

WEST VIRGINIA STATE TREASURER'S OFFICE
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CASH RECEIPTS HANDBOOK
FOR
WEST VIRGINIA SPENDING UNITS

1. **General**

1.1 Effective Date: November 15, 2011

1.2 Revisions: April 1, 2016

1.3 Authority: The West Virginia State Treasurer's Office (STO) is authorized to review the procedures and methods used by state officials and employees authorized to accept moneys due the state and change those procedures and methods as he or she determines to be in the best interests of the State, with the exception of the procedures used by the Department of Revenue, in accordance with W. Va. Code §12-2-2.

1.4 Purpose: The purpose of this Handbook is to establish and document the procedures for processing Cash receipts and provide guidelines for the proper receiving, handling, and safeguarding of Cash and Cash equivalents by Spending Units and employees. Strong internal controls for Cash collections are necessary to prevent mishandling and are designed to safeguard and protect the Cash, as well as to protect employees from inappropriate charges of mishandling funds. The STO's goal for the oversight of the Cash handling function is to guide and control the process for accurate and secure receiving, receipting and processing of moneys received at various locations throughout the State.

- 1.5 Definitions: The following terms are defined for purposes of this Handbook, unless a different meaning is clearly required by the context:
- 1.5.1 "Armored Car Services/Armored cash transport car" means a van or truck, used in transporting valuables, such as large quantities of money from one destination to another safely.
 - 1.5.2 "Cash" means money or its equivalent in the form of coins, currency, money orders and checks.
 - 1.5.3 "Disbursement" means cash outflow or payment of money to settle obligations such as operating expenses, interest payments for loans and accounts receivables during a particular period in order to carry out business activities. Usually in the form of cash, plastic money, check, warrants, and Electronic fund transfers. Opposite of cash receipts. Also called cash payments.
 - 1.5.4 "Foreign item" means any item (e.g. check, cash/coin, and/or wire) drawn on a financial institution outside of the U.S., Puerto Rico, U.S. Virgin Islands, and Gaum. The item can be issued in U.S. dollars or the currency of the country in which the bank is located.
 - 1.5.5 "Imprest fund" means a cash change fund in a fixed amount approved by the STO and maintained by a Spending Unit for specific uses.
 - 1.5.6 "Lockbox" means a service by which the STO receives payments by regular mail delivered to a post office box, retrieves the mail daily, processes the checks and remittance forms inside each envelope, prepares a wvOASIS deposit, deposits the checks and notifies the Spending Unit of the information on the remittance forms and the checks deposited.
 - 1.5.7 "Outside Bank Account" means an account operated by a Spending Unit outside of the State Treasury.
 - 1.5.8 "Reconciliation" means a process used to compare two or more records to ensure the figures are in agreement and are accurate at a particular point in time.
 - 1.5.9 "Spending Unit" means a department, agency or institution of state government for which an appropriation is requested, or to which an

appropriation is made by the Legislature. For purposes of this Handbook, a "Spending Unit" includes all state collection sites.

1.5.10 "State Depository" means a state or national bank or a state or federal savings and loan association that meets certain criteria established by West Virginia law and posts any required collateral.

1.5.11 "wvOASIS" means the State Enterprise Resource Planning (ERP) system with a comprehensive suite of integrated modules that provide end-to-end support for statewide administrative functions such as Financial Management, Procurement, Asset Management, Payroll, etc.

1.6 Overview: Cash should be handled with the highest security. Spending Units must ensure that they have the W.Va. Code authority to collect revenues. Each Spending Unit that has the authority to collect revenues must have policies and procedures detailing all required steps at each interval of the collection, handling and depositing processes. The procedures should give each employee a clear understanding of what is expected, what behavior is and is not acceptable and how to accurately accept, handle and safeguard Cash. The procedures should also be clear as to which employees have access and the ability to perform each task required in the entire process. Employees should understand their accountability for all Cash which are due the State of West Virginia. This Handbook establishes the minimum policies and procedures that are to be used, as well as best practice guidelines. Spending Units may require stricter provisions than those specified in this Handbook. All Spending Units must follow their required procedures for cash receipts, which procedures must meet the minimum standards in this Handbook.

2. **Safeguards**

Once Cash is received, it must be protected immediately by storing in a locked fireproof Cash drawer, safe, or other secure place until the Cash is deposited. A Spending Unit must provide a secure area for processing and safeguarding the Cash and restrict the area to a minimum number of authorized employees only. A limited number of people should have access to the secured receipts to prevent any mishandling. A Spending Unit's policy should set the amount of Cash to be counted by two employees. All Cash should be counted out of sight of the general public.

3. **Segregation of Duties and Internal Controls**

- 3.1 Spending Units must establish proper segregation of duties and checks and balances, which includes Cash collecting, depositing, reconciling and reporting. One recommendation for any new employee hired to handle Cash is to have a background investigation performed. Refer to your Spending Unit employee policies and procedures for this recommendation.
- 3.2 Unless otherwise authorized by the STO, an individual should not have the sole responsibility for more than one of the following Cash handling components:
 - collecting
 - depositing
 - disbursement
 - reconciling
- 3.3 The individual taking the payment should not also prepare the deposit and/or make the deposit at the bank.
- 3.4 There should be dual signatures verifying any moneys transferred to the bank.
- 3.5 The bag holding such moneys should be sealed and/or locked before it leaves the Spending Unit's location.
- 3.6 The employee that has collected the money or made the deposit should not also reconcile the funds.
- 3.7 All mail should be opened with two people present and all checks must be endorsed immediately. Documents enclosed with mail payments should be date-stamped by one of the employees opening the mail. A daily log should be recorded with the date and number of items received by mail including dual signatures for each day.
- 3.8 Spending Units are encouraged to use dual control when employees are authorized to accept Cash and enter deposits into the Spending Unit's accounts receivable system.
- 3.9 If a Spending Unit's size limits the ability to have proper segregation of duties, then the STO offers several services that may be more appropriate to accept standard payments. The STO receives, processes, and deposits payments without Spending Unit involvement. Information on these services is included on the STO website at www.wvtreasury.com.

4. General Requirements

- 4.1 To decrease the risk of theft, all checks received must be endorsed immediately. The endorsement stamp must be restrictive and contain the words:

FOR DEPOSIT ONLY
State of West Virginia
Agency Name
Accounting Number (optional)
Location (optional)

- 4.1.1 All endorsement stamps for STO receipt accounts will be ordered through TicketsGroup@wvsto.com.
- 4.1.2 Endorsement stamps for Outside Bank Accounts are ordered by the Spending Unit through a vendor of their choice.
- 4.2 A calculator tape totaling the individual items that provides the details of the contents must accompany every bank deposit.
- 4.3 Many Spending Units have Outside Bank Accounts. The State Treasurer's Office approves and monitors these accounts as set forth in *W.Va. Code §12-2-3*. The form to request an Outside Bank Account is located on the STO website at www.wvtreasury.com.
- 4.4 All Cash handling policies and procedures must be followed with State accounts, as well as Outside Bank Accounts. All Outside Bank Account activity should be recorded in the Spending Unit's system of record.
- 4.5 Under no circumstances should an employee commingle Spending Unit received funds with his or her own personal funds, deposit the received funds in a personal bank account or take the received funds home for safekeeping.
- 4.6 Cash received must not be used to establish an imprest fund or petty cash fund. Expenditures or refunds cannot be made from Cash receipts. If an imprest fund is needed, please refer to STO's specific policies and procedures for imprest funds on our website at www.wvtreasury.com.
- 4.7 A check or money order received must be reviewed for completeness:
- 4.7.1 Verify that account holder's name, address and phone number is included on the check.

- 4.7.2 Verify that the check has a bank name listed, and that the routing number and customer's bank account number are encoded on the bottom edge of the check.
- 4.7.3 Note the date. Do not accept post-dated or stale dated checks, and do not agree to hold a check for future deposit. Post-dated checks have a date in the future; stale dated checks have a date of six months ago or longer.
- 4.7.4 Verify that the amount written in numbers matches the amount written in words.
- 4.7.5 Verify that the check is signed and made payable to the appropriate Spending Unit.

5. **Cash Collections and Reconciliation**

- 5.1 Cash can be received via counter payments or by mail. A pre-numbered receipt must be issued for each counter payment at the time the funds are received. Receipts must be pre-numbered regardless of whether the Spending Units have computer generated or handwritten receipts.
- 5.2 Receipts must be prepared in duplicate: the original must be given to the individual from whom the funds were received at the time the Cash was remitted; the copy is retained in numeric order, either in the receipt book or in a file established for this purpose. Every receipt issued must show the following information:
 - amount received,
 - date received,
 - type of Cash (coin, currency, money order or check),
 - check or money order number if applicable,
 - name of the individual/company from whom received,
 - purpose of the collection for which the Cash was received, and
 - Spending Unit name and employee name who prepared the receipt.
- 5.3 If an error is made while preparing a receipt, void the receipt and issue another one. To void a receipt, write the word "VOID" across the face of the receipt and retain the original along with the copy in the receipt file. Do not discard voided receipts. All receipt numbers must be tracked and accounted for within the

Spending Unit. The pre-numbered receipts help aid in the reconciliation process and theft prevention. Any missing receipts should be investigated.

5.4 Each Spending Unit must have a daily itemized record of the collections received. The daily itemized record should contain the following:

- name of person or entity,
- amount collected,
- date of collection,
- purpose of collection,
- type of Cash (coin, currency, money order or check),
- check or money order number, if applicable, and
- name of employee who prepared the receipt.

5.5 An employee other than the staff member that made the bank deposit must perform a reconciliation of the supporting documentation (itemized record) to the bank validated deposit tickets daily. The employee must sign and date the reconciliation to reflect who performed the reconciliation and when. Any differences that exist should be investigated. Also, the Spending Unit employee making the deposit must verify the validated deposit amount prior to leaving the bank to ensure that the validation matches the deposit amount. This validation is the State's proof as to the dollar amount of the deposit. If there is a variance between the Spending Unit's deposit ticket and the bank validation, the Spending Unit's employee must have the bank recount the deposit. This should be done before the employee leaves the bank premises. If there is a discrepancy with a deposit amount on the bank statement in comparison to the wvOASIS deposit, the validated deposit ticket would be used as the State's proof to correct the discrepancy with the bank. All Cash receipts and related documents must be kept in accordance with the Spending Unit record retention policy. All Spending Units must have a record retention policy approved by the Department of Administration.

5.6 An alternative to receiving payments at each Spending Unit site would be a STO lockbox service. A lockbox is the collection and processing of payments performed by a third party and in this case the STO. The payments are mailed to a post office box with remittance coupons. The payments are retrieved daily, processed and wvOASIS deposits prepared and completed. The Spending Unit is notified of the customer's payment by information gathered from the remittance coupon. The information on the coupons is customized to the

Spending Unit's need. Some examples of the information gathered would be, but is not limited to:

- invoice number,
- customer account number,
- amount,
- due date, and
- wvOASIS deposit coversheet identification number.

A lockbox service offers a timelier processing of payments, image retrieval, security, convenience to the Spending Unit and access to history of payments and images that would not otherwise be available. The STO also offers other services, such as e-Government, to aid in the collecting and processing of payments. The e-Government services program provides a payment system to allow the acceptance of credit cards and electronic funds transfers for goods and services on the internet.

6. **Deposits**

- 6.1 *W.Va. Code* §12-2-2 requires that all Cash collections must be deposited within one business day. Spending Units can make deposits at the STO checks processing located at the Capitol Complex in Charleston or at a designated State Depository as approved by STO.
- 6.1.1 Spending Units may also utilize Armored Car Services, which are provided through the STO's banking contracts. By using these services a spending unit will add a layer of segregation of duty and safeguards into their policy and procedures. The Armored Car Service would come to the spending unit, pick up their deposits, and take the funds to the bank for processing.
- 6.2 **Checks Processing:** When a Spending Unit makes a deposit at the Capitol complex checks processing the wvOASIS deposit coversheet must accompany the deposit along with two calculator tapes totaling the deposit. Cash and check deposits must have separate wvOASIS deposit coversheets. The deposit must equal the amount stated on the wvOASIS deposit coversheet. A copy of the coversheet is given a time and date stamp and returned to the Spending Unit employee at the time of the deposit. This stamp is considered the Spending Unit's validated receipt for making the deposit.

- 6.3 Foreign Items: Foreign items are deposited into the bank using the same method as U.S. currency checks. The STO prefers that any foreign check be placed on a separate deposit ticket when presented to the bank. This enables issues to be identified more efficiently. Please note that during the STO's reconciliation process, the Cash Receipt (CR) document entered into *wvOASIS* may reflect the face value of the check; however, the bank could receive credit for a different amount. This is due to the exchange rate being used to convert one currency to another. The STO will request an adjusting entry be made in *wvOASIS* in the form of a CR or a Negative CR/Chargeback in order to match the ledger to the bank deposit. The STO prefers that all international transactions (e.g. Checks and/or wires) be sent with the currency of U.S Dollars.
- 6.4 Approved State Depositories: To make an initial deposit at a State-approved depository, a Spending Unit must submit a request to make such a deposit to the STO. The STO must approve or decline this request. If approved, the Spending Unit may make deposits at the bank specified by the STO. A Spending Unit must retain the receipt according to its record retention policy.
- 6.5 When a new depositing location is needed, the Spending Unit must provide the STO with the following information:
- 6.5.1 reason(s) why Cash collection point is needed,
 - 6.5.2 list of those Spending Unit positions involved with the Cash collection point, a description of their duties and how segregation of duties will be maintained,
 - 6.5.3 listing of special financial services needed,
 - 6.5.4 description of the reconciliation process, including frequency of reconciliation,
 - 6.5.5 description of the process for safeguarding Cash until it is deposited,
 - 6.5.6 schedule of how often Cash deposits will be made, and
 - 6.5.7 preferred bank for use.
- 6.6 The request for depository location must be submitted on the form available on the STO website at www.wvtreasury.com. The forms may be submitted to ReconGroup@wvsto.com or via fax at (304) 340-1511.

- 6.7 Once the request has been reviewed by STO staff and approval has been given, the requesting Spending Unit can begin using the approved depository.
- 6.8 All deposit tickets for STO receipt account deposits must be ordered through the STO at TicketsGroup@wvsto.com. The tickets are uniquely identifiable for each location and pre-numbered for Spending Unit convenience, security, and ease of reconciliation. Tickets can be ordered in duplicate or triplicate. The original and the copy must be remitted to the bank with the moneys being deposited; the copy is to be validated by the bank and returned to the Spending Unit to be retained on file.
- 6.9 Outside Bank Account deposit tickets are ordered by the Spending Unit through the bank at which they have an account or other means determined by the Spending Unit.
- 6.10 Cash collections may be received at approved temporary locations, such as West Virginia fairs and festivals. In some cases, Spending Units have products available for sale at area events and all revenue received from the sales must be deposited into the State Depository within one business day. There are STO-approved State Depositories in various locations throughout West Virginia in which the deposits can be made. The STO will provide any assistance and guidance to locate a branch closest to the offsite area.

7. **Collection Points**

All Spending Units should make a conscious effort to keep collection points to a minimum. Excessive collection points can lead to mishandling of money, more expenses and a longer reconciliation process. The risk is greater with each collection location added.

8. **Procedures Review and Assistance**

Any Spending Unit needing assistance or having questions should contact the STO Cash Management Division at (304) 558-3599. Please ask for the Director of Cash Accounting or the Cash Accounting Supervisor.