

CASH HANDLING FOR CALDWELL COUNTY

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. The County cash handling policy requires that areas receiving cash be approved by the Commissioners Court 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 collections, 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, and credit card transactions. Required procedures for Cash collection points include the following:

- Accounting for cash as is it received.
- To the greatest extent possible, 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, whether from computerize receipt or pre-number paper receipt book (as a back system) then converted to computerize receipt.
- When applicable, the supervisor, department head, or elected official should be notified of any voided cash receipts.
- Deposit of cash promptly at the County's Treasurer's Office or into the County Depository into an authorized County account.
- The Auditor's Office should be notified 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 Treasurer's Office. The Auditor's Office will conduct periodic reviews of cash handling procedures in cash collection offices. The audits will be provided to Commissioners Court.

WHO SHOULD KNOW ABOUT 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 should be bondable per County statue and covered under the County insurance. This policy should be included as part of their departmental policies and procedures.

PROCEDURE

Procedures for Fee Collection Points

The following list of procedures is required for the operation of Cash collection points:

- Cash on the premises will be held to an absolute minimum to insure employee safety and to maximize return on investment.
- 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 over to computerized receipts as soon as possible. The customer must be presented an official county receipt form with a duplicate record being retained by the local department. All numbered receipts must be accounted for, including the original of voided receipts. No other types of temporary receipts are acceptable.
- Cash collection points must maintain a clear separation of duties. To the greatest extent possible, offices should have different individuals with different responsibilities for 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 each day or at the end of each week. 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 (bank bags), safe or other secure place until they are 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 Caldwell County Treasurer or to the elected official office in which the transaction was processed. Each check should be endorsed promptly with a restrictive endorsement stamp payable to Caldwell County. The endorsement stamps must be ordered through the Purchasing Department.
- No checks should be cashed at cash collection points from cash receipts. Check transactions should not be cashed or written for more than the amount of purchase. If a refund for \$5.00 or less for overpayment cannot be processed at the time of the transaction, then this amount should be recorded as an overage. If refund is over \$5.00 and a refund cannot be process at the time of the transaction, then a written request should be submitted to Accounts Payable for a refund to be processed. This amount should be reflected as a refund on your daily report.
- All cash must be deposited intact, and not intermingled or substituted with other cash.
- Request for refunds or expenditures should be submitted to Accounts Payable to must be paid through the appropriate county bank account on a duel signature county generated check.

INSTRUCTIONS

Cash 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. Employees receipting checks shall request valid identification and document this information on the face of check as well as the case number.
- All checks must be endorsed immediately with a restrictive endorsement stamp payable to Caldwell County.
- All voided transactions are to be approved and initialed by the area supervisor when applicable.
- 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 Commissioners Court.

Cash received Through the Mail

- The mail must be opened and distributed to the proper individual for processing. All checks must be endorsed immediately with a restrictive endorsement stamp.
- The cash is credited directly into the appropriate county account or receipted through a computerized accounting system, the envelope should also be retained as part of the records. An official county computerized receipt should be prepared, one copy should be kept in the area, and one should accompany any deposit processed through the Treasurer's Office.
- Cash must be stored in a safe or other secure place approved by the Commissioners Court 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 statutory required attempts have been exhausted all unidentified funds under \$100 should be turned over to the Treasurer 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 Auditor's Office 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 over/short portion of this policy.

Preparation of Deposits

- Checks must be made payable to Caldwell County Treasurer or elected official's office; a calculator tape of the checks should be included with the checks bundled together.
- A calculator tape of the cash should be included bundled together ready for deposit.
- Attach a copy of the Transmittal Batch showing transaction totals for credit card receipts.
- Deposits should be delivered to the Treasurer's office before 1:00 PM, therefore the bank will post the deposit the same day before the bank's daily closing time.
- Locking deposit bags are available at the Treasurer's Office 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.
- A monthly report should be run and given to Caldwell County Treasurer to compare to the monthly bank account statements and accounting system monthly reports and resolve all discrepancies.

SCHEDULING OF DEPOSITS TO TREASURER'S OFFICE

Pursuant to Texas Local Government Code Section 113.022, a county officer or other person who receives money shall deposit the money with the County Treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, on or before the fifth business day after the day on which the money is received unless the Commissioners Court has extended the period during which funds must be deposited.

For purposes of this policy, the Caldwell County Commissioners Court has elected to extend the deposit deadline by two days, therefore the seventh business days beyond the statutory deadline.

RETURNED CHECKS

Occasionally, a deposited check or money order may not clear the bank for one of several reasons: non-sufficient funds, account closed, stop payment, funds stolen, forgery, endorsement, or signature, etc. The Treasurer's office receives notifications from the bank for any return item usually within 10 days. Treasurer should notify the cash collection points of the returned check(s). Each cash collection location should maintain a list of NSF for staff to review when receiving checks. All staff responsible for cash receipting

shall refer to the NSF listing when receiving checks. A check shall not be accepted from a customer who has a current NSF check listed.

STOP PAYMENT ON CREDIT CARDS

Reports of credit cards with stop payments should be reported to the Treasurer's office as soon as possible. All efforts should be made to recoup the charge from the client. This will include phone calls to the client, notify by mail, and as far as reporting to the District Attorney office for collections.

RETURNED/STOP PAYMENTS

A procedure for processing NSF and stop payments is a separate policy to which will be sent to each of the cash collection places under separate cover.

EXCEPTIONS

The Commissioners Court 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 Commissioners Court. Requests for exceptions to these procedures must be submitted to the Commissioners Court in writing for consideration at an open meeting.

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. should be kept for three years in accordance to record retention rules for these documents.

CASH OVER/SHORT

At the end of each day, cash should be counted by the cashier and double checked by a supervisor. Totals for cash, checks, money orders and credit cards should be verified against the day's collection reports and will be matched to bank deposits by the Treasurer's Office.

All cash overages and shortages must be documented by individual cash drawer on a daily basis and documented with that day's activities report. Shortages may be covered by overages within the following guidelines.

- Any single unexplainable shortage of \$100 or more must be reported in writing to the Auditor's Office. Any combined daily shortage over \$250 per cash collection points must be reported immediately to the Auditor and in writing to the District Attorney. Therefore, daily individual shortages exceeding \$100 or combined of over \$250 must be submitted to Commissioners' Court for consideration of disposition.

- Daily shortages of less than \$5 per individual cash drawer may be covered by department overages. The loss and the request for coverage of the shortage must be included as a finding in the Auditor’s audit reports and must be approved by Commissioners’ Court.
- If the shortage is the result of a suspected or documented theft, the shortage must be reported immediately and in writing to the Auditor or District Attorney’s Office for investigation, regardless of amount.
- Failure to follow approved internal controls and checks and balances is considered to be at least 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 as prescribed by the following Indemnification Policy and State law.

INDEMNIFICATION AND/OR PAYMENT OF LOSSES BY THE COUNTY

A public officer is strictly liable for loss of any property or cash collected by his or her office for the county. Any offset policy adopted by Commissioners’ 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 that 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.

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.

Elected Official, Department Head, or Employee

Date

Form processed 7.2.2021

OPTIONAL FORM FOR DOCUMENTATION CONCERNING OVER/SHORT ISSUES

CALDWELL COUNTY
Cash Over and Short Policy

Employees who handle cash are expected to be careful and accurate and to settle their funds each day without overages or shortages. We recognize the possibility that differences may occur from time-to-time, and we have developed the following policy:

Verbal Warning

A verbal warning is given if an employee has a cumulative cash over or short total of \$_____ or more in one month. This should be indicated on the collection report, signed and dated by both cashier and supervisor.

Written Warning

After an employee has received three verbal warnings, the fourth warning will be a written warning.

A written warning will be issued if an employee exceeds an accumulative total of \$100 or more cash over or short in any month.

Termination

Termination will result upon the third written warning.

Any single shortages of \$100 or more may be grounds for immediate dismissal. The Elected Official or Department Head must address each such occurrence in writing under the advisement of Human Resources.

Exceptions

Any exception to be the above actions **must** be approved in writing by the Elected Official or Department Head.

***Warnings or exceptions involving cash overages or shortages shall be retained in the employees' permanent file, separate from other disciplinary actions warnings.

Employee

Date

Original: Personnel File

Copy: Manager/ Employee

CASH OVER AND SHORT POLICY