

ADMINISTRATIVE PROCEDURES



Procedure Number: 22-5

Effective Date: 07/26/1983

Revision Date: 08/26/2014

C. R. DeLubbe
County Administrator

SUBJECT: **CASH HANDLING PROCEDURES**

DEPARTMENT RESPONSIBLE: **All County Departments**

1. STATEMENT

The following outlines procedures and minimum requirements that County departments shall follow for collecting, recording, and controlling cash. "Cash" refers to the following payment types: cash, checks, or credit card payments. These requirements apply only to the areas designed to regularly accept cash - not to the areas that infrequently receive a payment. Additionally, this Procedure addresses recording of Cash Receipts (CR) documents in Advantage.

2. PROCEDURE

- 2.1. The Elected Official, Department Director, or designee will authorize certain individuals within a department to receive cash. Cash could be received over-the-counter, from a Department, or by mail for payment of goods or services provided by the County. Additionally, credit card payments are accepted over the phone and on-line by some Departments.
- 2.2. If feasible, cash receipt duties should be periodically rotated among departmental employees.
- 2.3. It is recommended that each cashier be provided a separate cash drawer and the drawer shall be locked during the cashier's absence. Every cashier shall use a separate coding key, user identification code, or other method to identify each cashier from others who may perform a similar function.
- 2.4. All cash drawers will be subject to periodic and unannounced audits performed either by the department's supervisor or manager.
- 2.5. Procedures relating to the collection, recording, and control of cash receipts are to be developed and formalized by the applicable County department. These procedures shall include cash register instructions. Procedures related to the collection, recording, and control of checks and credit card receipts shall include instructions on safeguarding personal information by redacting credit card information, including the expiration date, on back-up documentation.

Additionally, the bank account information should be redacted on any copies of checks from Pima County employees.

- 2.6. Departments shall follow the County's procedures for creating Cash Receipt (CR) documents in Advantage. See Finance Procedures FN-RM-02 and FN-RM-03.
- 2.7. When an over-the-counter payment is made by personal check, two forms of identification are required from the payee. At least one form of identification must include a photograph (e.g., Driver's License or Military ID) and be documented on the check. If the Driver's License number is the customer's Social Security Number, do not write this information on the check. Personal checks received over-the-counter must have the payer's full name and street address preprinted on the check. No countersigned checks will be accepted. If payment is received by a certified, cashier's, or traveler's check, the name of the financial institution must appear on the check.
- 2.8. Checks are to be endorsed "FOR DEPOSIT ONLY" immediately upon receipt. This is usually done by means of an endorsement deposit stamp.
- 2.9. If payment is received by credit card, proof of identity may be requested but not made a condition of acceptance based on Pima County merchant credit card agreements. If there is a suspicion about a transaction or the identity of a cardholder, call the credit card company at the phone number on the back of the card and say, "I have a Code 10 authorization request" and follow all operator instructions.
- 2.10. Cash received is to be recorded within two banking days of receipt by creating a CR in Advantage. If cash received is recorded in Department software, a CR in Advantage must still be created. Separate CR documents are to be created for each form of payment (i.e., one CR for cash payments, one CR for checks and one CR for credit card payments).
- 2.11. Original receipts are to be issued to the payer. This includes pre-numbered receipt forms, departmental software that prints a receipt, or a cash register receipt. Receipts or register tapes are to identify the cashier handling each transaction. Data that is recorded should, at a minimum, include payer name (except when not feasible for high volume cash operations, such as the Parking Garages), the date payment is received, the purpose of payment, the form of payment (cash, check or credit card), and the amount received.
- 2.12. At the end of the day, register tapes or duplicates of receipts issued are to be reconciled to cash received. The cashier's daily report shall record the cash in the cash drawer, register, or lock box; this should include cash received in the mail. The amount of the change fund (the cash kept in the drawer for operating purposes) shall be deducted to arrive at the total cash collections for the day. This amount shall be compared to the cash receipts. Fees collected shall not be adjusted for overages and shortages. Overages, shortages and corrections are to be recorded as a separate line item on the cashier's daily report or Advantage Cash Receipt (CR) document. The cashiers' daily reports are to be reviewed, approved, and signed by a supervisor.

-
- 2.13. Cash overages and shortages are to be promptly investigated, and resolved. The supervisor shall review these records in order to identify overage and shortage trends. If misappropriation of funds is suspected, the supervisor must notify upper management, who will be responsible for determining if Internal Audit involvement should be requested.
 - 2.14. There shall be a daily verification of the numerical sequence of receipts, permits, etc., to account for all that have been issued.
 - 2.15. Segregation of duties is to be established among cash receiving, recording, and depositing functions. This is to ensure that an individual does not control all phases of the cash handling activities.
 - 2.16. Access to cash and permanent records should be limited to as few employees as possible. All non-County employees responsible for handling cash shall be bonded. A permanent County employee is exempt from the bonding requirement.
 - 2.17. Deposits shall be made on a timely basis (i.e., within two banking days) with the County Treasurer or with an authorized County bank. Cash and checks are to be kept in a locked cash drawer, lockbox, or vault pending deposit. If a cash drawer or lockbox is used, it must be kept in a secure location.
 - 2.18. When over-the-counter receipts are deposited directly at the County's servicing bank, a deposit slip or other deposit confirmation notice shall be obtained and filed with the cashier's daily reports. A photocopy of the deposit slip and supporting documentation (e.g., a Cashier's Balancing Report or Summary Report) shall be attached to the CR document in Advantage. Provide a copy of the CR document to the Treasurer's Office within two banking days after the deposit is made..
 - 2.19. If cash is received infrequently or in small amounts (less than \$10), the cash may be collected for several days before a deposit is required. The funds collected shall be secured in a locked cash drawer, lockbox, or vault pending deposit.
 - 2.20. Departmental cash receipt records are to be reconciled monthly, reviewed, and approved by a supervisor. Supporting documentation for the cash receipt records include, but are not limited to, receipt duplicates, cash register tapes, reconciliation worksheets, cash receipt journals, CR documents, check copies, and deposit slips.
 - 2.21. Supporting documentation shall be filed in an orderly manner, readily available, and retained for three years.

3. MAIL RECEIPTS

- 3.1. Employees who are not responsible for maintaining accounting records should receive mail. Two County employees, when possible, should be present when opening mail.
- 3.2. Immediately after opening, receipts are to be restrictively endorsed and logged.
- 3.3. The mail receipts log should list the name of the payer, purpose, amount, and payment type.
- 3.4. Both employees should sign and date the log.
- 3.5. At the end of the day, the mail receipts log may be used in the preparation of the CR's and reconciliation of total receipts collected.

4. NON-SUFFICIENT FUNDS (NSF) CHECKS

- 4.1. Upon receipt of a returned check, the Treasurer's Office will create a negative CR or notify the submitting Department to create the negative CR. The negative CR document reverses the original cash receipt posting. The Treasurer's Office creates the Journal Voucher (JVTO) document to recover the NSF Fee, charges the Department, and forwards the returned check to the submitting Department.
- 4.2. For checks that liquidated a Receivable (RE) document in Advantage, the submitting Department will create a replacement RE to reflect the amount of the returned check plus the \$25.00 NSF Fee.
- 4.3. The submitting Department will contact the originator with a "Notice of Dishonored Check Demand for Payment" letter notifying them that their check was returned and they have incurred an NSF fee of \$25.00.
- 4.4. A.R.S §13-1808 requires replacement of the dishonored check and associated costs to be in the form of a money order, cashier's check, or cash.
- 4.5. If the returned check plus NSF fee is not paid after 12 calendar days, the check will be forwarded to the County Attorney's Bad Check Program for further collection activities. Based on the size of the check, various forms are to be completed and submitted along with the check. Additional details, including a Bad Check Guidebook, are located in the resource center on the County Attorney's website at www.pcao.pima.gov/badcheck.aspx.
- 4.6. Upon acceptance of the bad check by the County Attorney's Office, they assume all collection efforts in addition to collection of added costs and attorney fees. The submitting Department shall no longer accept payment. The check writer will need to contact the County Attorney's Office for payment arrangements.
- 4.7. If the County Attorney does not accept the check under the Bad Check Program, the submitting Department shall continue to attempt collection.
- 4.8. After a second occurrence of an individual or company writing an NSF check to a County Department, the Department may require any future payments from the bad check-writer be in the form of a money order, cashier's check or cash.

5. EXCEPTIONS

Per Arizona Code of Judicial Administration, Part 1 Chapter 4 Section 1-401, the Supreme Court of Arizona adopted Minimum Accounting Standards (MAS) for Arizona Courts. Therefore, County Courts follow the MAS and are exempt from Administrative Procedure 22-5.