

CASH HANDLING POLICY AND PROCEDURE

BACKGROUND

All agencies of the Department of Health & Hospitals (DHH) that handle cash or cash equivalents must have both an awareness of and show a commitment to strong internal controls for cash. This environment is established by written procedures. It is maintained by awareness through regular communications between management and staff and through management's commitment by example and review.

Internal controls are necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling funds by defining responsibilities in the cash handling process.

All employees collecting funds must follow the procedures that have been established for cash receipt controls.

"Cash" includes coin, currency, checks, money orders, and credit card transactions.

All DHH agencies/departments collecting cash must address the cash receipt controls by developing, implementing and enforcing procedures in support of these controls.

STATUTORY REFERENCE

Deposits

The Louisiana Constitution Article VII, Section 9 (A) requires "All monies received by the State or by any state board, agency, or commission shall be deposited immediately upon receipt...except for certain exceptions listed therein."

NOTE: Immediately is defined as *within 24 hours* of receipt.

Misappropriation Notification Requirement

LSA-R.S. 24:523- Notification of the legislative auditor and district attorney . "An agency head of an auditee who has actual knowledge of any misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation. The district attorney, or other prosecutorial agency, notified of such misappropriation may request audit assistance from the legislative auditor with respect to the misappropriation."

GENERAL POLICY & PROCEDURE

Collecting and Receiving Cash or Checks

1. **Cash** – DHH does not accept cash at its administrative offices located at 628 North 4th Street, Baton Rouge, LA.

2. **Checks** -
 - a. All checks received should be made out to Department of Health and Hospitals (DHH) or appropriate agency name or the State Treasury. Checks made payable to cash should not be accepted. Postdated checks shall not be accepted for payment.

b. All checks to be deposited by DHH are to be endorsed immediately with a restrictive endorsement and entered into the Department's check log immediately upon receipt. The endorsement should be as follows:

For Deposit Only
Department of Health & Hospitals or Agency Name
Agency Bank Account Number

3. Restrictive endorsement stamps must be approved by the DHH Fiscal Director prior to use and/or ordering.
4. If checks received are not made payable to DHH or the proper Agency Name, the payer should be contacted immediately and the check returned to make the necessary changes.
5. At all times, funds should be secured in a safe or locked cabinet or locked desk.
6. Access to the funds should be limited to the fund custodian.
7. A check receipt log is to be maintained at all departmental mail entry points where checks are received. Checks should be restrictively endorsed upon opening of the mail. Check logs should have the following minimum information: date picked up from mailroom, date of check, check number, payer's name and check amount. A total of all checks listed must be present as well as the current date, and a unique log #. In addition, the person preparing the log should be listed as well as the signature of the person receiving the log once it is transmitted.
8. Any changes to the check receipt log must be initialed by the person making the change and a supervisor.
9. The check receipt log should be transmitted to the cash management department before 1:00 p.m. each day a check is received. Any checks received after 1:00 p.m. should be transmitted to the cash management department before 1:00 p.m. on the following workday. The log should be signed by the person transmitting the checks and/or cash and countersigned by the person receiving the funds for deposit.

Making Deposits

1. To maintain proper security and good internal control procedures, the responsibility for preparing and making the deposit should be assigned to an employee other than the one assigned the responsibility for opening the mail, preparing the check log, and preparing the bank reconciliation.
2. All funds received must be verified to determine that all monies have been recorded and properly accounted.
3. The employee assigned the responsibility of deposit preparation will prepare the deposit ticket, secure the funds and make the deposit into the proper bank account. All checks on the check log should be accounted for and deposited with all other checks on the check log. Any checks listed on the check log that need to be removed from the check log for alternate processing must be properly documented and approved in writing by a Cash Management manager.
4. All copies of the deposit ticket should have the bank stamp on them.
5. The deposit ticket copies should be attached to the check log documentation and maintained with the deposit.

Bank Reconciliation

All bank reconciliations should be performed no later than fifteen (15) days after receipt of the bank statement.

Missing Funds Notification Process

1. If funds are missing from a deposit, the following notifications must be made:
 - a. The Director of Fiscal Management must be notified, immediately upon discovery.
 - b. The Director will review the circumstances of the missing check and if appropriate, will notify the DHH Director of Internal Audit and the Undersecretary of DHH.