



TITLE	POLICY NUMBER	
Cash and Cash Receipts	DCS 03-01	
RESPONSIBLE AREA	EFFECTIVE DATE	REVISION
Office of Accounting	10/14/16	4

I. POLICY STATEMENT

The Department shall institute solid internal controls for accepting, processing, and depositing cash and its equivalents.

II. APPLICABILITY

This policy pertains to all staff who handle cash and its equivalent on behalf of the Department.

III. AUTHORITY

[A.R.S. 8-453](#)

Powers and duties

[State of Arizona Accounting Manual](#)

Topic 5, Section 5, General Internal Controls

[State of Arizona Accounting Manual](#)

Topic 20, Section 10, Cash and Cash Receipts

[Arizona State Library, Archives, and Public Records](#)

General Retention Schedules

IV. DEFINITIONS

Cash: Currency, coin, and its equivalents (checks, money orders, warrants, electronic

fund transfers, payment cards, etc.).

Department: The Department of Child Safety (DCS).

GAO: The State of Arizona General Accounting Office.

Internal control: A plan of organization under which employees' duties are so arranged and records and procedures so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures. Under such a system, typically the work of employees is subdivided so that no single employee performs a complete cycle of operations. Moreover, under such a system, the procedures to be followed are definitely documented and require proper authorization by designated officials for all actions taken.

NSF: Non-sufficient funds.

Office of Accounting: The unit within DCS responsible for establishing accounting codes, allocating costs to appropriate funding sources, meeting financial reporting requirements, managing payroll, and ensuring timely payments to providers and vendors.

V. POLICY

- A. The DCS Office of Accounting shall manage the logging, processing, and depositing of all cash and cash equivalents.
- B. Appropriate segregation of duties shall be the first priority of DCS when handling cash receipts and disbursements and related record keeping functions.
- C. Access to cash shall be limited to as few employees as operationally practicable.
- D. Access to combinations, keys, or other tools that provide entry to safes and other equipment storing cash, shall be limited to as few employees as operationally practicable.
- E. Personal checks cannot be cashed or used as an IOU to replace cash.
- F. The DCS Office of Accounting shall maintain written procedures on all cashiering and cash controls.

VI. PROCEDURES

A. Receiving and Depositing Funds

1. If field offices acquire cash or its equivalents, they shall forward them to the Office of Accounting as soon as operationally practicable.
2. Cash received by and payable to DCS is deposited intact with the State Treasurer as soon as it is practical to do so by designated accounting staff; in most cases this means on the day received. Checks and money orders are scanned through the Digital Check Scanner within one day of receipt.
 - a. After checks are scanned, the scan ID number is recorded in the Accounting Check Deposit log. The checks will be shredded after a 30-day retention period, and the shredded date will be recorded in the log.
 - b. When deposit on the day of collection is impracticable, receipts must be deposited within five (5) business days if the cumulative amount of all receipts held on any given day is less than \$1,000.
 - c. Total accumulated receipts equaling \$1,000 or above must be deposited within one business day.
 - d. Monies received in the last month of the fiscal year must be deposited by the last business day of the fiscal year.
3. The receipt of cash shall be appropriately controlled. (The use of pre-numbered receipts or cash register tapes by an individual designated to receive cash are two examples of how cash may be controlled; other reports exist for credit card receipts, electronic funds transfers, etc.).
4. Cash received must be recorded on the day received. Appropriate posting of the accounting records must occur as soon as practicable after receipt, but no later than when the funds are deposited with the State Treasurer.
5. If DCS receives a check, money order or draft payable to another agency, it should not be endorsed; rather, it should be forwarded to the agency for which it was intended and a memo entry made on the receiving agency's cash receipt log or similar record.
6. Cash that is not deposited on the day it is received must be secured in locked, stationary storage equipment such as a safe, file cabinet, desk, etc.
7. Check logs, pre-numbered receipts, and register tapes are reconciled with

the deposits with the State Treasurer.

8. Cash receipts should be received by designated accounting staff who are not responsible for maintaining accounting records.
9. The Department Office of Accounting designates two state accounting staff for the process of opening and verifying monies received.
10. The Daily Check Log, which is signed by both designated accounting staff contains the following information for each check:
 - a. The name of the remitter;
 - b. The purpose of the remittance;
 - c. The amount of the remittance;
 - d. The form of the remittance (cash, check, etc.); and
 - e. The date of check and receipt.

B. Managing and Reconciling Accounts

1. All bank accounts must be approved by the State Treasurer and the GAO.
2. All bank accounts are reconciled monthly.
3. All persons who handle cash must be bonded. As of the effective date of this policy, bonding is automatically provided by Risk Management for State officers and employees.
4. No disbursements are made from cash receipts or register cash.
5. Any favorable or unfavorable deposit discrepancies are promptly and properly resolved, according to timeframes prescribed by the General Accounting Office.
6. Any NSF checks as well as any debit or credit memos should be resolved by designated accounting staff, independent from the cash receipts or disbursement functions.