

APPENDIX A (Additional Guidance).**BALANCING CASH RECEIPTING: AUTOMATIC
(Point-of-Sale locations With Register)****1. Policy**

- A. Supervisor or Lead will determine that the cash collected during the day agrees with the cash that is reported on the cash register summary tapes (X and Z tapes), and perform a Cash Reconciliation Worksheet.
- B. Cashier will perform the daily balancing activity according to established procedures.
- C. In the presence of the Cashier, Lead vouches for the mathematical accuracy with which the daily cash was collected and summarized.

Note: Supervisor performs unannounced cash counts on a periodic basis and documents the results of the cash counts for audit purposes.

2. Mid-Day Balancing (Not required, but optional):

- A. Run transactions (X-Tape) on cash register (X Register tapes stay on-site).
- B. Print out Cash Reconciliation Worksheet for the receipts.
- C. Run closing batch report on credit card machine.
- D. Separate the beginning balance from the sub-total collected for the site.
- E. Make photocopies of all checks and credit card receipts unless all check information is electronically available.
- F. Reconcile X-tape to cash, check, and credit card dollar amounts and document numbers.
- G. For each cash drawer, the composition of cash and check receipts must agree to the composition of cash and checks shown on the **X-tape**.
- H. The *number* of checks appearing on X-tape must agree to the number of checks in the drawer.
- I. If the X-tape agrees to the money and count/number received, i.e. everything is in balance, fill out a Cash Inventory Worksheet. If it does not agree, refer to **Section 7.1**

3. Cash Inventory Worksheet:

- A. Count the currency and sort in a consistent manner by denomination.
- B. Record the amounts (\$) for each denomination on the Daily Cash Worksheet.
- C. Arrange all checks in physical-size order (small to large as viewed from the top of the pile).
- D. Calculate the *dollar total* (\$) of all checks (making 2 adding machine tapes), and write the total on the Cash Inventory Worksheet. The first copy of the adding machine tape goes inside the plastic deposit bag with the deposit slips and checks. The second tape is included with the Cash Inventory Worksheet. Record the *number* (#) of checks on the Daily Cash Inventory Worksheet.

4. Non-Regular Checks:

- A. Checks not related to the business of the day (insurance checks, miscellaneous refunds, etc.) will be deposited into a King County account, picked up by armored car, or taken to King County Treasury (locked bag). Checks shall be restrictively endorsed.

5. Deposit:

- A. Complete an original bank deposit slip.
- B. White and yellow deposit carbon duplicates are put in a manila envelope, and sealed in a plastic deposit bag by the Verifier.
- C. Pink copy is retained on-site.
- D. Attach together all currency, checks, and coins with the white and yellow deposit slips.
- E. Again, receipts will be deposited into a King County account, picked up by armored car, or taken to King County Treasury (locked bag). Checks shall be restrictively endorsed.

6. Out-of-balance, shortage/overage, or loss:**If *money/count/number does not balance to the X-tape and Cash Inventory Worksheet*:**

- A. Balance both drawers again.
- B. Verify cash and checks by running another total.
- C. Verify if the written check is the same amount as on the validated document(s).
- D. Match all cash/checks to the program key in which they were rung.
- E. When an error is found, void out the original amount and re-ring the correct amount. (Voids, refunds and no-sales require dual initials by the Lead and the Cashier on the journal tape and void, refunds, and no-sales X-tape).
- F. When all errors are corrected, run another X-tape. If a non-reconcilable *shortage/overage* report to Supervisor / Manager.
- G. Indicate the amount of the shortage/ overage on X-tape and Cash Inventory Worksheet in the section called "Over/short amount (if any)."
- H. Supervisor **and** Lead initial all the tapes.
- I. Provide a memo giving an explanation for the shortage/overage, and include it with the Cash Inventory Worksheet for the audit file.

7. When balancing is complete:

- A. Run Z Tape Total.
- B. Sign Cash Inventory Worksheet.
- C. Include for file **(in a manila envelope)**.
 - 1. Signed Cash Inventory Worksheet.
 - 2. Z-tape.
 - 3. Second copy of adding machine tape for checks.
 - 4. Copy of deposit slip.
 - 5. Detailed explanation of any short/over amount, and batch report.

8. Give the manila envelope to the Supervisor/Lead for review.**9. Verification of Supervisor or Lead:**

- A. **In the presence of at least one other employee**, remove items from manila envelope.
- B. Review and verify explanations given for any discrepancies between cash balances and reported totals.
- C. Verify that currency has been arranged in a consistent order by denomination and checks by size, and that dollar and number totals on the deposit slip agree both with the actual dollar amounts to be sent to the bank and with the z tape total.
- D. Verify the total of cash and checks for reasonableness.
- E. Verify that the total of cash and checks roughly compare to an average daily deposit over the last two week period.
- F. Initial packet to be retained on-site.

10. Monitoring the Cash Receipts Process: Small Offices**Administrators not directly involved with the cash receipt process have the responsibility to periodically:**

- A. Review the nature and extent of overages and shortages. Overages and shortages should be monitored for unusual patterns.
- B. Compare actual deposits recorded with receipts records.
- C. Review daily and monthly cash activity reconciliation.
- D. Compare the mode of payment (coin/currency or checks) recorded at the time the cash was received with the coin/currency and check totals on the validated deposit document.
- E. Evaluate overall internal controls to ensure that reasonable controls exist to safeguard cash, and that employees understand and follow them.

11. Safeguarding of daily cash receipts and deposits:

- A. Cash funds must be secured at all times (i.e., safe).
- B. The safe shall be secured so that it is not vulnerable to theft.
- C. Only the site supervisor and his/her appointed alternate(s) may have the combination to the safe.
- D. The combination must be routinely changed a minimum of twice (2x) each year.
- E. The combination must always be changed when an employee with access leaves.
- F. The combination must always be changed whenever there is a confirmed or suspected theft, or other cash-related irregularity.

12. Small Offices:**Alternatives to keeping funds in a safe:**

- A. Funds may be kept in a secure location (locked drawer or a locked cash box) with the approval of the Chief Accountant, FMS Accounting Services.
- B. Secure location of funds must be accessible only to the fund custodian and Supervisor.
- C. The site staff assumes safety and accountability for funds kept at location.

13. Handling & Transfer of Funds:

- A. In large office scenarios, receipts are to be collected, accounted for, handled, transported, and deposited by two designated employees. **No one employee is to have sole possession of receipts at any time. However, exceptions to the above will be granted on a case by case basis to small offices where staff is very limited. In small departments separate the handling of the actual cash from the reconciliation. Restrict access to cash to a minimum number of authorized employees.**
- B. If such a waiver is granted by the County's Finance Director, the Manager or Supervisor will be required to take an active role in

balancing the day's receipts, thus closely reconciling the Cash Inventory Worksheet to the register's days sales(X and Z tape), and the deposit slip.

- C. In small offices, employee/s are responsible for exercising the same care in handling cash and checks that any prudent person would exercise in handling their own funds.
- D. An employee handling cash and checks is responsible for the safeguarding of public funds while in their possession.
- E. If a daily deposit of funds is waived, an e-mail is sent daily to FMS Accounts Receivable summarizing cash receipts for the day, and when the expected deposit will be.
- F. The Supervisor will perform a weekly audit review of logs, Cash Inventory Worksheets, cash register X and Z tapes, and deposit slips. Review will be documented for audit purposes.

14. Periodic Review:

- A. Every six months, the Supervisor or Lead shall review this receipting process for accuracy and current risk exposure. A helpful checklist can be found on the State of Washington, Office of Financial Management site: <http://www.ofm.wa.gov/resources/internal.asp>
- B. **Click on "Receivables"**