



**COUNTY OF MENDOCINO**  
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Date: June 23, 2005  
To: All Department Heads  
From: Auditor-Controller  
Re: Cash Handling & Reporting Methods

Our office has recently reviewed the existing cash handling policy. That policy has not been upgraded in a number of years. In light of the changes that have occurred since then in the way in which cash is reported and handled, primarily with the advent of the county's finance system, that policy requires some updating. Additionally, there have been quite a few changes in employees who currently handle cash on a regular basis. Therefore, a re-emphasis of the County's policy is appropriate at this time.

***Please distribute this policy to all employees in your department who collect and/or deposit cash or who supervise the collection of funds on behalf of the County.***

This policy is to be adhered to by all departments WITH NO EXCEPTIONS.

1. "Cash" as referred to in this policy includes currency, coins and checks made payable to the department or County for deposit.
2. Receipts are to be written immediately upon receipt of the funds. There should never be any cash or checks awaiting a written receipt. All County funds should be completely reconcilable at any time. Undeposited cash on hand should always balance with the receipts issued.
3. All receipts must be issued in sequential order and deposited to the County Treasury in the same manner. The exceptions to this policy would be departments that entrust individual receipt books to divisions of their department, in which case receipts from those divisions must also be issued in sequential order within that book and deposited in the same manner.
4. All receipts are to be filled in completely. They must be dated and signed, and must have the cash composition area completed (ie: cash, check, money order, etc.). If payment is made by check, the check number should be entered in the "check" field. Numerical amounts should carry the complete extension including cents even if zero.

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5. All checks must be restrictively endorsed at the time of receipt. This means that they will be endorsed "Pay to the Order of the County Treasurer" as soon as they are received.
6. Each department must establish an internal policy of reconciling, locking, and assuring the safekeeping of County funds while still in the department's possession and until such time as the funds are deposited with the County Treasurer. These policies will be reviewed by the cash auditor at the time of our audits.
7. There should never be any borrowing or trading of any cash on hand except for the purpose of making currency or coin change. It is forbidden to allow any employee to replace cash on hand with a personal check, even for short periods of time.
8. All funds must be deposited via the County's Finance System. If individual receipts are input via this system, the un-deposited cash should match the pending receipts posted in the system the same as if handwritten receipts had been issued.
9. If a single deposit to the Finance System is done for all handwritten receipts issued, this should be done only at the time of depositing to the County Treasurer. This deposit must match the total of all receipts, except any voided receipts, and all receipts must be submitted to the Auditor via the deposit to the Treasurer.
10. All cash must be deposited with the County Treasurer on a regular weekly, or monthly basis. In no instance should any checks remain undeposited longer than a month from the date of receipt. Doing so only presents the possibility of rejected (bounced) checks once finally deposited with the County's depository and the potential of loss or theft of undeposited cash.
11. All voided receipts must be signed by the employee voiding the receipt and countersigned by another employee. If another employee is not available, the voided receipt should be countersigned by the individual to whom the receipt was issued. If a voided receipt does not have the proper signatures, it will be questioned by this office during our audits.
12. The Auditor's copy (yellow) of a voided receipt is to be turned in with all other receipts for deposit. The original and department copies (usually white and pink) are to remain in the receipt book. If necessary, staple the original to the department copy. If an original voided receipt is not left in the book, it will be questioned by this office during our audits.
13. All departments that collect funds and deposit them directly into the County's bank account must reconcile the cash deposited with the receipts issued. In all cases, the deposit must also match the deposit made to the County's Finance system. Any discrepancies must be researched and accounted for before the funds are deposited with the County.
14. Departments that have separate bank accounts that they write a check at the end of the month to deposit with the Treasurer must reconcile that account on a monthly basis and submit a copy of that reconciliation to the Auditor every month.

15. Any shortages or overages of cash must be reported immediately to the Auditor-Controller on the appropriate form. This report must include any documentation accompanying the description of the department's own investigation of the shortage or overage. The report must be signed by a supervisor or department head who has reviewed or completed the investigation.
16. All departments must submit a "Statement of Cash Collections & Deposits" on a monthly basis. This report must be forwarded to the Auditor-Controller by the 10<sup>th</sup> day of the following month. The report may be produced either via the County Finance system report or may be manually produced. The report must include an accounting for the following and must represent activity for the calendar month:
  - Cash on hand at the beginning of the month, including change fund and undeposited cash.
  - Receipts for the Month with receipts numbers noted.
  - Subtotal of Cash Accountable by the department for the month.
  - Deposits to the County Treasurer including Treasurer Receipt Numbers
  - Balance representing cash on hand at the end of the month, which should include change fund and undeposited cash.

***ALL DISCREPANCIES AND DEVIATIONS FROM THIS CASH HANDLING POLICY WILL BE QUESTIONED BY THIS OFFICE AND THE RESPONSIBLE EMPLOYEE/DEPARTMENT HEAD MAY BE HELD ACCOUNTABLE SHOULD A DEFICIENCY LATER BE DETERMINED TO BE THE RESULT OF FAILURE TO FOLLOW THESE PROCEDURES.***

If, at any time, you have any questions concerning implementation of these policies and safeguards, please contact this office.