

## Client Agency Policy & Operations Manual

**SECTION: 80 Accounts Receivable Management & Reporting NUMBER: SCS-80-020**

**TITLE: Cash Control Standards**

**EFFECTIVE DATE: 2-08-02**

**APPROVED: Signature on file with the State Controller's Division**

**PURPOSE and/or RESULTS DESIRED:** Effective and efficient cash control over client agency cash receipt functions. All cash is accounted for and properly deposited on a daily basis. No missing cash receipts. No internal control audit findings related to poor cash control.

**AUTHORITY:** [ORS 291.015](#) Fiscal responsibilities of department; delegation of fiscal functions.  
[ORS 293.265](#) Moneys collected to be turned over to State Treasurer, return of checks or money orders; maximum amount returned set by rule; effect of endorsement "paid in full."  
[ORS 293.270](#) Record of moneys deposited under ORS 293.265; interest.  
[ORS 297.120](#) Investigating loss of public funds or property by state agency when public official involved; report to Governor.

**APPLICABILITY:** All Client agencies of Shared Client Services.

**POLICY:** All Client agencies of Share Client Services operations shall implement appropriate cash controls to ensure timely receipt and deposit of cash. Adequate safeguards should exist to prevent or detect missing cash, cash reporting errors, and associated cash fraud.

### **GUIDELINES:**

#### **I. Segregation of Duties**

Represents the separation of compatible duties and/or responsibilities and assures that one person is not able to conceal errors and/or irregularities.

#### Record Keeping Functions

Creating and maintaining departmental records:

- Receiving, processing, posting/validating transactions on a cash register;
- Recording sale transactions manually;
- Preparing cash receipt back-ups; and
- Posting only charges/payments to an accounts receivable system.

### Authorization Functions

Reviewing and approving of transactions:

- Approving voids, refunds, and other correcting entries;
- Approving departmental deposits;
- Approving cash transfers;
- Approving movement of assets; and
- Approving anything that is unusual.

### Asset Custody Functions

Access and/or control of physical assets:

- Access to any fund ("cash");
- Access to safes, lock boxes, file cabinets, etc. where "cash" or other assets are stored;
- Custodian of petty cash or change fund; and
- Access or custody of returned checks.

### Reconciliation Functions

Assurance that transactions are properly performed at a supervisory level or by the Accounting Office:

- Comparing funds collected to the Accounts Receivable postings;
- Comparing collections to deposits;
- Comparing a surprise count of the asset inventory to the appropriate records; and
- Comparing departmental records of revenue (sales) to the general ledger.

## **II. Accountability**

Is present when the following three areas are addressed:

1. Knowing who has had access to an asset and why they have access to the asset;
2. Knowing where an asset is at all times; and
3. Knowing what has occurred from beginning of a process to the end of the process.

### Individual Accountability

Proper delegation of authority and responsibilities means knowing WHO has had access to an asset and WHY they have access to the asset.

Individual accountability is present when:

- All transactions are identified to a person;
- Separate/Individual cash drawers are assigned to each cash handler;
- Separate passwords are assigned to each cash handler; and
- Background checks are performed for each cash handler.

### "Cash" Accountability

Proper Security of Asset means knowing WHERE an asset is at all times.

Cash accountability is present when:

- All Funds remain properly secured;
- All movement ("transfers") of cash transactions are documented (receipts) and secured (in safe or locked receptacle);
- Receipts are given to each and every customer;
- Safe combinations and passwords are not shared; and
- Keys are properly secured.

### Process Accountability

Proper Documentation Means knowing WHAT has occurred from beginning of a process to the end of a process.

Process accountability is present when:

- All "transfers" (knowing where the asset has been at all times) are well documented (receipts); and
- Receipts are properly prepared and maintained and secured.

### **III. Physical Security**

Is present when there is an assurance that the safety of people and assets is maintained and properly controlled.

#### Security Monitoring

Means that the safety of staff and the transport of assets are taken into consideration and follow proper protocols and procedures.

Proper security monitoring is present when:

- An armored car or a police escort is used to transport cash;
- Two people are present when opening and closing a cash handling station;
- Assets are properly stored;
- An alarm system alerts, if necessary;
- Keys are secured;
- Safe combinations are changed when there is turnover or, at a minimum, annually; and
- Cash counting is not visible to others.

#### Physical Layout

Means that the placement, processing and storage of assets follow the Risk Management Standards cited in BUS-49 policy.

The proper physical layout is present when:

- Assets ("cash") are properly stored;
- Cash counting is not visible to others; and
- The proper alarm system has been installed and is being utilized.

#### Personnel Pre-Screening

Means that the proper checks are performed on all cash-handling employees.

The proper personnel pre-screening is present when:

- Background checks are performed on all prospective cash handling employees.

#### Inventory Control

Means that the proper security is in place to assure that assets are properly safeguarded and monitored.

The proper inventory control is present when:

- Shortages and overages are reported to the appropriate management; and
- Keys are secured.

#### IV. **Reconciliation**

Is present when there is an assurance that transactions are properly documented and approved and that the appropriate individuals are involved.

##### Transaction Recording, Documentation and Follow-Up

Means that transactions are correct and that the appropriate back-up is maintained.

Reconciliation is present at the *Cashier* level when:

- Daily receipts are reconciled to the cash register totals and the receipts collected.

##### Authorization & Approvals

Means that the proper supervisors and/or managers review & approve transactions.

Reconciliation is present at the *Supervisor/Manager* level when:

- Receipts issued are reconciled to assure numerical order maintained;
- Register beginning & ending balances are reconciled/verified; and
- Surprise cash counts are performed on at least an annual basis or when turnover exists.

##### Segregation of Duties

Means that reconciliation is not performed by "cash" handlers.

Reconciliation is present when:

- Treasury accounts are reconciled to Major Cash Handling deposits;
- Receipt number reconciliation control is performed;
- Register transaction/dollar values are reconciled and controlled; and
- Error, void, and/or refund transactions are controlled & authorized.

#### **PROCEDURES:**

<b><u>Step</u></b>	<b><u>Responsible Party</u></b>	<b><u>Action</u></b>
1.	Client Agency Head	Read and understand the above policy and guidelines. Seek clarification from Statewide Revenue Services or SCS, when needed.  Develop and document appropriate cash control procedures in compliance with this policy.