



# **LEWIS COUNTY**

## **CASH HANDLING POLICY**

**Effective January 28, 2025**

# Lewis County Cash Handling Policy

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APPENDIX - Cash Over/Short Report

## 1. PURPOSE

The Cash Handling Policy is established to safeguard public funds. This cash handling policy has been prepared by the Lewis County Finance Committee under RCW 36.48.070 and is adopted jointly by the Lewis County Commissioners, the Lewis County Auditor and the Lewis County Treasurer to assure accountability for the collection, receipting and reporting of cash receipts. The following policy and procedures shall apply to all offices and departments that handle or take custody of cash on behalf of Lewis County, unless otherwise directed by statutory authority.

## 2. SCOPE

This Policy applies to all Lewis County employees involved in the receipt, disbursement, or reconciliation of cash funds and their supervisors including but not limited to:

- Cashiers - Cashiers carry out the fundamental tasks of accepting payments from customers. They are responsible for following this policy, upholding the internal control system principles established by management, and safeguarding cash that is in their custody.
- Supervisors - Supervisors of the cash receipting process monitor the cash intake to ensure deposits are made intact. They perform an important oversight role without handling the money.

## 3. INTERNAL CONTROLS

### 3.1 Segregation of Duties

Cash handling duties shall be segregated between individuals in a department in such a way that errors or irregularities will be prevented and/or detected. If staffing levels allow, cash receipting personnel accepting payments from customers should be different than the person who prepares the deposit.

### 3.2 Physical Controls

All money (checks or cash) must be receipted immediately upon acceptance and placed in a lockable drawer or cash register. The drawer must be locked at all times when the custodian of the cash is not in attendance.

If an Office or Department utilizes cash registers, there should be one cash register/drawer per cashier. This enables assignment of responsibility for cash to a specific individual at all times.

In the event that an emergency occurs and/or evacuation of the department or work site is imminent; after determining the safety of all persons in the immediate work area, all cash must be secured in a locked location. Responsibility lies with the Elected Officials and/or Department Directors and/or their designee.

### 3.3 Audits/Cash Counts

Lewis County may conduct surprise cash counts of cash drawers as part of the internal control measures. The surprise cash counts may be conducted by the Lewis County Treasurer's Office, Lewis County Auditor's Office or the Washington State Auditor's Office. Prior to authorizing the surprise cash count, the Office/Department receiving the request shall notify the Lewis County Auditor's Office if a request for a surprise cash count is made from an external agency. The employee receiving the request shall

require photo identification from the individual requesting the cash count audit. The cash count will be conducted in dual control. The results will be documented, and any discrepancies will be reported to the appropriate Office/Department heads.

## 4. RECEIPTING PAYMENTS

### 4.1 Accepting cash

The cashier shall count all currency and coin in the presence of the customer. Never place money received in the cash drawer before the transaction is complete. Put all currency and coin from the previous transaction in the drawer before beginning a new transaction.

A receipt must be provided to the customer for all transactions. All receipts provided to the payers shall include:

- Identification of payor
- Date of transaction
- Total amount due
- Total amount received
- Change due (if any) – Never return change for checks
- Method of payment
- Cashier identification
- Description of payment (permit fees, licensing fees, utility payment, etc.)

### 4.2 Balancing

Cash drawers should be balanced to receipts at the end of each shift. The end of day balance in each cash drawer shall be the Board of County Commissioners (BOCC) adopted amount. Balancing involves adding all currency, coin, checks and credit card transactions to determine the total dollars received, subtracting the beginning cash balance and credit card transactions, and comparing the total with the total in the cash drawer. The two amounts should match. If they do not, recount the cash and checks collected. After the recount, if the two amounts still do not match, notify the supervisor immediately. See Section 4.3 for further instruction.

### 4.3 Over/Short

During the daily reconciliation process, a cash drawer may be determined 'out-of-balance'. During any cash count, if a discrepancy occurs between the actual cash drawer count and the expected cash balance of less than \$2.00, the Office/Department may write the difference off using the Over/Short account. If the discrepancy is \$2.00 or over, the Office/Department will complete a Cash Over/Short Report to include date, nature of the discrepancy, and relevant explanations or observations. The Cash Over/Short Report shall be attached to the associated deposit in Tyler Cashiering/Munis. The Treasurer's Office will determine the appropriate follow-up, if any. If the discrepancy is more than \$5.00, the Office/Department shall complete the Over/Short Report as previously mentioned and the supervisor must contact the Treasurer's Office via email at [Treasurer@lewiscountywa.gov](mailto:Treasurer@lewiscountywa.gov), for further instruction.

Supervisors and managers will promptly investigate cash drawer discrepancies. At no time shall an employee take or supplement money to be deposited in order to force the deposit balance with receipts.

### 4.4 Bank/Treasurer Deposit

Per RCW 43.09.240, all funds shall be receipted on the day received and deposited at least once every 24 hours. The Treasurer may, at his/her discretion, grant an exception where such daily deposits would not be feasible as long as the Treasurer has received a written request from the Office/Department where

the Office/Department certifies that the money is held with proper safekeeping and that the entity carries out proper theft protection to reduce risk of loss of funds. Exceptions granted by the treasurer shall state the frequency with which deposits are required as long as no exception exceeds a time period greater than one deposit per week. Deposits shall be made with the Lewis County Treasurer or at the bank designated by the Treasurer. The deposit shall be prepared and sealed in a numbered, disposable deposit bag provided by the County Treasurer.

All checking accounts other than the County Treasurer depository account shall be authorized by the County Treasurer as per RCW 36.48.010 and 43.09.240 and by resolution of the BOCC. Any accounts authorized by the County Treasurer shall follow rules established for the management of those accounts and are required to adhere to this policy. All bank accounts must be reconciled monthly.

#### 4.5 Tyler/Munis Deposit

Cash receipts must be recorded into the County's cash receipting system, Tyler Cashiering, within five (5) business days. All forms of payments received, including Electronic Funds Transfer (EFT) payments, shall comply with this requirement.

Trust accounts administered by District Court, Sheriff and the Clerk's Office shall record all receipted funds into Tyler Cashiering on a monthly basis.

## 5. PAYMENT METHODS

### 5.1 Cash

All transactions involving cash shall be counted in front of the customer and before a receipt is given. The grand total shall be verified against the amount owed. All currency must be put in the cash drawer before beginning a new transaction.

The County may accept mutilated currency. Mutilated currency refers to any currency note that is damaged, torn or otherwise imperfect. Mutilated currency may be accepted for redemption if the currency is clearly identifiable as genuine and at least 51% of the original note remains intact.

If funds being accepted are suspected of being counterfeit, document the incident, notify the supervisor and the Treasurer's Office immediately. Counterfeit currency accepted by the government does not need to be reported to the State Auditor's Office. The Treasurer will report these instances to the FBI.

### 5.2 Checks

Lewis County may accept payments for services in the form of personal checks, corporate/business checks, cashier's checks, and money orders for the exact amount of purchase. The County may be subject to financial loss if a financial institution refuses to honor payment of a customer's check. The County does not accept third-party checks. A third-party check is one written to someone who endorses the check by signing on the back, then gives the check to another party (i.e. the County) who endorses and cashes it.

Safeguards when accepting checks:

- The check must have a current date. Do not accept post-dated checks or checks written 6 months prior to the current date.
- The check must be signed by the payer.
- Only accept checks for the exact amount due to the County.

- Do not accept checks drawn on foreign currency.
- Checks must be made payable to Lewis County or the County office/department accepting the check. Do not accept third party checks. The exception may be that the check is remitted to an individual and Lewis County, such as payment of taxes by a mortgage company or other legal reason.

A restrictive endorsement should immediately be placed on the back of the check. When depositing funds with the County Treasurer or directly into the main Treasurer's account, use the endorsement stamps as furnished by the Treasurer's Office. The following example should be followed:

PAY TO THE ORDER OF  
 Umpqua Bank  
 Chehalis, WA 98532  
 00000000  
 For Deposit Only  
 Lewis County Treasurer

All deposit accounts must be designated and approved by the Lewis County Treasurer per RCW 36.48.010. The Treasurer must have signature authority on all accounts. If depositing in such account, the following endorsement should be followed:

PAY TO THE ORDER OF  
 Bank Name  
 Branch Location  
 Account Number  
 For Deposit Only  
 Department Name

Never return change for checks. If a check is written for an incorrect amount, a request for refund, with supporting documentation shall be submitted to the Auditor's Office for remittance to the customer. Property tax refunds will be generated by the Treasurer's Office.

### **Returned/NSF Checks**

Checks may be returned due to insufficient funds, closed account, invalid signature, stop payment, or any other condition making the check invalid. The Treasurer's Office will notify the office or department if a check is returned.

A copy of the check will be returned to the department where the check was receipted for collection attempts. Action should be taken by the department involved to stop service, or revoke taxes, license or permit, or other suitable action. No new goods or services will be provided until payment is received for the prior goods or services. The department will adequately document the action taken in their files and records.

Per RCW 62A.3-515, a letter should be sent to the check writer/owner to notify them of the returned check. The letter should include notice of the processing fee and the action taken to stop service or revoke a license or permit, etc. If there is no response to the letter, the department should make all efforts to collect. For all debts over \$25.00 the department has the option to acquire outside assistance, such as a collection agency, to pursue the collection of the debt.

The County will accept cash, credit or debit card, money order, or a cashier's check as payment for a bank returned check. A processing fee will be charged in addition to the repayment amount. The amount of the processing fee will be established by the County Treasurer, adopted by both the Finance Committee and BOCC and shall be used by all County offices/departments. Said fee is \$35.00. A sign stating the returned check processing fee shall be prominently displayed in the public area where payments are received.

The NSF payment must be entered into Tyler Cashiering to remove the original revenue from the system. The same Tyler Cashiering charge code used in the original payment should be used to back out the transaction. Enter the returned check amount as a negative transaction.

### 5.3 Credit Cards

As per RCW 36.29.190, departments may accept credit or debit cards for payment of County services. Transaction processing fees, if any, are applied to the transaction total and may vary based on the type of payment and payment method used. A payer using electronic payment (such as credit or debit cards) must pay the transaction processing cost except for payments for taxes, interest associated with taxes, and penalties associated with taxes.

As per RCW 36.48.010, all bank card depository service contracts for the County must be authorized by the County Treasurer. A contract shall be established for all arrangements where a third-party vendor is directed to accept payment on behalf of Lewis County. The contract should include details of the payment remittance process to support compliance with state law (RCW 43.09.240). Funds should be remitted through the direct card settlement or EFT from the vendor to a depository account authorized by the County Treasurer.

## 6. PETTY CASH

For the purpose of this policy, Petty Cash includes any sum of money for making change and other similar uses. If the petty cash is disbursed, it should be restored to its original amount as soon as possible. The petty cash shall be restored to the authorized balance by warrant drawn and charged to the applicable expenditure account. For a warrant to be issued, receipts should be provided as backup and included in the reimbursement request. At all times, the cash plus receipts must equal the BOCC authorized petty cash amount.

The BOCC must authorize each petty cash account by resolution or ordinance. This also applies to subsequent increases or decreases in the petty cash amount. The BOCC appoints one custodian of each petty cash account who does not process invoices, sign checks, or perform general accounting or cash receipt functions. The petty cash amount should not exceed the one month's salary or surety bond covering the custodian.

Duties of the Custodian:

- Ensure the petty cash is kept in a safe, locked place.
- Make certain reimbursement to the petty cash fund is done timely.
- Verify the petty cash has been fully restored to the authorized level at the end of each fiscal year and provide the signed petty cash certification to the Auditor's Office.

When an individual's appointment as custodian is terminated, the petty cash must be replenished to the authorized amount, reviewed, and certified as being turned over to the Treasurer or new custodian. The

funds may never be used for personal cash advances, loans, or personal expenditures. It also may never be used to provide check cashing services.

The Auditor's Office shall maintain a list of all authorized petty cash funds. The list includes the type of account, purpose, authorized balance, custodian, and the fund the cash is reported in. Any changes in the information shall be reported to the Auditor's Office. The Auditor's Office will provide the list to the State Auditor's Office, annually.

## 7. REPORTING LOSSES

In the event of a suspected loss of public funds, it is important that correct procedures be followed to minimize the loss, assist investigations, prevent improper settlements, expedite bond claims, and protect employees from false accusations. State law (RCW 43.09.185) requires all state agencies and local governments to immediately notify the State Auditor's Office in the event of a known or suspected loss of public resources or other illegal activity. The County Auditor or Treasurer must report the loss to the Office of the Washington State Auditor (SAO). The following procedures must be followed in the event of a suspected or known loss:

1. Any employee who discovers a loss or theft must immediately notify their supervisor. The Department Head/Elected Official shall immediately report the suspected loss to the County Treasurer and the County Auditor.
2. The County Treasurer or Auditor will report the loss to the Office of the Washington State Auditor.
3. A report shall also be made by the Treasurer to the Prosecuting Attorney.

Do not attempt to correct the loss without reporting it to the appropriate authorities. Do not destroy any records pertaining to the loss or theft. All original records should be secured in a safe place, such as the vault in the Treasurer's office, until the SAO investigation is complete.

## 8. DEFINITIONS

Charge Code – A specific identifier within the Munis ERP system which allocates revenue to the applicable general ledger account(s).

Cashier – Individuals involved in customer transactions who handle money, make change and receipt payments.

Counterfeit Currency - Currency or coins that have been fraudulently manufactured. Creating counterfeit money is a felony.

Dual Control – The process in which two individuals are present and involved when counting moneys or conducting other financial related tasks to reduce the chance of errors or theft.

Internal Controls - A process designed to provide reasonable assurance regarding the achievement of effectiveness and efficiency of operations, reliability of financial/non-financial reporting, and compliance with applicable federal/state/local laws and regulations.

Mutilated Currency - Any currency note that is damaged, torn or otherwise imperfect.

Segregation of Duties - One individual may not perform two or more accounting control functions, such as: authorization, receipting, disbursement, and reconciliation.

Surprise Cash Counts - an unannounced inspection of moneys held at a location/in a cash drawer to confirm proper cash balances. Surprise cash counts shall be conducted in dual control.

Tyler Cashiering/Munis – Lewis County's integrated cashiering and receipting system of record.



Lewis County

Appendix

## CASH OVER/SHORT REPORT

Per section 4.3 of the Lewis County Cash Handling Policy, this form shall be completed for a discrepancy over \$2.00 during the daily reconciliation process. Please attach a copy of this form with your Tyler Cashiering backup in Munis. If the discrepancy is \$5.00 or more, please complete this form and contact the Treasurer's Office immediately at [Treasurer@lewiscountywa.gov](mailto:Treasurer@lewiscountywa.gov).

Employee Name

Supervisor Name

Department/Office

Employee Email Address

Date:

| Expected Cash | Cash collected | Over/Short |
|---------------|----------------|------------|
|               |                |            |

Cause of Discrepancy:

Employee's Signature

Date

Supervisor's Signature

Date