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ADMINISTRATIVE INSTRUCTION NO. 57
Collection of Monies And Handling Requirements
(Formerly Titled Cash Collection and Cash Handling Requirements)

PURPOSE: To provide guidance to Bernalillo County Departments and Elected Officials regarding the collection of monies, handling requirements and procedures, and internal controls.

GENERAL GUIDELINES: County employees who receive Bernalillo County monies are responsible for the collection, safekeeping and deposit of all monies entrusted to them.

All monies must be deposited in an authorized bank account; no bank accounts may be set up except those established by the Treasurer with the consent and approval of the Board of County Commissioners (BCC).

It is the responsibility of every County employee in charge of receiving monies on behalf of the County to deposit the monies with the County Treasurer's Office daily or within 24 hours at a designated bank branch. Designated banks are banks approved by the Treasurer's Office with the advice and consent of the BCC. No checks shall be cashed, no purchases shall be made, and no substitution of cash, checks or other documents shall be made from the actual monies received. New Mexico State Statutes (NMSA1978) Sections 30-16-6 Fraud and 30-16-8 Embezzlement provide criminal penalties for anyone convicted of embezzling or converting to his or her own use anything of value by means of fraudulent conduct, practices or representations.

All cash shortages greater than \$5.00 shall be reported immediately in writing to the Accounting Director who will then inform the Deputy County Manager for Budget and Finance. In accordance with Section 2.2.2.10 K(3). NMAC (New Mexico Administrative Code), the Deputy County Manager for Budget and Finance or his designee shall notify the State Auditor immediately, in writing, upon discovery of any possible criminal statute violation in connection with its financial affairs.

DEFINITIONS: The term "monies" or "funds" is defined to include cash, checks, credit card payments, money orders and other negotiable instruments whether received in person, by mail, by telephone, by facsimile (fax), or electronically.

A. Minimum Standards for Receipting Systems

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1. All County employees receiving monies for the County shall make a receipt in not less than duplicate form which shall show the amount received, date of payment, what the payment is for (e.g., water/sewer payment, zoning permit, etc.) and account for which payment is made. One copy shall be made available to the person making payment. All cash collections in the County must be recorded in the County-approved electronic system.

2. All cash receipting systems should include the following procedures and controls:

- a. Issue pre-numbered receipts or cash register receipt at time payment is made. Departments will not issue multiple receipts for the same transaction.
- b. Display sign at all receipting areas that customer is to contact the Accounting Department if customer is not given a receipt.
- c. Immediate cancellation of checks with the County's "for deposit only" stamps by hand or electronic scanning of checks.
- d. Daily deposit of cash received to either the Treasurer's Office or the designated local bank branch within 24 hours of receipt or before the close of the next succeeding business day. Employees are not allowed to "drop off" the deposit at the Treasurer's Office. Employees must wait for a treasurer's receipt. Monies received over the weekend or on holidays will be deposited as soon as possible on the next regularly scheduled County workday.
- e. Deposit slips from the bank branch or Treasurer's Office must be retained for reconciliation purposes.
- f. Record of daily cash receipting transactions must be retained for three years after the close of the fiscal year in which created in accordance with **Administrative Instruction No. 34 (A), Bernalillo County Public Records Retention Schedule.**

B. Internal Controls

Internal control is necessary to prevent or detect any possible errors or irregularities involving monies. It is the responsibility of each department and office to maintain effective internal controls over the receipting of County monies. Internal controls require accountability to be maintained by issuing pre-numbered receipts, or cash register or electronic receipts that have assigned numbers; immediately recording payment transactions; immediately canceling checks with a County "for deposit only;" limiting access to monies; and reconciling accounts as outlined below.

1. Circumstances and Guidance on Payment Transactions

a. Person Paying is Present

When monies are received in the presence of the person making payment, the recording of the transaction must take place immediately by using a cash register or other locked mechanical device with each payment recorded

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separately, or issuing pre-numbered printed receipts from the County-approved electronic system.

b. Mail or Collection Box Payment

When the recording of monies cannot be observed by the person making payment, two (2) Department staff members must be present when opening mail; or emptying collection boxes or similar containers that produce no automatic record. Two staff members will also be present when recording monies.

c. Phone/Fax/Electronic Payment

When payment is made by phone/fax/electronically, the information is recorded in the County-approved electronic system. A copy of the receipt for payment shall be mailed or provided electronically to the person who made the payment.

2. Check Endorsement and Returned Checks

a. Checks must be payable to Bernalillo County. All checks must be restrictively endorsed "for deposit only" immediately upon receipt by hand stamping or by scanning, for those departments with scanning machines. The County's endorsement renders the check non-negotiable and must be stamped on the back of all checks. The endorsement stamp must contain certain required information and stamps may be obtained from the Treasurer's Office. Departments must use the current endorsement stamps.

b. Departments shall establish and implement accounting and collection procedures for all returned checks. Each Department will develop guidelines for handling various types of returned checks such as "stop payment," "refer to maker," returned for insufficient funds (NSF), etc. Upon review of the particular situation, the Department will take steps to secure payment for the amount of the returned check, plus any fees, if appropriate.

c. When a check has been determined to be uncollectible for insufficient funds (NSF), payment by certified check or money order, plus a \$25 fee, will be required of the payee. Department staff shall be assigned to monitor and update the NSF account, and to ensure that collection of monies occurs. Departments will be responsible for reversing the revenue recorded at time of check receipt until such time that full payment of the debt and fee have been made.

3. Limiting Access to Monies

a. Access to monies must be restricted to the employee responsible for the monies. Responsibility for safekeeping of receipted monies until deposited must be specifically included in the employee's job duties and acknowledged by the employee as a job duty. Each Department is responsible for developing and implementing procedures for handling monies in the event that such employee(s) is absent. Separate cash drawers should be used to accommodate multiple employees receiving money. All monies received

after the daily deposit must be placed in a secure location.

4. Reconciliation

- a. Departments are responsible for reconciling their accounts as reported in the electronic system.

C. Funds on Hand

1. Change Fund

Departments that need to retain cash on hand for making change must request approval from the Deputy County Manager designee for Budget and Finance/designee by sending a memorandum with a justification for the amount requested to the Accounting Department. Change funds should only include cash and must be intact at all times. Overages and shortages must be recorded immediately upon discovery. If the change fund is not used for a large portion of a year, the monies shall be deposited until needed again, and a copy of the deposit slip with a brief memo shall be sent to the Accounting Department.

2. Petty Cash

- a. Departments must obtain written approval from the Accounting Department to operate a "Petty Cash Fund."
- b. Departmental Petty Cash Custodians are responsible for requesting funding from Accounts Payable to establish their Petty Cash Funds.
- c. Departmental Petty Cash Custodians are responsible for reconciling and requesting replenishment of petty cash funds.

D. Cash Gifts

1. All gifts of cash to the County must be reported to the Deputy County Manager for Budget and Finance.