, and the general ledger account to be credited (if known). Photocopies of the checks received through the mail may be made in place of separately listing each check. Mail Clerks must retain a copy of the Mail List, including check photocopies, if the original is transferred to another person for preparation of receipts.
4. Issuing Receipts - The person preparing receipts shall mail the original receipt to the payer, if a receipt has been requested. The receipt number(s), receipt date(s) and Deposit Permit (DP) number(s) shall be recorded on the *original* Mail List. A copy of the completed Mail List shall be kept on file.
5. Transfer Record – If the Mail Clerk does not prepare receipts, each person handling cash must sign the *original* of the [Mail List/Transfer Record](#) until it reaches the person designated to issue receipts. After issuing receipts, that person shall make a copy to file and return the original Mail List to the Mail Clerk. Note that *each time* the original Mail List changes hands, the Transfer Record must be signed.
6. The mail clerk will retain the original Mail List at the work location until the next Internal Audit Division audit.

7. A department may establish an alternate procedure for cash received by mail if approved in writing by the Auditor-Controller.

C. Recordkeeping.

1. One copy of the receipt shall be retained in the receipt book. Any receipts not used (original or accounting copy) also shall be retained in the receipt book.
2. Daily, every cashier shall count cash collected and document the reconciliation of the count to the receipt records to identify any overage or shortage. An employee not performing the receipting function shall review reconciliations.
3. Cash collections shall be summarized daily on a cash receipt journal showing receipt numbers issued, date receipted, amount receipted, and revenue or other accounts to be credited. When the receipts are deposited, the cash receipt journal shall show the deposit date and Deposit Permit number.
4. Records Retention – Records substantiating cash receipts must be retained at least until audited by the Internal Audit Division of the Office of the Auditor-Controller.

Dependent upon the underlying type of transaction for the cash receipt, there may be additional retention requirements.

D. Receipt Forms. Generally, receipts are issued on the County's General Receipts "F" (Form D-58) or "G" (Form D-57). However, cash register receipts, computer-generated receipts, or other receipts may be used if pre-approved in writing by the Auditor-Controller (stationary store receipts are not authorized). Alternate forms will be considered for approval only if they meet the following criteria:

1. Receipts are sequentially press or machine numbered.
2. Each receipt copy contains at least the following information:
 - a) Date of receipt.
 - b) Name of the person or institution from which the cash was received, a reference to the specific county case, and account to which the payment is applied. If no specific reference is applicable, then a reference to a class of payment type is permissible (e.g. sale of forms, copy charges, etc.).
 - c) Amount of payment.
 - d) Form of payment (cash, check, cash order, credit card, wire transfer, etc.).
 - e) Name or identification code of the person receiving the cash.

3. The issuing department must retain at least one duplicate copy of each receipt. In lieu of a receipt, a report may be retained that is (or can be) generated by the approved cash register or computer system that lists all the above information.
4. Any voids must be authorized by a second person (preferably a manager).

E. Voided Receipts

1. The following information shall be recorded either in a voided receipt register or on the voided receipt:
 - i. Reason for the void
 - ii. Replacement receipt number (if applicable)
 - iii. Supervisor's signature
2. All copies of voided receipts shall be marked "voided" and retained in or with the book and accounting copies. If the receipt is voided after the payee has left with the original receipt, the original replacement receipt shall be retained in or with the book and accounting copies of the voided receipt.
3. Accountability must be established for all used and unused receipts.

VI. SAFEGUARDING CASH. All departments are responsible for providing sufficient safeguards to prevent the loss of cash collected by the department as well as customers' financial information.

- A. Each department is responsible for safeguarding sensitive information, such as checking account numbers that may provide access to a customer's financial assets. Any officer or employee, who in the course of his or her employment of duties has or has had access to credit card or payment device information, shall not use, disclose or make known, in any manner, information provided by customers for any unauthorized purpose.
- B. Cash maintained at department offices must be kept in a locked and secure location with access limited to authorized personnel only. If there is more than one fund, the funds shall be secured in separate bags or lock-boxes. Cash funds shall never be combined and monies from one fund shall not be loaned to or used by another fund.
- C. Management shall periodically conduct unannounced cash counts of revolving funds (petty cash fund, change fund, cash difference fund) to verify the amount of cash on hand and to ensure that the funds are being used for authorized purposes. Also, management shall periodically verify the validated Deposit Permit or bank deposit slip to the day's receipts.
- D. For proper separation of duties, the person having physical custody and control of the cash shall not be authorized to approve expenditures.
- E. [Transfer of Accountability Record](#) – When *any* cash is transferred from one custodian to another custodian prior to deposit of the cash, the Transfer of Accountability Record must be completed.

VII. DEPOSITING CASH. Departments receiving cash shall deposit it in the County Treasury in the manner described below, unless the department has made a special arrangement with the County Treasurer for depositing the cash in a bank account of the County Treasurer.

A. Deposit Requirements - If practical, daily depositing is preferred. If deposits are not made daily, they shall be made when coin and currency exceed \$250 or the total collections exceed \$500. Deposits shall be made at least once a month. All payments received shall be deposited in their entirety. Partial deposits shall not be made. Any deviation from this practice must be approved by the Auditor-Controller in writing.

B. Deposit Procedures -

1. Prepare a Deposit Permit Form D-34

2. Present the Deposit Permit to the counter clerk in the General Accounting Division of the Auditor-Controller who will assign a deposit permit number. The Deposit Permit, together with authenticated bank deposit slips, may be mailed. Do not send cash through the mail. Employees may not trade personal checks for cash. The General Accounting Division of the Auditor-Controller will retain a copy of the Deposit Permit.

3. Take the copies of the Deposit Permit and the collections to the Office of the County Treasurer for deposit.

4. The department keeps a copy of the Deposit Permit after endorsement by the Auditor-Controller and the Treasurer. The copy is to be retained in the department files. The Treasurer retains the original and a copy of the Deposit Permit. After processing, the original is filed with the Auditor-Controller.

C. For departments with County Treasurer-approved deposit arrangements.

1. Deposits made to a bank account of the County Treasurer shall be prepared with a triplicate bank deposit ticket.

2. Copies of the bank-validated deposit ticket shall be distributed as follows:

- original to bank
- duplicate or second copy retained in office's files
- triplicate copy attached to Deposit Permit which is sent to the Office of the County Auditor-Controller.

Note: Deposit Permit numbers are available from the General Accounting Division of the Auditor-Controller Office.

3. The Treasurer will notify the department of any returned checks. It is the responsibility of the department to follow-up and collect on returned bank checks.

VIII. CREDIT CARD PAYMENTS. Accepting payments by credit card increases the number of payment options and gives the customer greater flexibility. However, the Department incurs additional expenses with credit card collections. Departments accepting credit card payment must also conform to the Payment Card Industry (PCI) Data Security standards for merchants.

- A. Deposit Permits must be submitted to the Treasury for all credit card deposits.
 - 1. A "Host Totals" tape should be submitted to the Treasury with the Deposit Permit. The detail for individual transactions should be kept within the department to resolve any problems that may occur with individual transactions.
 - 2. Credit card fees cannot be netted against the revenue.
- B. The full cost of the credit card program is the responsibility of the accepting department. The costs include:
 - 1. Start-up costs, including equipment, paper, and telephone lines.
 - 2. Monthly fees.
 - 3. Charges for invalid credit card transactions. This includes the principal credit card amount charged as well as any fees and penalties charged by the bank.
- C. Payments for credit card program costs must be sent to the Treasury monthly in a warrant or journal. Program costs should not exceed the value of credit card payment deposits.

IX WIRE TRANSFERS. All wire transfers of funds into County bank accounts should have a corresponding Deposit Permit submitted to the Treasury within 24 hours.

X. MANAGEMENT ACCOUNTABILITY. [The Internal Control Checklist](#) is an internal control review to ensure accountability for cash in County departments. County employees with oversight responsibility for cash in a department shall complete the checklists no later than June 1st of every year. A current copy must be maintained on file by the Department until the next audit. When completed a copy shall be sent to the Chief Auditor, Internal Audit Division, Auditor-Controller's Office.

XI. REFERENCES

Payment Card Industry (PCI) Data Security Standards
County e-Commerce Requirements

Originating Department: Office of the Auditor-Controller

Contact: Chief Auditor 925-646-2233

/s/ _____
JOHN CULLEN,
County Administrator

Internal Control Checklist - CASH

Employees with oversight responsibility for cash must complete this checklist annually and submit it no later than June 1st of every year to the Chief Auditor, Internal Audit Division of the Auditor-Controllers Office. If the answer to any question is not “yes”, then there should be a comment explaining why.

DEPARTMENT:		<u>YES/ NO/ COMMENTS</u>
NAME OF REVIEWER:		
TITLE OF REVIEWER:		
REVIEWER TELEPHONE #:		
Objective 1: Cash collections are authorized, supported and accounted for properly.		
1.1	Is each of the following duties performed by separate individuals?	
	Recording of cash collections (Receipts)	
	Depositing cash collections (at Bank or Treasury)	
	Reconciling cash collections	
1.2	Are separate drawers or other methods used to segregate receipts by different cash handlers?	
	Is access to these drawers restricted to the person accountable for the drawer?	
1.3	Are only cash remittances that are identified as amounts owed to the County accepted?	
1.4	Are remittances that are not amounts owed to the County specifically authorized before acceptance?	
1.5	Are unidentified remittances immediately returned to the payers or deposited promptly into a suspense account for further research?	
1.6	Are electronically transmitted remittances preceded by verbal or written notices identifying the payer, amount and purpose?	
1.7	Is documentation sufficient to indicate the purpose of the remittance to the County?	
1.8	Is cashing of personal checks prohibited?	
1.9	Are currency and checks reconciled to the “method of payment” indicated on the receipts and Deposit Permit?	

Internal Control Checklist - CASH

DEPARTMENT:		<u>YES/ NO/ COMMENTS</u>
NAME OF REVIEWER:		
1.10	Are checks restrictively endorsed immediately upon receipt?	
1.11	Are checks reviewed for accuracy before acceptance?	
1.12	Are checks with incorrect amounts or payees or which show alterations returned immediately to payers?	
1.13	Are all checks "Payable" to Contra Costa County? (No second party checks.)	
1.14	Are receipts issued immediately upon receipt for all cash collections?	
1.15	Does the cash receipt show the following:	
	Date?	
	Payer?	
	Amount?	
	Method of Payment?	
	Purpose of Payment?	
	Cashier's name?	
1.16	Is a receipt issued for every payment?	
1.17	Are receipt forms periodically accounted for and voids reviewed by a supervisor? Are unused receipts kept in secure storage?	
1.18	Are daily cash collections balanced to receipts?	
1.19	Are cash shortages or overages reported promptly?	
1.20	Is a fee levied on all returned checks?	
1.21	Is any bank account reconciled monthly by someone other than the persons making deposits or disbursements?	
1.22	Are receipts reconciled to deposits?	
1.23	Are voids approved by a supervisor?	
	Objective 2: Cash is physically safeguarded.	
2.1	Is cash on hand safeguarded in physically secure areas/ locations such as locked drawers, etc.?	
2.2	Are cash collections deposited promptly?	
2.3	Are bank accounts authorized by laws, the Board of Supervisors, Auditor-Controller or Treasurer?	
2.4	Are bank accounts established with appropriate County officials as authorized signatures? Are the authorized signatures promptly updated when a signer should no longer be authorized access?	

Internal Control Checklist - CASH

DEPARTMENT:		<u>YES/ NO/ COMMENTS</u>
NAME OF REVIEWER:		
2.5	Is cash in bank protected by FDIC insurance, i.e. does not exceed \$100,000 per account?	
2.6	Are cash losses promptly identified and reported to the proper authorities according to Countywide guidelines?	
2.7	Are safe combinations restricted to as few employees as possible?	
2.8	Is the combination to the safe changed when personnel terminate or are transferred to other duties?	
2.9	Is the safe combination changed periodically?	
2.10	Is an incidence of burglary, robbery, or mysterious disappearance of cash reported immediately to the appropriate authorities?	
2.11	All keys are marked "Do not duplicate".	
Objective 3: Cash collections are promptly placed under the custody of the County Treasurer.		
3.1	Are collections deposited intact and promptly into the County Treasury or authorized bank? {See Section IV. D. a)}	
Objective 4: Cash transactions are accurately recorded and reported to the Auditor-Controller's Office.		
4.1	Are daily collections promptly summarized and recorded in a cash receipt journal?	
4.2	Are deposits recorded promptly?	
4.3	Are deposits reconciled to collections?	
4.4	Are disbursements promptly recorded?	
4.5	Is the authorized chart of accounts used to apply cash collections and cash disbursements to the proper Organization and accounts?	
4.6	Are deposit records reconciled to the general ledger?	
Objective 5: All cash funds are properly maintained.		
5.1	Are cash funds and trust funds established only pursuant to Code, Board resolution or Auditor-Controller's letter order?	
5.2	Is an inventory (including physical location) of all cash funds maintained?	

