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# FISCAL POLICY MANUAL

**POLICY C-6:** Cash Handling Policy  
**APPROVED:** Auditor-Controller-Treasurer-Tax Collector (ACTTC)  
**AUTHORITY:** Auditor-Controller-Treasurer-Tax Collector  
**ISSUE/REVISED DATE:** June 30, 2017

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## I. PURPOSE

The purpose of this policy is to establish minimum procedural and documentation requirements related to cash handling for County departments, agencies and districts under the Board of Supervisors, as well as other entities for which the Auditor-Controller-Treasurer-Tax Collector functions as the entity Treasurer. This policy outlines minimum requirements and is not meant to be a detailed procedural guide. Attachment A in this document is included to provide departments, agencies, and districts with guidelines for establishing and documenting cash handling procedures.

For purposes of this policy, cash is defined as coin, currency, checks, wire transfers, electronic fund transfers, automatic bill pay systems, debit and credit card receipts, and lock box deposits.

## II. POLICY

It is the responsibility of County departments, agencies and districts to have effective internal controls in place to accurately collect and safeguard cash, properly and timely deposit all cash, monitor cash balances, and record the correct amount of cash collected in the County's Enterprise Financial System (EFS). Written procedures must be developed to guide staff on proper cash handling. This documentation must include all cash related transactions and document the internal controls in place that mitigate the risk of error and safeguard cash.

Written procedures for cash handling must be submitted to the ACTTC General Accounting Manager on an annual basis. ACTTC will facilitate this process with an annual certification.

All cash collected or received by County departments, agencies, or districts, shall be deposited, whenever practical, in the County Treasury or authorized outside bank account, no later than one working day following the date received, except for Trust Fund monies, which according to law, should be deposited on the date received. If it is not practical to deposit cash by the next working day following the date received, then deposits should be made at least weekly or whenever \$500 is accumulated, whichever comes first. Special circumstances, such as remote locations, may warrant a larger accumulation of monies before a deposit is practical; however, employee safety and guarding of the assets should be given first consideration in any of these decisions. In instances where it is not practical to deposit cash within the one day time frame required, a policy exception should be requested and approved by the ACTTC Treasury Manager.

Reconciliations of cash transactions in authorized outside bank accounts must be performed at least monthly, this activity must be recorded in EFS. EFS must be updated monthly with a journal entry that includes the gross (do not net) impact to all applicable accounts and updates the balance in

account 10200 – Cash with Fiscal Agent. The June 30 reconciliation and supporting bank statement must be submitted to the ACTTC General Accounting Manager by August 1.

All individuals involved in cash handling are required to be adequately trained.

In order to comply with the County's Cash Handling Policy, as applicable departments, agencies, and districts must also be in compliance with the following fiscal policies issued by the Auditor-Controller-Treasurer-Tax Collector:

- C-1 – Petty Cash
- C-2 – Handwritten Receipts
- C-4 – Establishment of Outside Bank Accounts
- C-5 – Bank Account Overdraft

[http://www.sonoma-county.org/auditor/fiscal\\_policy.htm](http://www.sonoma-county.org/auditor/fiscal_policy.htm)

### **III. RESPONSIBILITIES**

It is the responsibility of County department, agency and district management to:

- Implement effective procedures and internal controls to accurately collect and safeguard cash, properly and timely deposit all cash, monitor cash balances, and record the correct amount of cash collected in the County's Enterprise Financial System
- Maintain written documentation of cash handling procedures
- Submit documentation of cash handling procedures to the ACTTC on an annual basis
- Ensure that EFS is updated for activity in outside bank accounts at least monthly
- Ensure all outside bank accounts are reconciled at least monthly
- Submit June 30 bank reconciliations and supporting bank statements to the ACTTC by August 1
- Ensure all individuals involved in cash handling are adequately trained

It is the responsibility of the ACTTC's office to:

- Review written cash handling procedures submitted by County departments, agencies and districts for compliance with the County's cash handling policy
- Maintain a record of all outside bank accounts along with the justification for each outside account
- Review June 30 bank reconciliations for all outside bank accounts and agree reconciled balances to EFS
- Review and approve requests for exceptions from the one-day deposit policy and maintain a log of approved requests

## **CASH HANDLING GUIDELINES FOR COUNTY DEPARTMENTS, AGENCIES, AND DISTRICTS**

It is the responsibility of County departments, agencies and districts to have effective controls in place to accurately collect and safeguard cash, properly and timely deposit all cash, monitor cash balances, and record the correct amount of cash collected in the County's Enterprise Financial System. These guidelines provide a framework for cash handling, including suggested procedures and major control points, and may not apply to all County departments, agencies and districts. County departments, agencies and districts must implement appropriate cash handling procedures based on their individual operations and requirements to ensure that proper internal controls are established to safeguard cash.

Contact the ACTTC Internal Audit Division at [ACTTC-Audit@sonoma-county.org](mailto:ACTTC-Audit@sonoma-county.org) or 707-565-8300 with questions regarding appropriate cash handling procedures.

### **I. DOCUMENTATION OF CASH HANDLING PROCEDURES**

Documentation of cash handling procedures should include the following, as applicable:

- Description of the sources of cash received
- Description of all outside bank accounts and investments held with trustees
- Cash receipts processes describing the methods of receiving customer payments and how customer deposits are processed:
  - Cash, checks, debit and credit card payments
  - Wire transfers
  - Payments by mail
  - Online and ACH payments through third party electronic billing system, or Automatic Bill Pay, etc.
  - Cash and checks received directly by Accounting
  - Lock box deposits
- Reconciliation of deposits
- Reconciliation of outside bank accounts
- Procedures for researching unidentified payments received and checks returned from bank
- Accounting procedures for recording collections and deposits
- Analytical review – completed by staff not handling cash to monitor daily cash balances and trends or variances
- Segregation of duties
- Security and fraud controls
- Emergency preparedness
- Inventory control over receipt books

- Staff training
- List of names and titles of all individuals involved in the cash handling process:
  - Collecting cash
  - Recording cash receipts
  - Depositing cash
  - Reconciling cash
  - With access to safes, vaults, etc.
  - Preparing accounting entries for financial system
  - Managing revolving funds

## **II. CASH TRACKING PROCEDURES**

- Perform and document beginning counts of the cash placed in each drawer
- Require employees to log out of the POS (Point of Sale) system when not in use
- Implement a cash management system that allows each cashier to have a segregated cash drawer and are independently responsible for any cash shortages and overages
- Cash registers should allow individual users to input a unique log-in code when conducting a transaction to assist in tracking shortages/overages, so discrepancies can be resolved

## **III. PAYMENT COLLECTIONS AND DEPOSITING OF CASH**

- Establish procedures where supervisors routinely collect revenue from the cash collection point, which will increase the location's ability to protect its cash collections, especially during busy times
- Require deposits of cash with the Treasurer or authorized outside bank account no later than the next business day after its receipt
- If your department's operations cannot meet the one-day requirement, please contact ACTTC and document any agreed upon alternative depositing schedule in your cash handling procedures

## **IV. CASH RECEIPTS BOOKS AND CASH REGISTER RECEIPTS**

- Ensure copies of the sequentially numbered receipts are compared to cash collected
- Implement procedures related to customer receipt issuance at the location to systematically account for sales transactions, may include the following:
  - Install a cash register that generates sequenced receipts that contain transaction amount, date, time, quantity, and description
  - Place a sign at each transaction location that receipts are required to be provided to customers

- Maintain copies of issued receipts generated for accounting, balancing, verification, and auditing purposes
- Establish and monitor a record retention policy for all cash receipts documentation

## **V. CONTROLS OVER CREDIT CARDS**

- Ensure customers always sign the merchant's copy of the credit card receipt
- Ensure customer credit cards are returned promptly upon completion of transactions
- Staff should not take possession of a customer's credit card at any time

## **VI. RECONCILE COLLECTIONS DAILY**

- Ensure that cash, checks, and credit/debit card collections on cashier's balance sheet match the cashier's recap at the end of the day, document and resolve any discrepancies
- Supervisors should review and approve any adjustments to financial reports and verify adjustments are appropriate and discrepancies are clearly documented
- Cash reports should be forwarded to staff responsible for daily reconciliations:
  - Cashier Workstation Summary
  - Cashier Recap
  - Deposit Summary
  - Cash Summary
  - Check Summary
  - Credit Card Summary
  - Credit Card Detail
  - Phone Payments
  - Electronic Payments

## **VII. TRAIN CASH HANDLING STAFF**

- Employees with cash handling responsibilities must be adequately trained
- Ensure employees understand segregation of duties
- Implement a detailed annual training program of cash handling procedures
- Ensure back-up staff has the ability to perform cash-handling responsibilities
- Keep a record of all training provided
- Train staff involved in collections to increase awareness and proper handling of contaminated, destroyed, and counterfeit money
- Consider the purchase of a money counter with counterfeit bill detection if large quantities or sums of cash are collected

## VIII. SEGREGATION OF DUTIES CONTROLS

Enforce dual custody and segregation of duties for handling and managing cash by implementing the following procedures:

- Provide safe combinations only to employees who require access and change safe combinations periodically (such as when there is employee turnover of staff with safe combination)
- At least two staff should be present to open a safe
- Supervisors should observe and verify each cashier's cash count for end-of-day balancing
- Deposits prepared for armored courier pickup must have cash counts verified by two employees
- Armored courier shipments must be verified by two employees
- Cash counts and acceptances must be signed for by the individuals present to verify cash balances are accurate
- Independent review of deposit reconciliations
- Prohibit employees responsible for collecting cash from also preparing bank deposits
- Establish policies to cover the absence of key employees
- Rotation of duties

## IX. SECURITY CONTROLS

- Analyze the security requirements for each cash collection point and implement security controls as appropriate:
  - Install security cameras to monitor areas where cash is collected and handled, provide security guards, and secure the safe, cash registers, and drawers
  - Restrict Cashier areas to Cashier personnel and authorized persons
  - Lock Cashier access doors at all times
  - Active cash drawers should be secured in a locked drawer at the cashier's window during business hours including lunches and breaks
  - Cash drawer keys should remain in the sole custody of the cashier, and never be given to anyone or left in the drawer when the cashier is away from the window
  - Cashier and safe keys are kept in a secure location during non-business hours
  - Unused cash drawers must remain in the vault/secure storage during the day
- Avoid counting cash in public view, cover windows or move to a non-public location
- When practical require cashiers to close stations and take excess cash to a more secure location whenever cash accumulates above a specified threshold
- Establish procedures for safely transporting cash around the County campus as appropriate:
  - Ensure that another employee or security officer accompanies an employee transporting large amounts of cash

- Implement controls needed to minimize risk to staff's safety and protect cash
- Cash should be transported in concealed bags or locked containers
- Enhance the Point of Sale (POS) systems to regularly prompt users to change their password consistent with County standards
- Emergency plan and procedures should be in place

## **X. FRAUD CONTROLS**

- Implement procedures to report and investigate suspected fraud or misappropriations
- Reference Sonoma County Administrative Policy Manual located on the County Administrator Office (CAO) intranet as follows:
  - 8-1 Investigations of Alleged Inappropriate Activities by Employees (Fraud/ Theft/ Misuse of County Property)

[http://sc-intranet/cao/admin\\_policy.htm](http://sc-intranet/cao/admin_policy.htm)

- Contact the ACTTC Internal Audit Division at [ACTTC-Audit@sonoma-county.org](mailto:ACTTC-Audit@sonoma-county.org) or 707-565-8300 for assistance whenever fraud is suspected.