Genesee County
Policies & Procedures
Cash Management

ISSUE DATE
October 1, 2019

REVISED DATE:
April 17, 2024

EFFECTIVE DATE
October 1, 2019

PURPOSE: This policy was developed to outline the regulations and procedures regarding ALL cash management activities of Genesee County, including:

1. Bank Account Management
2. Cash and Check Handling (Receipting)
    a. Central
    b. Off-site
    c. Parks
3. Cash Accounting
4. Bank Reconciliations
5. On-line Banking
    a. Administration/Authorization
    b. Electronic Payments
    c. Account Transfers
6. Petty Cash

Policies covering the authorization of payments are documented in separate policy and procedure documents.

The County Treasurer is authorized by the Michigan Constitution and State law to serve as the County's Banker and Investment Officer. The Treasurer's primary responsibilities are to safeguard public funds in addition to the collection and accounting for revenue used to operate programs for County residents.

PROCEDURES:

Bank Account Management

All bank accounts must be in the name of Genesee County and established using Genesee County's EIN. The opening of new bank accounts and the appointment of signors must be initiated by the Treasurer and approved by the Chief Financial Officer. Should a new bank account be required, the requesting department must contact the Treasurer.

Requests to close bank accounts must also be initiated by the Treasurer and approved by the Chief Financial Officer.

All general-purpose cash of Genesee County is to be deposited into the general pooled cash. Any funds not required for immediate operations are invested in accordance with the Genesee County Investment Policy.

Cash and Check Handling (Receipting)

Central (Treasurer's Office)

1. Cash is to be secured at all times in either a locked drawer, cabinet or vault.
2. Each account clerk should have their own cash drawer and is responsible for balancing each night.
3. All cash received at the Treasurer's office public counter is processed by the account clerks in the Treasurer's Office.
4. All receipts must be processed using the Treasurer's office current cash receipting software.
5. Photo identification must be presented by the payee in order to accept payment by credit card. The account clerk shall verify the name on the photo identification and match it to the credit card. If they do not match, the credit card cannot be accepted. Photo identification is not required for payment by check, as payments for taxes are accepted from anyone and if the check does not clear, the taxes are added back as delinquent amounts.
6. Checks are endorsed by the account clerk when received.
7. A receipt must be issued for each transaction.
8. Each day all account clerks shall balance their cash drawers to the cash receipting system.
    a. Cash drawers shall maintain a balance of $300. The drawers shall balance to this amount at the end of the day, including any petty cash reimbursements. Drawers must be balanced again each morning prior to use.
    b. Each night, after balancing, cash drawers should be verified by either the Account Clerk Coordinator, Senior Account Clerk or a supervisor.
9. The account clerk coordinator shall review the account clerks' reconciliations and verify each deposit the next business day.
10. The deposits shall be made daily and will be picked up by an armored car service or a deputy of the County Sheriff's department if arranged by the Treasurer's office.
11. Any discrepancies found during daily balancing will be accounted for using the cash over/short account.

Off-site (all departments except Treasurer's office)

1. Cash is to be secured at all times either in a locked drawer, cabinet, safe or vault. Locations that have a cash register with a cash drawer are to ensure that the cash is never left unattended.
2. Photo identification must be presented by the payee in order to accept payment by check or credit card. The cashier shall verify the name and address on the identification match that on the check or credit card. If they do not match, the check or credit card cannot be accepted.
3. Checks shall be restrictively endorsed, with a stamp, as soon as they are received.
4. Each day all cashiers shall balance their cash drawer to the cash receipting system utilized by that department.
    a. Cash drawers/boxes shall maintain a minimal amount in order to make change. This amount varies based on the operation of the department. The drawers shall balance to this amount at the end of the day and prior to the use of the drawer each morning. Each cashier shall have their own drawer and is responsible to balance each night.
    b. To the extent possible, cash drawers should be verified at the end of each day by a supervisor.
    c. Each day cash and checks collected at an off-site location shall be sent to the Treasurer's office or directly to the bank for deposit. For all bank deposits, a transmittal shall be delivered to the Treasurer's office the next business day.
    d. If the amount of money collected each day at a given off-site location is insignificant (less than $100), then a weekly deposit is acceptable. If cash is not deposited daily, all cash and checks shall be secured in a locked vault or safe until they are forwarded to either the Treasurer's Office or the bank for deposit. A transmittal shall be delivered to the Treasurer's office the next day.
    e. Deposits shall be transported in a locked or sealed money bag or tamper proof envelope. If a deposit exceeds $200, then the depositor must be accompanied by another staff member. (Deposits made by the bonded courier of the District Court are exempt from requiring two people.)
    f. Vault/safe combinations and key locations, if applicable, shall be changed as soon as possible in the event an individual with access no longer works in that location.
    g. Periodic audits of cash receipts at remote locations will be performed by a committee established by the Treasurer's Office.

Parks

Resolution 2017-600, outlining the cash handling policy for the Parks Commission was adopted by the Board of Commissioners in November 2017. The cash handling policy adopted under this resolution is considered to be part of the County cash management policy, with the exception of petty cash which is expected to follow the requirements of this cash management policy.

Cash Discrepancies

1. Any differences between the daily sales report and deposits must be explained to the supervisor. If it cannot be resolved, it must be reported on the transmittal as an over/shortage.
2. Any cash overage or shortage must be reported to the supervisor immediately.
3. Any shortage or overage should be accounted for on the department transmittal, using the over/short account.

Cash Accounting and Bank Reconciliation

Cash Accounting

The accounting and reconciling of cash activity is performed daily. The "daily work" has two main categories, 1) recording of daily transactions and 2) reconciliation of daily activity and the cash pooled account.

1. Recording of Daily Transactions
    a. The banks are "polled" each day. Polling consists of receiving an electronic file from each bank for the previous day's activity.
    b. The electronic files are uploaded to the Daily Bank Activity workbook**.**
        i. Receipts/Bank credits – all receipts are recorded in Cash Receipting by the account clerks in the Treasurer's office and posted to the General Ledger program utilized by the County by the Treasury Operations Supervisor in the Treasurer's office.
        ii. Withdrawals/Bank debits – all debits are performed by the Treasurer's office and are supported by a Transfer Request or other supporting documents as deemed appropriate or an encrypted file forwarded from the Fiscal Services department. A journal entry of the bank transfer (debit) is recorded into the General Ledger program by the requestor of the transfer.

2. Reconciliation of Daily Activity and Pooled Cash

    After all transactions have been verified and entered (step 1b), Cash Accounting Staff must perform the following procedures.

    a. Confirm the ending daily balances in Cash Receipting agree with the bank balances reported at the bank and the general ledger.
    b. Confirm all cash deposits prepared and sent to the bank by the **Treasurer's office** appear on the daily polling report.
    c. Confirm all debit entries processed for the day agree with the transactions processed through the banks.

Bank Reconciliations

Monthly, all bank accounts are reconciled between the bank accounts and the general ledger. Reconciliations are to be prepared by a Financial Analyst within the Fiscal Services department and reviewed and approved by the Accounting and Budget Manager.

The reconciliations are to be completed by the last day of the following month, with the exception of the Pooled Cash account which will be completed within 45 days of the month's end. The completed reconciliations will then be reviewed and approved by the end of each following month by the Accounting and Budget Manager. Any unusual differences should be researched and corrected as soon as possible.

Accounting periods will be closed by the 25th of the following month.

On-line Banking

Administration

There shall be two administrators to add or delete users or to make changes to user access. The changes should be initiated by one administrator and approved by another.

Users who will be designated as Electronic Transaction Officers (ETOs), those responsible for initiating and/or approving and releasing electronic payments and making electronic transfers, should not be preparing monthly bank reconciliations.

Electronic Payments

Wire transfers (wires) are electronic movements of money that take place the same day they are approved for payment. ACH (Automated Clearing House) payments are electronic movements of money that clear the day after approval of payment. For all new ACH payments, the following is needed: 1) An "Authorization Agreement for Automatic Deposit" form must be completed by the vendor and is available on the County Purchasing Department website. 2) A voided check must be provided by the vendor to verify the accuracy of the routing and account numbers.

The ETO should review the authorizing document/ACH register and verify the amount per the documents agrees to the amount being released.

1. All disbursements of funds using an electronic transfer shall be conducted by the Treasurer's Office. All disbursements require supporting documentation detailing the goods or services purchased, date of purchase, departments and activities serviced by the payments.
2. All electronic funds transfers must be entered through the general ledger then reviewed and approved by **an authorized** department supervisor. With the exception of transfers between accounts for funding purposes.
3. All invoices being paid via electronic transfer shall be approved through the normal accounts payable review process.
4. The following payments are not processed through accounts payable and do not follow the accounts payable review process:
    a. Payroll
    b. Federal and State withholdings

c. Investments, including payment of deferred compensation amounts to the appropriate institution.
d. Other exceptions as defined by the Chief Financial Officer
e. Transfers between pools

When the above payments are made to outside entities, a transfer request must be prepared by the requestor and approved by the appropriate accounting personnel. These completed forms, along with supporting documentation, will be forwarded to the Treasurer's office for processing.

5. No vendors, unless specifically authorized by the Treasurer and Chief Financial Officer, shall be allowed to automatically withdraw funds from Genesee County accounts.
6. The payment will be entered into the online banking system by one individual then reviewed and approved by another individual.
7. Support for the transfer will remain on file at the Treasurer's office subject to Genesee County's document retention policy.

Account Transfers

There are generally two reasons for account transfers. 1) purchasing or maturing of investments (both bonds & CDs), and 2) transfers of cash between pools.

Transfers of cash between bank accounts at one bank can be made by a single ETO. Transfers of cash between banks will require a wire or ACH and will require two ETOs. It is the responsibility of the Treasurer's office to determine the type of transfer warranted.

Genesee County utilizes an Investment Manager for the purchasing and tracking of investments. All purchases are forwarded to the Treasurer's Office Accountant for input, if necessary, into the general ledger program.

Transfers of cash between pools are supported by a Transfer Request Form, approved by an authorized person and supported by the printout of the confirmation of the online transfer/wire or a journal entry number.

Petty Cash (imprest cash)

Petty cash should only be used in emergency situations to facilitate minor purchases of goods and services when they cannot be done by using a purchasing card (P-card) or within the general purchasing guidelines. In determining whether to use petty cash, purchase/payment methods should be considered in the following order, for amounts up to $99.00 including taxes:

1. Where use of a procurement card or purchase order is not possible
2. For reimbursement of funds already expended on behalf of Genesee County

As with all expenditures, petty cash may only be used to obtain goods and services required for official County purposes. Employee use of petty cash funds for any personal use is not permitted.

Specific types of reimbursement fall under the County reimbursement policy and should be reimbursed as such and not with petty cash.

Reimbursement methods

1. **Genesee County Treasurer's Office**
    a. Once all appropriate signatures and documentation are obtained, a staff person can be reimbursed at the cash window during normal business hours.
    b. All receipts provided to the Treasurer's office must include the funding account numbers.
2. **Internal Cash (Imprest cash) on hand**
    a. If a department has a business need to have cash on hand, it will require a Board resolution approving the establishment of an internal petty cash balance.
    b. A petty cash custodian must be identified by the department. The custodian must sign the Petty Cash Custodian Agreement.
    c. The Fiscal Services office will establish the appropriate balance sheet account for petty cash.

Reimbursement Limitations

1. **Limits:**
    a. Cash payments through the Treasurer's office are limited to $99.00, including tax, for a single purchase.
    b. It is not appropriate to separate a single purchase (either before or after the expenditure is incurred) for the purpose of circumventing this limit.
    c. One person/employee will not be reimbursed more than one voucher within the same week, except with the prior approval of the Chief Financial Officer.

2. **The following payments are examples of unallowed expenses from petty cash funds:**
    a. Wages or related allowances, (example: overtime meal allowances)
    b. Meals and taxi fares. These types of expenditures should be listed on local travel forms and reimbursed according to the established County travel policies.
    c. Vehicle maintenance and operation expenses related to County or private vehicles, including fuel, mileage, etc.
    d. Food expenditures.

Security Controls

Authorized Persons/Signatories

Any person who may seek reimbursement from petty cash funds must obtain approval from an authorized Department Head, Supervisor, or Director within the department. The approving agent must initial the original receipt authorizing the reimbursement. Non-

supervisory or non-management staff are prohibited from approving petty cash vouchers, regardless of financial delegation.

Evidence of Purchase

All expenditures from petty cash funds are to be substantiated with receipts. Receipts are to display an official company imprest or stamp. Some cash register dockets may not meet this requirement; therefore, the store's name is to be included on the petty cash voucher.

Refund of Expenses Already Incurred

Petty cash funds may only be issued on receipt of a petty cash voucher which has been signed by the claimant, approved by an appropriate official with the documentation attached. The total of the petty cash voucher must match the total of the receipt(s).

Funding Source

Petty cash expenditures are to be classified as an expense item for the purpose of internal and external financial reports. All vouchers submitted for payment must include the complete account string to be charged. Petty cash expenditures are not to be recorded against petty cash asset account(s).

Responsibilities, Compliance, Monitoring and Review

The Treasurer's Office will maintain control of petty cash including the issue and cancellation of petty cash funds, coordination of annual audit and review of discrepancy reports in conjunction with the Fiscal Services Office.

Departments with cash on hand are responsible for securing the funds in a manner that has been reviewed and approved by Treasury and Risk Management.