Humboldt County
Cash Handling Policy

The following are procedural requirements which all county departments must follow to ensure uniform internal controls of county cash handling practices; and to promote personal accountability and prevent fraud.

I. Cash Handling: Governs the acceptance, processing, safekeeping and depositing of:

- Coins and currency (also known as 'Legal Tender')
- Checks, cashier's checks, money orders, credit & debit card and e-check recordings. (also known as 'Negotiable Paper' and accepted only for the amount due)
- Electronic transactions (E-Commerce) including Automated Clearing House (ACH) and other debit and credit transactions
- Prepaid Debit, Gift (Endowment, Incentive, etc.) Cards and Gift Certificates

II. Internal Controls Used for All Cash Handling:

- Segregation of Duties: No one person should manage the entire lifecycle of any transaction. Meaning that the following three processes should be done by three different employees
    1. Receiving and recording payments
    2. Making the deposit
    3. Reconciling the account
- Safeguarding Assets: The physical custody of the legal tender, negotiable paper, and electronic benefit transfer (EBT) gift cards and gift certificates, must be kept in a secure location; such as a vault, locked compartment, or locked file with controlled access.
    - The value of all physical custody items, held on-hand by all individuals within each program, will be reported no less than 90-day intervals to the respective branch Budget Specialist or designee.
    - All such items purchased shall be identified by type, dollar amount and appropriate tracking numbers at time of purchase and placed in a secure location under the control of a designated individual. This individual shall disburse such items by request; tracking such items by individual making the request, and by type, dollar amount, and tracking numbers issued.
- Transactions must be Authorized: Authority for making a transaction, receiving payment, or giving a refund, must exist for any transaction completed.

- Personnel with that authority must have departmental cash handling training in accordance with this policy and have taken, and signed, the 'County of Humboldt Oath for Cash Handling' (Exhibit A). A list of authorized personnel for cash handling is to be completed, and kept, by each department; titled 'County of Humboldt Authorized Cash Handling Personnel List' (Exhibit B) and then made available for use for audit purposes of any and all transactions as needed.
- Proper Documentation: Accurate and adequate representation of all transactions.
- Receipts must be Reconciled and Deposited Daily and Be Intact: 'Intact' means the very same denominations, or negotiable instruments, as received from the customer.
- Disbursements must be Made by Check: All disbursements must be authorized and be properly documented.
- These internal controls and procedures are the standard to be maintained by all county departments; but each department may include additional review and audit procedures above and beyond those included herein.

A. Cash Transactions:

1. Take enough time to be accurate. Don't rush. Verify you are accurate.
2. **NEVER** count currency directly into the cash drawer.
3. Always place cash on the counter away from the customer's reach.
4. When making change:
   a. Count out the coins to the nearest dollar, and then count the bills.
   b. Count the cash twice before paying out. Once when removing it from the cash drawer and again as it is given to the customer.
5. Count money back to the customer when making change. Don't rush.
6. Then place the customer's payment in the proper compartments of the cash drawer.
7. **NEVER** walk away and leave money on the counter or leave the register open.
8. If too many customers are at the counter or involved in the transaction, ask a co-worker to be an extra pair of eyes.
9. A second count for verification is required from a second employee when accepting a legal tender payment greater than $100.00. Except as determined and approved by the Department Head when staffing and volume of payments being received makes this requirement unreasonable.

10. Cash and cash equivalents should be kept in a safe, locked, and in a secure location.
11. Cash and checks should be transported using a zipped and locked deposit bag.
12. Currency and coin should **NEVER** be transported through regular interoffice transmittals or US Mail.

➔ Counterfeit Bills: It is imperative that the person handling cash is checking for counterfeit bills. Counterfeit detection and counting machines are recommended to be used at all times. If one is not available then there are pens to help detect counterfeit bills, but do not rely on these pens alone. The US Treasury suggests:

- Feel the paper – it should feel slightly rough to the touch
- Check with Light - Hold the note to the light to see the security thread embedded on $5 bills and higher. You will see USA and the denomination. It will display a different color in UV light. Also, there is a faint watermark to the right of the portrait.
- Tilt the note to see the color shifting ink on denominations $10 and higher
- For $100 bills note the 3-D security ribbon that has images of bells and 100's that move from side to side when you tilt the note.
- Refer to the US Treasury website for further details.

➔ If you accept a counterfeit bill, your department will lose the value of that bill when it is detected, whether by the Treasurer or the bank. Then shortages will need to be reported.

B. Personal Checks:

1. The acceptance of personal checks for payments by customers is permitted at the discretion of each department head.
2. It is necessary that when accepting checks the following safeguards be followed:
3. Accept checks only for the exact amount of the payment due. Make sure the written amount matches the numerical amount. The written amount is the legal amount that banks will pay.
4. Do not honor a check which is stale-dated or post-dated.
5. A restricted endorsement stamp must be used on all checks and money orders at the time they are received.
6. The endorsement stamp for all checks should read:

Humboldt County
Cash Handling Policy

PAY TO THE ORDER OF
THE HUMBOLDT COUNTY TREASURER
FOR DEPOSIT ONLY
(DEPARTMENT NAME)

C. County Receipts:

1. A County receipt (either manual or cash register/machine generated) shall be issued for the exact amount of all money received for each transaction.
2. The date of the transaction must be printed on the face of the receipt.
3. The issuer of the receipt and mode of payment accepted should be identified.
4. If a receipt book is used all receipts must be used in sequential order. All numbers in a series, including voided receipts, must be accounted for.
5. The receipt shall be signed or initialed by the employee of the department issuing the receipt.
6. Unused receipts should be stored in a secure location.

D. Deposits: Departments shall deposit to the Treasurer's Office, or directly to the bank with prior authorization.

1. The total amounts of receipts issued must be reconciled daily to the deposit ticket and to the total amount of cash and checks before bringing to the Treasurer's office.
2. All credit card receipts must be settled and submitted for deposit daily.
3. The department shall prepare the deposit and seal the bag.
4. Never place a deposit bag in a regular courier transmittal envelope.
5. Depositing Cash – Departments receiving cash shall deposit it in the County Treasury per the 'deposit requirements' described below; unless the department has made a special arrangement with the County Treasurer for depositing cash directly into the bank account of the County Treasurer.
6. Deposit Requirements – Once posting is complete daily depositing is preferred. If deposits are not made daily, they shall be made when coin and currency exceed $250 or the total collections exceed $500. Deposits shall be made at least once a month. All payments received shall be deposited in their entirety. Partial deposits shall not be made. Any deviation from this practice must be approved by the Auditor-Controller in writing.

E. Shortages / Overages: Always report shortages or overages to a supervisor as soon as they are discovered.

1. Immediate notification to the Auditor-Controller's Office is required in the case of suspected Fraud, Theft or Gross Negligence, regardless of amount.
2. All shortages and overages must be accounted for and reported separately and must not be offset or netted against each other.
3. Cash Shortages of $50.00 or less may be relieved (if approved) by submitting a claim to the Auditor-Controller's Office for reimbursement with an explanation of how and why the shortage occurred and why further efforts to recover the shortage are not justified.
4. Cash Shortages of $50 or more **MUST** be reported to the Auditor-Controller's Office immediately upon discovery with a written report that contains the following:
    a. The amount of the shortage.
    b. The date the shortage occurred or was discovered.
    c. A complete statement of how and why the shortage occurred and what has been done to prevent re-occurrences.
    d. The efforts made to discover, ascertain and recover the shortage, including the dates that action was undertaken, and a statement detailing why further efforts would probably not be successful and would not be justified because of the amount of shortage and the improbability of successful recovery.
    e. A statement that, in so far as can be ascertained, that neither the shortage nor any delay in its discovery was caused by fraud or gross negligence.
    f. A request for relief from the shortage.
    g. The verification, under penalty of perjury, of the pertinent information by the person requesting relief.
    h. The approval of the Department Head if he / she is not the person submitting the request for relief.
5. For Shortages of $ 250 or less: If the Auditor-Controller concurs with the report, after he / she has completed investigation deemed appropriate, the Auditor-Controller may authorize the requested relief.
6. For Shortages Greater than $ 250: If the Auditor-Controller agrees with the report after investigating the circumstances he / she shall so indicate to the

County Administrative Officer who shall then present the matter to the Board of Supervisors for action. If the Board approves the report, its approval shall be entered in its minutes and the Auditor-Controller shall authorize the requested relief.

F. Money Used for Exchange to other Denominations

1. Two-person rule applies. (One does the exchange / one verifies)
2. Shall be kept in a safe, locked and secure location.
3. Shall be kept separate from all other funds.
4. Shall be balanced whenever access is granted.
5. Shall report any non-balancing to the supervisor immediately.
6. Shall report any mysterious shortages or overages to the Auditor-Controller immediately.

G. Commingling: NO employee is permitted to commingle his/her own or any other person's private monies with County funds.

1. Employee personal funds shall **NOT** be used to reimburse shortages in cash funds.
2. At **NO** time shall purchases or expenditures of any kind be made from cash received.

III. Misuse of Public Funds:

A. California Penal Code 424 imposes serious criminal penalties on people who misuse public funds for which they are responsible.

1. This crime, known as the "**misappropriation of public funds**", is very similar to the California theft crime of embezzlement, with the key difference that it can be charged only for acts committed with public funds.
2. Misappropriation of funds is most often charged against state and local public officials, but it can be charged against anyone who has control of government money.
3. Misappropriation of public funds is a felony in California law.
4. The potential penalties include two (2), three (3) or four (4) years in California state prison, and/or a fine of up to ten thousand dollars ($10,000).

HUMBOLDT COUNTY
OATH FOR CASH HANDLING

EXHIBIT A

STATE OF CALIFORNIA
County of Humboldt

I, _____, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California and that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

I have received a copy of the County of Humboldt's Cash Handling policy and understand the responsibilities I will be undertaking; including that serious criminal penalties can be charged against anyone for the misappropriation of public funds per California Penal Code 424.

I will devote my time, skills and energies to the office both independently and in cooperation with other staff. I will abide by the approved professional practices and recommended standards.

Subscribed and sworn to before me _____ day of _____, _____

_____
Employee Signature

_____ _____
Department Head Department

- To be kept by each department with a copy in each employee's personnel file.
- Employees must also be included on the authorized list kept current by each department.

HUMBOLDT COUNTY
AUTHORIZED CASH HANDLING
PERSONNEL LIST

EXHIBIT B

Department: _____

- Per the Humboldt County Cash Handling Policy dated August 18, 2020 the following personnel are authorized to handle cash for this department:

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Authorized By: _____
Department Head Signature

Date: _____