




**King County
Administrative Policies and Procedures**

Executive Policies

King County

Title Cash Handling, Receipting and Reconciliation	Document Code No. FIN 15-3-2 (AEP)
Department/Issuing Agency DES / FBOD / Financial Management	Date 1/27/2012
Approved Dow Constantine 	

- 1.0 SUBJECT TITLE: Cash Handling, Receipting and Reconciliation Procedure
 - 1.1 EFFECTIVE DATE: 10 days after signed by Executive.
 - 1.2 TYPE OF ACTION: SUPERSEDING FIN 15 – 3-1 (AEP), February 22, 2011
 - 1.3 KEY WORDS: 1) Administrative Policies and Procedures, (2) Cash, (3) Cash Handling, (4) Receipting, (5) Deposits, (6) Safeguard County Funds, (7) Reconciliation, (8) Banking.
- 2.0 PURPOSE: To establish uniform procedures for banking, cash handling, receipting and reconciliation at the County level.
- 3.0 ORGANIZATIONS AFFECTED: All King County Executive Departments, Offices, and Agencies.
- 4.0 REFERENCES:
 - 4.1 RCW 36.29.010, General Duties, County Treasurer
 - 4.2 RCW 43.09.185, Loss of Public Funds
 - 4.3 RCW 43.09.240, Public Officers and Employees, Duty to Account and Report Deposits
 - 4.4 Washington State Office of Financial Management Resources, Receivable Collection Best Practices:
http://www.ofm.wa.gov/resources/internal_control/ICreceivables_best_practices.pdf
 - 4.5 Administrative and Accounting Resources, Internal Control:
<http://www.ofm.wa.gov/resources/internal.asp>

4.6 Washington State Office of Financial Management Administrative and Accounting Manual, Chapter 20 Internal Control and Auditing:
<http://www.ofm.wa.gov/policy/20.htm>

4.6.1 Chapter 85.20 Revenue and Cash Receipts:
<http://www.ofm.wa.gov/policy/85.20.htm>

4.6.2 Chapter 85.50 Cash: <http://www.ofm.wa.gov/policy/85.50.htm>

4.7 King County Executive Policies FIN 10-2-1- Establish and Administer Petty Cash, Imprest and Change Funds

4.8 HR Bulletin Number: 2011-0008: Report of Loss or Theft of King County Property

5.0 DEFINITIONS:

5.1 "Funds" and "Receipts" mean currency, coin, check, money orders, etc.

5.2 "Treasury" means the Treasury Section of the Finance and Business Operations Division.

6.0 POLICIES:

6.1 All King County departments, offices, and agencies that handle "funds" and "receipts" establish and maintain cash handling and receipting procedures for the purpose of:

6.1.1 Determining accountability over receipt of public funds.

6.1.2 Supporting an internal control environment for all departments, offices, and agencies.

6.1.3 Ensuring effective safeguards are in place.

6.1.4 Ensuring appropriate cash handling and receipting goals are met, and state and King County code regulations are followed.

6.1.5 Establishing guidelines that ensure the integrity of compliance with King County business and financial reporting.

6.1.6 Ensuring appropriate action is taken when discrepancies or audit findings are identified.

- 6.1.7 Informing top management of critical cash issues that cross department lines and have broad impacts.
- 6.2 Treasury is the signatory on all King County bank accounts opened by any county agency.
- 6.3 The number of bank accounts used must be minimized and cannot be substituted for General Ledger accounting.
 - 6.3.1 All bank accounts opened and any pricing and/or services subscribed to must be approved by the Treasury Manager or his / her designee.
 - 6.3.2 Establishment of all bank accounts will be coordinated with the Cash Management Supervisor.
- 6.4 Bank accounts will be reconciled centrally by the Cash Management unit unless approved by the Cash Management Supervisor.
- 6.5 Agencies will reconcile their side systems pursuant to this policy.
- 6.6 For any bank account not reconciled in Cash Management, an agency must
 - ~~6.6.1~~ ^{OK} 6.6.1 Record bank activity monthly in Oracle
 - ~~6.6.2~~ 6.6.2 Reconcile bank accounts monthly
 - ~~6.6.3~~ 6.6.3 Submit documentation of the monthly reconciliations to the Cash Management Supervisor on a quarterly basis.
- 6.7 All deposits and withdrawals to /from a bank account must be recorded to a cash account except for accounts covered in Executive Policy FIN 10-2-1, Establish and Administer Petty Cash, Imprest and Change Funds.
- 6.8 Deposits and withdrawals made at the bank must match the corresponding General Ledger posting.
- 6.9 Any exceptions to these policies and procedures in regards to cash handling, receipting and/or establishing and reconciling bank accounts must be documented and approved by the Director of the Finance and Business Operations Division or his designee.
- 6.10 Exceptions to the 24 hour deposit rule will be made in accordance with RCW 43.09.240.
- 6.11 Cash or checks shall not be sent through interoffice mail, under any circumstances.

7.0 PROCEDURES:

Action By: Managers, Supervisors, or Fund Administrators.

Action:

7.1 Establish Guidelines

All Agencies shall develop specific processes in order to protect County employees and safeguard County funds.

7.2 Follow Basic Cash-Handling Processes

7.2.1 Receive funds, verify amounts, and verify that funds belong to the department, office or agency.

7.2.2 Complete a Miscellaneous Cash Receipts and a Remittance Batch in Oracle Accounts Receivable.

7.2.3 Side systems will use a GL interface to post cash receipts.

7.2.4 Prepare a copy of the Remittance Batch to accompany the night drop bag for deposits processed by the Treasury cashiers.

7.2.5 Deposit all funds received within 24 hours as required by RCW 36.29.010 and RCW 43.09.240. Under limited circumstances, a waiver may be obtained from the King County Finance Director.

7.2.6 Affix a restrictive endorsement to all checks.

7.2.7 Issue receipt, if appropriate.

7.2.8 Record funds in duplicate if a log sheet is used.

7.2.9 Prepare deposit slip in duplicate. (1 copy for bank, 1 copy for agency records).

7.2.10 Forward deposits to the bank daily.

7.2.11 Reconcile deposits to bank statements and County fund accounts.

7.2.12 Record journal over/shorts, deposit adjustments, losses, etc. in a timely manner.

7.2.13 Provide for the independent review of all records periodically, and the review shall be documented with the date and the initials of the reviewer.

7.3 Receipting

- 7.3.1 Cash/checks/coin shall be recorded in a sequential number format. Each transaction shall be logged in duplicate if using a receipt journal, or recorded in a point of sale system (or similar system). Official King County receipts will be used (no "Redi-Forms", contact Accounts Receivable for receipt books).
 - 7.3.2 All receipts are to be bound and sequentially numbered. The agency retention copy shall not be detached from the receipt book and shall remain intact. Offsite collections shall be handled similarly to onsite collections. (Reminder: 24-hour RCW deposit requirements apply to decentralized receipting locations).
 - 7.3.3 Any department/entity having accounts with collections must first verify if the customer is to pay the collection agency directly. Payment in full is required.
 - 7.3.4 Whether transaction is point of sale or manual, a receipt shall always be given to the customer.
 - 7.3.5 Unless generated by a point of sale system, receipts shall specify 'King County' and the appropriate department/agency name, and telephone number.
 - 7.3.6 Such receipts are to be signed and dated by a County employee.
 - 7.3.7 Such receipts will be legible, indicate the dollar amount paid, and will indicate the mode of payment (cash, check, etc.).
 - 7.3.8 Void documents shall be marked VOID and all parts saved in numerical sequence. Missing documents must be accounted for.
 - 7.3.9 Report directly to FMS Accounts Receivable (Admin. Building, Room 620), or via e-mail to the FMS Accounts Receivable Supervisor any funds received that are not identifiable as belonging to your department.
 - 7.3.10 Under no circumstances shall cash or checks be sent through interoffice mail.
- 7.4 Prepare and Make Deposits
- 7.4.1 Whenever possible, mail shall be opened by two persons.
 - 7.4.2 Automated scanning devices may be used in place of one person.
 - 7.4.3 Bank deposits shall be made by someone other than the cashier or bookkeeper.

- 7.4.4 Persons responsible shall be regular FTE employees (not volunteers or light duty).
- 7.4.5 Employees shall be properly trained annually; records of such training must be kept onsite, and available for audit purposes.
- 7.4.6 Whenever possible, receipts are to be received through a lockbox.
- 7.4.7 Deposits are to be made only to authorized/approved bank accounts.
- 7.4.8 Use tamper-proof bags.
- 7.4.9 All deposits will be made to a King County cash account
- 7.5 Bank reconciliation for those accounts which are not reconciled centrally
 - 7.5.1 Gather the previous bank reconciliation, current bank statement and general ledger report.
 - 7.5.2 Compare all amounts in the general ledger with the amounts presented on the bank statement to see if they are the same.
 - 7.5.3 Any differences shall be marked so they can be evaluated and corrected in the accounting records.
 - 7.5.4 Prepare the summary bank reconciliation report by listing the bank balance, adding and subtracting the various differences and ensuring it reconciles to the general ledger book balance. Have the report signed by the preparer and the approver.
 - 7.5.5 Bank accounts shall be reconciled monthly. Bank reconciliation documentation signed by the preparer and the reviewer shall be submitted to Treasury-Cash Management Supervisor on a quarterly basis.
- 7.6 Documents
 - 7.6.1 Deposit logs shall be in duplicate.
 - 7.6.2 Deposit tickets shall be preprinted with agency/department's name and account number and location ID.
 - 7.6.3 Deposit tickets shall be in duplicate.

- 7.6.4 Deposit records shall regularly be compared to receipt logs to ensure that the composition of deposits matches the receipt of cash and checks, and that there has been no substituting of checks for cash.
- 7.6.5 Amounts submitted for deposit by centralized/decentralized receipting locations shall be supported by original source documents (i.e. Z tapes, system reports, sequentially numbered receipts, etc).

7.7 Timeliness

- 7.7.1 Incoming cash (including currency, coins, and checks) and equivalents must be deposited within 24 hours (RCW 36.29.010).
- 7.7.2 If currency is received in the mail, count and verify the amount.
- 7.7.3 Do not accept foreign remittance tenders. Currency shall be examined for authenticity; counterfeits are not to be deposited. (Currency and checks shall be in US dollars; checks must be drawn on a US bank).
- 7.7.4 Remittances by mail are to be listed (using the deposit log) at the time the mail is opened.
- 7.7.5 Upon receipt, checks shall be restrictively endorsed "For Deposit Only."
- 7.7.6 Cash/checks are not to be forwarded to another department via interoffice mail.
- 7.7.7 Cashiers shall not cash personal checks.

7.8 Safekeeping and Security Access

- 7.8.1 A secure location of funds (a safe if available) must be used at all times.
- 7.8.2 Unless absolutely necessary, cash receipts shall not be held overnight. Deposits held overnight shall be in a secure locked safe or other secure location. Access to the secured area shall be restricted.
- 7.8.3 Secure area shall be protected by the use of registers, safes, or locks (not a desk drawer).
- 7.8.4 A limited number of keys, password locks, or safe combinations shall be issued and monitored by a designated Supervisor or Manager.
- 7.8.5 The keys, password lock, or safe combination shall be changed periodically throughout the year, and when employees leave. Supervisor or Manager will have the authority and control to do so.

7.8.6 The secured area is to be locked when not occupied.

7.9 Cash Reconciliation

7.9.1 Over/short

7.9.1.1 Shortages or overages shall be investigated and corrected to the maximum extent possible, and signed off by the supervisor or authorized personnel.

7.9.1.2 No personal funds or "slush" funds shall be used to correct over/shorts.

7.9.1.3 Any counterfeit currency identified by bank shall be recorded as a shortage.

7.9.2 Loss

7.9.2.1 Known loss, suspected loss, or theft shall be reported immediately (RCW 43.09.185 and HR Bulletin 2011-0008) to:

- The Department/Division Management
- The Agency Human Resources Service Delivery Manager
- King County's Chief Accountant, who reports to the State Auditor

7.9.2.2 No records related to any suspected loss shall be destroyed; records shall be kept indefinitely as documentation.

^{OK} 7.9.3 Logs

^{OK} 7.9.3.1 The duplicate deposit log shall be compared to the actual deposit slip for any inconsistencies.

7.10 Bank Reconciliation

7.10.1 Bank statements shall be reconciled to deposit/withdrawal activity daily.

7.10.2 Bank adjustments shall be researched, corrected, and documented. Any necessary journal entries must be clearly documented when reconciling, i.e., Who, What, Why, Where, and When.

7.10.3 District/Agency fund accounts shall be reconciled to bank statements.

7.11 Internal Controls

7.11.1 Internal controls are to be established following basic internal control concepts and are to aid in the assurance that the accounting records are accurate and in conformity with the Committee of Sponsoring Organizations (COSO) .

7.12 Segregation of Duties

7.12.1 No individual is to have complete control in the handling of cash, receipts or funds, i.e., no one individual shall be responsible for the actual handling of money, recording receipt of money, deposit, and the reconciliation of bank accounts/funds.

7.12.2 Departments will be responsible for making sure work done by employees handling cash is properly reviewed. (If this guideline cannot be met, see "Small Office Issues" below for approval of waiver).

7.12.3 Each person assigned cash handling responsibility shall be assigned a separate log-on to receipting systems (cash registers/software programs/etc).

7.12.4 For change funds, each person shall have their own cash drawer that is not accessible by any other person to provide individual accountability if a loss shall occur.

7.12.5 Persons accounting for the pre-numbered receipt forms shall not be the same as those persons responsible for receipting activities.

7.12.6 Written procedures on all cashiering and cash control procedures are to be maintained such that the organization could continue to operate if a key employee is not at work.

7.13 Small Office Issues

7.13.1 If a department cannot segregate duties, compensating control procedures may be approved by a waiver obtained from the King County Finance Director. Prior to submission of the waiver request, the department, office, or agency will submit detailed compensating control procedures for review by the Accounts Receivable Supervisor, Department of Executive Services, Finance and Business Operations, and the Financial Management Section. The Accounts Receivable Supervisor in FBOD will forward the waiver request to the Finance Director for approval. Once approved, the waiver will be in effect for a year, and renewed annually.

7.14 Miscellaneous

7.14.1 Manual accounting records are to be neat, in ink, and in proper order.

7.14.2 Accounting records are to be kept current.

7.14.3 Journal entries are to be complete with correct accounts, detailed transaction descriptions, and will have an original signature approval. Approval will be by authorized personnel.

7.14.4 Follow the hierarchical structure set up in the current organizational chart.

7.14.5 Records are to be stored in accordance with the State of Washington Records Retention Schedules and be consistent with King County retention guidelines.

8.0 RESPONSIBILITIES:

8.1 All applicable King County Departments, offices, and agencies that handle and receipt cash are responsible for

8.1.1 Complying with these guidelines, and are responsible for informing their employees of these policies and procedures.

8.1.2 Establishing and implementing their own internal cash handling and receipting procedures using these standards as a guideline.

8.1.3 Performing a cash handling control review annually using a cash control questionnaire provided by the Finance and Business Operations Division (FBOD) Financial Management Section (FMS).

8.1.4 Entering cash received in Oracle EBS using Miscellaneous Cash Receipts and Remittance Batches.

8.1.5 Revising department cash handling procedures when affected by changed conditions and sending these revised procedures to FBOD for review and approval.

8.2 The Finance Business Operations Financial Management Section is responsible for

8.2.1 Reviewing departments/division's cash handling and receipting policies and procedures prior to adoption.

8.2.2 Distributing a cash control questionnaire annually, reviewing agency responses and following up as necessary

8.2.3 Review and tracking waiver requests, and recommending approval or denial of requests to FBOD Director.

8.3 The Finance and Business Operations Treasury Section is responsible for

8.3.1 Central reconciliation of bank accounts.

8.3.2 Reviewing and approving all bank accounts and related services prior to establishment.

8.3.3 Granting exceptions to policies and procedures regarding bank accounts and bank account reconciliation.

8.3.4 Reviewing bank reconciliations done by agencies.

8.4 FBOD Director or Designee

8.4.1 Review and authorization of 24 hour deposit rule waiver requests.

8.4.2 Review and approve any exceptions to these policies and procedures in regards to cash handling, receipting and/or establishing and reconciling bank accounts.

9.0 APPENDICES:

9.1 Balancing Cash Receipting: Automatic (Point-of-Sale with Register), Appendix A

9.2 Balancing Cash Receipting: Manual, (Point-of-Sale without Register), Appendix B

