

CARROLL COUNTY INTERNAL CONTROL POLICY

Financial Process: **Cash Receipts & Deposits**

May 13
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Topic: Internal Control Procedures

Applicable To: All County Departments

Objective

Departments shall implement techniques and procedures for the receipt and deposit of money coming into their control and custody, which are designed to adequately safeguard the assets of Carroll County and to minimize idle and nonproductive cash balances.

Risks

- Lost, stolen, or misappropriated cash receipts (high degree of inherent risk)
- Unsafe work environment
- Concealed errors or irregularities going unchecked
- Loss of interest revenue

Definition

The term "cash receipts" as used herein includes currency, coins, checks, money orders, or other negotiable instruments.

Internal Control Procedures Include

-Timely deposit of all cash receipts: Deposit cash receipts in no case less frequently than once per week.

(Safeguarding of Assets)

-Deposit all cash receipts on-hand on the last working day of the fiscal year (regardless of any dollar or time threshold); this is to ensure that receipts are made available for their intended purpose and that activity is posted to the correct accounting period.

(Reporting)

-Cash receipts must be properly safeguarded prior to deposit through the use of adequate physical security (e.g. safes, locking cabinets, vaults, etc.).

(Safeguarding of Assets)

CARROLL COUNTY INTERNAL CONTROL POLICY

-Access to and location of cash receipts should be limited and restricted to only designated employees.

(Safeguarding of Assets)

-All cash receipts are to be deposited into a bank account, designated and/or approved by the Carroll County Commissioners.

(Authorization)

-Conduct appropriate background/reference checks on prospective cash handlers.

(Safeguarding of Assets)

-Make available receipts to each payer, if practical.

(Reconciliation)

-Count cash in a non-public area not easily visible to others.

(Safeguarding of Assets)

-Review checks and verify that:

- The check has been properly signed and dated.
- The pre-printed name (personal checks) agrees with the signature.
- The numbered amount agrees with the written amount.
- The check amount agrees with any accompanying paperwork.
- The check is not stale-dated and has not been altered.

(Verification)

-Maintain a comprehensive cash receipts log that includes for each item:

- The date each remittance was received.
- The name of the remitter.
- The amount of each remittance.
- The purpose of the collection (if known).

(Documentation)

-Keep copies of checks (where feasible).

(Documentation)

-Centralize within each department the receiving of cash, if practical.

CARROLL COUNTY INTERNAL CONTROL POLICY

(Separation of Duties)

- Separate cash handling duties among different employees:
- In larger departments, different employees should be designated to (1) receive cash, (2) deposit cash, and (3) record transactions so that no single employee has control over the entire process.
- In smaller departments, with a minimal number of employees, cash operations should be reviewed and approved by the Department Head or someone other than the person receiving the funds.

(Separation of Duties)

***Note:** The key to effective cash control, while maintaining appropriate separation of duties, is to minimize the number of employees who actually handle the cash before it is deposited.

-Departments should maintain written procedures for all cash receipting and deposit operation. Procedures should address, at a minimum, staff responsibilities ("separation of duties"), key activities, timelines, and the safeguarding of receipts.

(Documentation & Supervision)

-Procedures should be reviewed on a regular basis for applicability and for monitoring self-compliance.

(Monitoring)

-All cash receipts must be deposited intact, that is no checks may be cashed or disbursements made from cash receipts.

(Reconciliation)

-For the deposit of currency and coin, utilize numbered deposit slips to facilitate sequential control of deposit activity.

(Verification & Reconciliation)

-For deposit of checks, utilize the check scanners provided by the County's bank. Each staff member designated with the duties of depositing checks will utilize the check scanning software via secure login and password. The software maintains a scanned copy of the check as well as a numbered deposit slip report to facilitate sequential report of deposit activity. Maintain a file of the actual scanned check documents for at least one month after deposit in the event that an issue regarding a check occurs.

(Documentation, Verification & Reconciliation)

-Maintain and match a copy of the deposit slip with the bank deposit receipt for all bank deposits.

(Documentation, Verification, & Reconciliation)

CARROLL COUNTY INTERNAL CONTROL POLICY

-The Finance Department will be responsible for physically delivering the cash deposits to the bank at the end of each workweek. Each department will deliver their respective cash deposits to the Finance Department in a locked bank bag where it will be stored in the Commissioners' Office until delivery of the deposits. The bags will be unlocked by the bank teller upon delivery.

(Safeguarding of Assets)

-Upon suspicion of fraud or theft, immediately notify the appropriate personnel (i.e. Department Head, Finance Director, and County Administrator).

(Safeguarding of Assets)

-On a weekly basis, match cash receipt logs to bank deposit receipts to the Online Banking System.

(Verification)

-Record the deposit within one day into the checkbook ledger, which includes the date and amount of the deposit.

(Documentation & Reconciliation)

-On a monthly basis, provide a copy of the cash receipts log to the Department Head for their review.

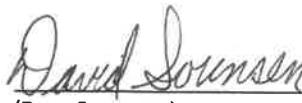
(Reporting & Reconciliation)

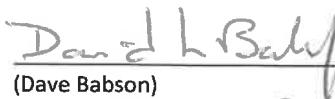
Notices

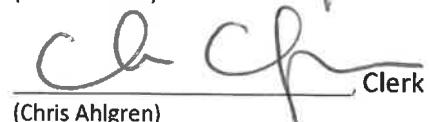
-These internal control procedures are intended to support the internal control framework as presented in the Internal Control Standards Guide.

-In consideration of these internal control procedures, the objective should be on adherence and not on rationalizing ways and means for circumvention.

-Nothing in this document shall limit or supersede any applicable Federal or State laws, statutes, bulletins, or regulations.


_____, Chairman
(Dave Sorensen)


_____, Vice-Chairman
(Dave Babson)


_____, Clerk
(Chris Ahlgren)