

Collin County, Texas

CASH HANDLING

Strong internal controls for cash collection are necessary to prevent mishandling of county funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. This cash handling policy requires that areas receiving cash be approved by the County Auditor as a cash collection point unless they are established by statute. A cash collection point is defined as a department that handles cash on a regular basis. Although departments with casual cash collections are not recognized as cash collection points, they must follow the same cash handling policies and procedures that apply to the cash collection points.

"Cash" is defined as coin, currency, checks, money orders, gift cards and credit card transactions.

Required procedures for cash collection points include the following:

- Accounting for cash as it is received.
- Adequate separation of duties and checks and balances, which includes cash collecting, depositing, reconciling and reporting.
- Proper pre-numbered receipts given for all cash received.
- Approval of any voided cash receipts by area supervisor.
- Deposit of cash promptly at the County's Treasurer's Office or into the County Depository into an authorized County account.
- Reconciliation of validated deposit forms to supporting documentation and to the account statement.
- Approval by the County Auditor of any changes in cash handling procedures.
- Proper safeguarding of cash.

The use of checking or other bank accounts by County personnel for depositing County cash is prohibited unless the checking or other bank account has been set up by the County Auditor. The County Auditor will conduct periodic reviews of cash handling procedures. The review will be provided to Commissioners Court.

Individuals required to understand and follow this policy

Any elected official or administrator with responsibilities for managing County cash receipts and those employees who are entrusted with the receipt, deposit and

reconciliation of cash for County related activities. This policy should be included as part of their departmental policies and procedures.

ESTABLISHING CASH HANDLING POINTS

The County Auditor must authorize all cash collection points. Before collection begins, departments requesting status as a cash collection point must submit a request to the County Auditor that includes:

- Reason(s) why cash collection point is needed.
- A list of those positions involved with the cash collection point, a description of their duties and how segregation of duties will be maintained.
- Whether there is a need for a change drawer.
- A description of the reconciliation process, including frequency of reconciliation.
- A description of the process for safeguarding cash until it is deposited.
- A schedule of how often cash deposits will be made.

The request will be reviewed by the County Auditor, and if appropriate, submitted to Commissioners Court for consideration.

GENERAL CASH HANDLING REQUIREMENTS

The following is required for the operation of cash collection points:

- All cash received must be recorded through a computerized accounting system with computer generated official county receipts or official county temporary cash receipts. When a cash collection point with a computerized accounting system uses temporary cash receipts, those temporary receipts must be converted to computerized receipts as soon as possible. If the conversion cannot be accomplished, the cash should be deposited into the department's primary operating account and tracked in detail until it is recorded on the computerized accounting system. The customer must be presented an official county receipt form with a duplicate record being retained by the receiving department. All numbered receipts must be accounted for, including the original of voided receipts. Approved pre-numbered receipts are available at the County Auditor's Office. No other types of temporary receipts are acceptable.
- The cash collection point must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: collecting, depositing, disbursement, and reconciling.

- The funds received must be reconciled to the computerized accounting system cash report or to the total of the temporary receipts at the end of the day or at the end of each shift. Cash must be reconciled separately from checks, credit cards, and money orders by comparing actual cash received to the cash total from the cash report or to the sum of the cash sales from the manual receipts.
- All cash must be protected immediately by using a cash drawer, safe or other secure place until it is deposited. A secure area for processing and safeguarding funds received is to be provided and restricted to authorized personnel.
- Checks must be made payable to Collin County and/or Collin County and the Public Officials title (i.e. Collin County Tax Assessor/Collector or Collin County District Attorney) and must be endorsed promptly with a restrictive endorsement stamp payable to Collin County. The endorsement stamps must be ordered through the Purchasing Department.
- Checks or credit card transactions will not be cashed or written for more than the amount of purchase.
- Collections must be deposited to the Treasury Department or County depository within 24 hours.
- All cash must be deposited intact, and not intermingled or substituted with other cash.
- Refunds or expenditures must be paid through the appropriate county bank account on a dual signature county generated check.
- Each Department will use only depository issued deposit slips for reconciliation of the supporting documentation to the deposit and to the monthly statements of account.

Receipts In Person

The following is required for payments received in person:

- A receipt must be issued for each payment received. At a minimum, manual pre-numbered receipts must include the date, mode of payment (cash, check or credit card), and the identification of the department and the person issuing the receipt. Machine generated receipts must contain all information required by the accounting system to properly credit and track the payment.
- All checks must be endorsed immediately with a restrictive endorsement stamp payable to Collin County.
- All voided transactions are to be approved and initialed by the area supervisor.

- Only one cashier is allowed access to a specific cash drawer during a single shift.
- Cash must be kept in a safe or a secure place if a safe is not available until it is deposited. Alternatives to a safe must have prior approval of the County Auditor.

Mail Receipts

The following is required for payments received through the mail:

- The mail must be opened with two people present and all checks must be endorsed immediately with a restrictive endorsement stamp. All cash must be listed on a “Daily Mail Collection Report”.
- If the cash is not credited directly into the appropriate county account or receipted through a computerized accounting system, a list of the checks, credit card transactions and/or cash must be prepared in duplicate. The list must include the customer’s name, amount received, check number and any other information available that may assist in proper allocation of the funds. The envelope should also be retained as part of the records. The official county temporary receipt is a 3-part form; when the official county temporary receipt is prepared, the original (white copy) is provided to the customer, the yellow copy accompanies any deposit processed through the Treasury Department and the pink copy is left intact in the receipt book. The receipt book, when completed, must be returned to the County Auditor’s Office.
- Cash must be stored in a safe or other secure place approved by the County Auditor until it is deposited.
- Unidentified receipts must be deposited to a depository account approved for such. All reasonable attempts should be made to identify the correct account and transfer the funds. After the statutorily required attempts have been exhausted all unidentified funds under \$100 should be turned over to the County Auditor and all fund transactions in excess of \$100 should be escheated to the State as prescribed by statute where applicable. All escheat reports must be reviewed by the County Auditor prior to release.

Balancing of Cash Receipts

- All funds collected must be balanced daily, by mode of payment, by comparing the total of the cash, checks and credit cards to the computerized accounting reports, to the pre-numbered receipts totals, and to the totals of the money received by mail.
- Over/short amounts must be separately recorded, and investigated and resolved to the extent possible as set out in the Cash Over/Short section of this policy.

Preparation of Deposits

- Checks must be made payable to Collin County, or alternatively, to Collin County and the Elected or Public Officials title (i.e. Collin County Tax Assessor/Collector or Collin County District Attorney.) A double calculator tape of the checks needs to be included with the checks bundled together.
- Cash must be recorded on the deposit slip in the appropriate space.
- Attach a copy of the transmittal batch showing transaction totals for credit card receipts and record the total on the deposit slip.
- Only depository issued deposit slips including the appropriate account number(s) and sub-code(s) are to be used.
- Someone not involved with collecting the cash, opening the mail or reconciling the deposit must prepare the deposit.
- The deposit must be delivered to the Treasury Department or depository by way of the armored car service.
- Locking deposit bags are available at the Treasury Department or Depository.

Reconciliation of Cash Collected

- Balance all cash receipts daily to the accounting system and supporting documentation (daily deposit slip, system receipts, and system reports) and resolve all discrepancies.
- Balance the total monthly receipts to the monthly bank account statements and accounting system monthly reports and resolve all discrepancies.

Gift Cards

- Gift cards are to be secured and accounted for in the same manner as cash. Gift cards purchased with public funds may not be given to employees as incentives, awards, or benefits without the approval of the Human Resources Director and the County Auditor. All gift cards should be accounted for by the department that purchased the cards in a manner that shows the number and dollar amounts purchased, who the cards were distributed to, and the purpose of the distribution.

PRE-NUMBERED RECEIPTS

Official county temporary pre-numbered receipt books are issued by the County Auditor. A log must be maintained that includes the number series of the receipts, the date issued, name of the person receiving the receipts and date returned. The issuing unit should include all copies of all voided receipts and return each receipt book to the County

Auditor's Office upon the use of all receipts and completion of the cash reconciliation of all the receipts within that book.

EXCEPTIONS

The County Auditor must approve any exception to these procedures. For example, in cases where there is not enough staff available to maintain complete separation of duties, an alternate process to safeguard County funds must be established and approved by the County Auditor. Requests for exceptions to these procedures must be submitted to the County Auditor in writing.

RECORD RETENTION

All cash receipts and related documents must be maintained in accordance with record retention schedules. Accounting reports, deposit slips, credit card receipts, copies of manual cash receipts, etc. must be kept for six years (current year plus five years after the close of the current year).

CASH OVER/SHORT

For this policy, a cash shortage is defined as an unidentifiable shortage of money or an identifiable shortage caused by employee error in a cash drawer when the cash drawer is balanced. A cash overage is an unidentifiable overage of money or an identifiable overage caused by employee error in a cash drawer when the cash drawer is balanced.

Balancing cash drawers

All cash drawers must be balanced at the end of each business day. All daily overages and shortages must be documented on a form approved by the County Auditor separately for each cash drawer. Elected officials and department heads should hold employees responsible for overages and shortages through disciplinary action and employee evaluations. Exhibit A gives recommendations for disciplinary action for employees.

Any single shortage of \$100 or more must be reported to the County Auditor immediately. Any combined daily shortage over \$250 must be reported immediately to the Auditor and/or in writing to the District Attorney.

Deposits with Shortages/Overages Paid to the Treasury

All funds must be submitted to the Treasury Department on the due date as determined by the County Auditor. If the due date will not be met the department must immediately notify the Treasury Department and the County Auditor. Any shortage of funds to the Treasury should be reported to Commissioners Court. The indemnification of shortages is to be determined by Commissioners Court with a recommendation from the County

Auditor. All overages must be submitted to the County Treasury by the next due date and disposition is determined by the County Auditor.

Theft of funds

Shortages that are a result of suspected or documented theft must be reported immediately and in writing to the County Auditor or District Attorney's Office regardless of amount.

INDEMNIFICATION AND/OR PAYMENT OF LOSSES BY THE COUNTY

Failure to follow internal controls and established checks and balances is considered to be negligence and could be considered misconduct. In either circumstance, the coverage of any shortage must be investigated and the results submitted to Commissioners Court for determination of liability of the elected official or department head.

A County public official is strictly liable for loss of any cash collected by his or her office. Any offset policy adopted by Commissioner Court does not affect the strict liability of the officer beyond the specific situations covered by this policy and State law, and does not apply to any loss of funds resulting from the negligence or misconduct of the public officer or his deputy. If Commissioners Court determines after a hearing that any losses are the result of the negligence or misconduct of the public officer or deputy, the officer shall not be eligible for indemnification by the county for payments of the loss made by the officer to the county. If after the hearing, Commissioners Court determines the any part or the whole of the losses are not the result of the negligence and or misconduct by the public officer or deputy, the Court may indemnify the public officer to the extent the losses are not attributable to the negligence or misconduct.

SUMMARY

The existence of any offset policy is immaterial to the issues of (1) payment of the loss by the public officer, (2) indemnification of the officer after payment of the loss indemnified where the loss was not the result of the negligence or misconduct of the officer or deputy, (3) payment of the loss by the officer's bond or by county insurance that would result in reimbursement to the county for the amount of the loss, or (4) payment from the officer's personal funds, political funds (if an elected official) or salary.

COLLIN COUNTY
Cash Over and Short Procedure Recommendations

Employees who handle cash are expected to be careful and accurate and to settle their funds each day without overages or shortages. In recognition of the possibility that differences may occur from time-to-time the following minimum disciplinary action recommendations for routine daily cash overages and shortages are provided. A department head or elected official may exceed these recommendations but should do so under the guidance of the Human Resources Department. All disciplinary actions should be approved and filed in the official employee's file in the Peoplesoft system for EEOP purposes. Extenuating circumstances should be taken into account in any disciplinary action.

Monthly Cumulative overage or shortage of less than \$25:

A verbal warning should be given if cumulative overages or shortages exceed \$25 in a single month. More than three offenses within a year from each other should result in a written warning.

Monthly Cumulative overage or shortage of \$100 or more:

A written warning should be given if cumulative monthly overages or shortages exceed \$100 in a single month.

Grounds for employee termination:

An employee should be terminated if any of the following occurs as a result of that employee's actions:

- 1) A single unexplained shortage or overage of more than \$100,
- 2) A cumulative monthly shortage of \$25 or more when the employee already has at least two written warnings within a 12 months of the shortage,
- 3) A shortage or overage of any amount that is the result of theft,
- 4) Failing to properly secure cash or gross neglect of this policy.

