

SURPRISE CASH COUNTS



ON THE ROAD AREA TRAINING
BURNET, TEXAS

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Why Are Cash Counts Performed?



- Satisfies Statutory Requirements
 - LGC 115.003 (a) – At least once each quarter, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the condition of, or shall inspect and count, the cash held by the county treasurer...
 - LGC 115.0035 (b) – At least once each county fiscal year, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the accounts of all precinct, county and district officials.

Why Are Cash Counts Performed?



- **Enhance Internal Controls**
 - Auditors provide Independent Review of Change Fund
 - ✦ Validate the change fund is properly managed and accounted for.
 - ✦ Element of Surprise – encourages Offices to execute cash handling processes and procedures at all times.
 - ✦ Assist in detecting & Preventing errors & fraud.

- **Promotes County Office Relations**
 - Build Professional Relationships & Observe Office Functions that can assist with future audits and reviews.

Cash Count Planning



- **Create a Cash Count Schedule**

- Elements of Schedule:

- ✦ List Offices/Departments subject to Cash Count and their specific Locations.
- ✦ Change Fund Amounts
 - Note: There are offices with no change funds; however, they collect payments.
- ✦ Date of Last Cash Count Performed
 - Determine spacing between last quarters cash count and current quarters cash count.
- ✦ Safe or Mail Log to Observe?
- ✦ Special Notes or Instructions
 - Examples: Specific Contact, Specific Report, Best time to go/avoid.
- ✦ Staff Assignments
 - Consider:
 - Number of Staff
 - Staff Experience
 - Rotate and Mix it Up
 - Assign by Area

Example of Cash Count Schedule

FY2018 FIRST QUARTER CASH COUNTS (Example)

DEPARTMENT	OFFICE	LOCATION	AREA	CHANGE FUND AMOUNT	LAST AUDIT DATE & NOTES	SAFE	NOTES	STAFF ASSIGNMENT
Tax	Auto, Customer Service Cashiers	123 Northside Rd	Room 101	\$ 1,500.00	12/13/2017	Yes	Best between 2-3PM; Complete by 3:30 and no Audit on Wednesday	John/Jane
Tax	Supervisors Box	123 Northside Rd	Room 101	\$ 1,500.00	12/13/2017	Yes	Best between 2-3PM; Complete by 3:30 and no Audit on Wednesday	John/Jane
Sheriff	Inmate Banking	45 Eastside St	2nd Floor	\$ 500.00	10/20/2017	Yes		Jack
Sheriff	Property Room	45 Eastside St	Basement	\$ -	10/20/2017	Yes	Ask for Monica Reyes	Jack
Public Works	Environmental Permits	6789 Southside St	4th Floor	\$ -	12/2/2017	No		Jill
District Attorney	Hot Checks	101 Westside Rd	Room 620	\$ -	11/15/2017	Yes		Jill
District Clerk	Criminal Filing	101 Westside Rd	Room 646	\$ 300.00	11/15/2017	No		Jill
District Clerk	Recordings	101 Westside Rd	Room 615	\$ 300.00	11/4/2017	No		John
County Clerk	Deeds	101 Westside Rd	Room 421	\$ 400.00	11/4/2017	No		John
County Clerk	Marriage / Assumed Names		Room 402	\$ 400.00	11/20/2017	No	Before starting, get updated box list from Lia Lopez	Jerry
Fire Marshall	Administration	211 Alamo St	Front Office	\$ -	12/17/2017	Yes		Jill
Precinct 1	Constable's Office - Admin	246 West St	1st Floor	\$ -	10/2/2017	Yes		John/Jane
Precinct 1	Justice of the Peace Office - Admin	246 West St	2nd Floor	\$ 1,000.00	10/2/2017	Yes		John/Jane
Precinct 2	Constable's Office - Admin	985 East St	1st Floor	\$ -	10/29/2017	Yes		Jack/Jill
Precinct 2	Justice of the Peace Office - Admin	985 East St	2nd Floor	\$ 1,000.00	10/29/2017	Yes		Jack/Jill
Facilities Management	Parking	207 Military Rd	Front Office Room 1	\$ 2,000.00	12/15/2017	Yes	Request the Daily Cash Inventory Report	Tom/Jerry
County Manager	Human Resources	101 Westside Rd	Room 905	\$ -	11/1/2017	Yes		Tom
Juvenile	Juvenile Probation	6545 Alamo St	3rd Floor		12/13/2017	Yes		Jerry
Juvenile	Detention	6545 Alamo St	2nd Floor	\$ -	12/20/2017	Yes		Jerry
Adult Probation	Administration	1212 Deer Rd	Main Office	\$ 100.00	11/13/2017	Yes		Tom
Auditor	Administration	101 Westside Rd	8th Floor	\$ -	11/13/2017	Yes		Tom
Elections	Elections Admin	153 Parkway Dr	1st Floor	\$ -	11/13/2017	No		Tom
Examiner	ME Admin	444 Medical Drive	Main Office	\$ -	12/20/2017	Yes		Jerry

Cash Count Planning



- **Prepare for Cash Count**

- Obtain & Review:

- ✦ Background Information
- ✦ Written Procedures
- ✦ Who is the Office Manager or Specific Point of Contact
- ✦ What is the Office's Cashiering System
 - Manual Receipt Book or Computer System
- ✦ Previous Cash Counts
 - Are there issues that the Auditor may need to be follow up on or be aware of.
- ✦ Best time to perform Cash Count
 - Avoid Offices busy times; for example:
 - Tax Office – Tax Deadlines
 - JP Offices – Court Dates

EXAMPLE Written Procedures

Background:

Work Release office collects money from inmates for being in the program. They collect money 24 hours. If money is collected after business hours, the officer's will put it in the drop slot into the safe. Missy is the only one who processes payments. So when she comes in, she will check the safe for any monies collected. The key to the safe is kept in Sergeant Rosco's office. Only she and the Sergeant know where the key is kept locked in his office.

Supervisor: Sergeant Rosco

Receipt System: iNovah

Change fund: \$100.00

Safe: Yes

Mail-in log: Yes

Step 1: Request printed copy iNovah 'Batch Tender Totals' report.

Step 2: Count money in drawer and list checks/money orders, complete the Reconciliation form. (see separate instructions for the form) Be sure to have cashier sign form.

Step 3: Request to get copy of Mail-in log. (They can email it to you if needed.) Notate on Reconciliation form that you reviewed mail-in log. If any issues, note on form. Otherwise note "good" or "no issues".

Step 4: Request to review contents of safe for any additional money or checks being held. Notate on Reconciliation form that you reviewed safe. If any issues, note on form. Otherwise note "empty" or list contents of safe.

Step 5: Staple copies of all reports to the completed/signed Reconciliation form.

Mail In Log	<input checked="" type="radio"/>	No	Current?	Notes: <i>log good; safe empty</i>
Safe/Vault	<input checked="" type="radio"/>	No	Ck Contents	

Cash Count Performance



- **Perform the Cash Count**

- Be Considerate

- ✦ If servicing customer, wait. Consider coming back another time.
- ✦ Don't leave cash count to the last minute

- Use Cash Reconciliation Form

- ✦ There may be multiple forms prepared for one Change Fund.
 - Example: Office Change Fund is \$400; and, there are 4 cashiers with \$100 each. There would be (4) \$100 forms prepared for this Office.

- Ask Cashier for their Starting Cash Amount and document it on Cash Reconciliation Form

- Proceed to Count Cash/Cash Equivalents

- ✦ Ensure Cashier Observes the Cash Count.
- ✦ Don't leave too much to memory, document on Cash Reconciliation Form as you count

- Summarize everything you've counted by Sub-Totals

- Obtain Total Receipts amount and document on Cash Reconciliation Form

- ✦ Obtained from Cash Report from Cashiering System; or,
- ✦ Daily Manual Receipt Totals

- Perform Reconciliation

Cash Count Performance



- **Cash Count Results**

- **Balanced**

- ✦ Obtain Cashiers Signature agreeing to results of the Cash Count.

- **Not Balanced**

- ✦ Re-count. Give time for the cashier to resolve shortage/overage.
- ✦ If unresolved, go over findings with cashier and management. Discuss and agree to a correction plan.
- ✦ Obtain Cashiers Signature agreeing to results of the Cash Count.

- **Note: Significant Discrepancies or Fraudulent Activity Detected should be reported to Office Official and Law Enforcement, if applicable.**

EXAMPLE Cash Reconciliation Form

Bexar County Auditor's Office
Cash Verification and Reconciliation

prepared by: _____ date _____
approved by: _____ date _____

Auditee (dept/office/description):			
Auditor/Assistant:		Date:	
Cash Custodian:		Time:	
Total Authorized Amount (d):		Box #	

Coins			Cash on Hand			Cash Fund Reconciliation		
No. of Rolls	Denomination	Amount	Cash on Hand (a)	Checks and M.O. (b)	Other Cash Items (c)	Total Money Counted	Less (Cash Change Fund) (d)	()
	0.50 roll	0.01						
	2.00 roll	0.05						
	5.00 roll	0.10						
	10.00 roll	0.25						
	10.00 roll	0.50						
Currency								
	Number							
	1.00							
	2.00							
	5.00							
	10.00							
	20.00							
	50.00							
	100.00							
	Total (a)							

Cash Fund Reconciliation		
Cash on Hand (a)		
Checks and M.O. (b)		
Other Cash Items (c)		
Total Money Counted		
Less (Cash Change Fund) (d)	()
Less Total Receipts Issued (e)	()
Cash Over (Short)		

The above cash was counted in my presence and was returned to me intact. There are no other county funds in my possession for which I am responsible.

Signature: _____

Printed Name: _____

Checks & Money Orders		Other Cash Items		
Number	Amount	Number	Amount	Description
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
Total (b)		Total (c)		

Receipts To Account For				
Beginning Number	Ending Number	Batch Total	Manually or computer Generated	
			<input type="checkbox"/> manual	<input type="checkbox"/> computer
			<input type="checkbox"/> manual	<input type="checkbox"/> computer
			<input type="checkbox"/> manual	<input type="checkbox"/> computer
Total (e)				

Mail In Log	Yes	No	Current?	Notes:
Safe/Vault	Yes	No	Ck Contents	
Notes/Comments				

Data Collection:

- Cash
- Checks
- Other Cash Items
- Change Fund Amount
- Cashiering System Total

Cash Count Reconciliation & Results

Cashier or Manager Signature & Printed Name agreeing to Results of Cash Count or Review

To document Safe / Mail Log Review Observations & Results

Cash Count Performance



- **Perform Safe or Mail Log Review**

- **Safe/Vault**

- ✦ Deposits

- If sealed for delivery to treasury – do not open. Document the amount, bag number, and the date deposit was prepared.
- If unsealed/stored in zip bag – verify the deposit.

- ✦ Other Monetary Instruments

- Obtain explanation from Management
- Assess reasonableness of explanation. Make recommendations.

- ✦ Unusual or Personal Items

- Personal Items are not to be comingled with County Assets
- Recommend to Management to store personal items in a separate area.

- **Mail-In Log**

- ✦ Activity is current & appears reasonable according to the office's functions.
- ✦ Perhaps reconcile checks from cash drawers to Mail-In Log

- **Document all Observations on Cash Reconciliation Form**

- **No Findings**

- ✦ Obtain Cashiers Signature agreeing to results of the review.

- **Findings**

- ✦ Discuss and agree on findings & correction plan with management.
- ✦ Obtain Managers Signature agreeing to results of the review.

Management's End of Quarter Procedures



Closing Procedures

- Collect & Combine Cash Reconciliation Forms
- Reconcile Cash Reconciliation Forms to the Change Fund Amounts per Cash Count Schedule
- Reconcile Total to the County General Ledger

Making the Most of the Cash Count



- **Additional Steps / Considerations:**
 - Reconcile by Pay Mode (Cash or Checks or Credit Cards)
 - ✦ Detect ghost transactions that create offsetting differences.
 - For example: Cashier using personal checks to cover shortage.
 - Possible Counterfeit
 - ✦ Authenticate a bill using information from www.uscurrency.gov
 - Check Payee Line
 - ✦ Filled out appropriately & Not blank
 - Check is made out to the specific Office
 - If blank, request and observe the cashier fill it out appropriately
 - Deposits
 - ✦ Ensure checks are properly endorsed
 - ✦ Ensure deposits are made on regular basis
 - Assess treasury deposit frequency before going to cash count. If the frequency of deposits doesn't appear reasonable according to Offices practices, obtain from management an explanation.
 - Kitty Funds
 - ✦ Should not exist. Allows force balancing. Recommend to management to get rid of kitty funds noted during cash count.

Making the Most of the Cash Count



- **Manual Receipts**
 - ✦ Appropriately secured and controlled
 - ✦ Issued in sequential order

- **Cash Box Assignments**
 - ✦ Cash Drawers are not shared.

- **Gift Cards**
 - ✦ Offices with significant amount of Gift Cards – consider making it a cash count.
 - ✦ Example: Juvenile Probation Office Incentives

- **Credit Card Receipt Signatures**
 - ✦ Policies may vary by County / Office.
 - ✦ If required, observe Credit Card Receipts to ensure they are signed.

- **Evaluate Office Change Fund Amount**
 - ✦ Sufficient? Too much?

Internal Control Reviews / Annual Updates



- **Perform Review of Internal Control Environment**
 - Performed initially when a new County Office opens.
 - Collections & Security Survey (Survey)
 - Items the Survey address:
 - ✦ Overview of the Office
 - ✦ Detailed Cash Handling Processes & Procedures
 - ✦ Request Procedures Manual
 - ✦ Security Measures & Features
 - Surveys' are updated annually in conjunction with one quarterly cash count.
 - ✦ Common Survey updates:
 - Changes in key personnel
 - Updates to procedures manual
 - Enhanced security features/technology

EXAMPLE

Collections & Security Survey

1 of 2

Collections & Security Survey - (Office/Department)

As of (XX-XX-XXXX)

I. Collections		YES	NO	COMMENTS/NOTES
1	What are all types of collections accepted at this location?			
2	Do you have any Bank Accounts that you make deposits into or write checks on?			
3	Are there written local policies and procedures for cash handling? If so obtain a copy.			
4	Are County auditor Cash handling policies observed and used? Ask to see copy on hand. Provide copy if not available.-			
5	Are deposits reviewed and prepared by two individuals?			
6	How are payments handled that come through the mail? Provide sample copy of mail log, if not available.			
7	Are all employees who have access to county assets (cash, checks, money orders, bank accounts or other assets) adequately bonded?			
8	Are all collections recorded through the computer system?			
9	Are any Manual receipts issued to customers?			
10	How do you account for Over/Short? (Auditor policy C.4 B.10)			
11	Are deposits placed in a sealed tamper-proof bag?			
12	Are all collections, including mail collections, deposited on the date of collection? (daily)			
13	Are any funds kept overnight?			
14	How are funds protected that remain on site overnight?			
15	Are collections picked up by the armored carrier?			
16	Who deposits the collections at the bank?			
17	Are collections deposited put in locked sealed bag?			
18	Are there written bank bag procedures?			
19	Are collections deposited reconciled to bank statements monthly? If no, what do you reconcile to?			
20	Have you had any incidents regarding missing funds, or missing deposits?			
II. Premises Security				
A. Alarm System		YES	NO	COMMENTS/NOTES
1	Is the office Alarm system Monitored by alarm company 24/7?			
2	What does the Alarm Company Monitor?			
3	Who Arms and disarms the security system?			
4	Do external parties have access to security system arm/disarm codes?			
5	Who controls access codes and issuance?			
6	Does the alarm system have: glass break detectors and contacts to all Glass doors, and windows whether they open or not?			
7	Is there a silent alarm or panic feature?			

EXAMPLE

Collections & Security Survey

2 of 2

B. Security Cameras		YES	NO	COMMENTS/NOTES
1	Cameras at all points of entry?			
2	Tapes/videos maintained? If yes, how long and by who?			
3	Are there motion detectors inside all areas of the office?			
4	If applicable, is there a camera pointed at the safe/vault?			
5	Are the cameras checked daily to determine if they are functioning properly?			
6	Are there security cameras located outside the office to monitor parking area etc.?			
C. Access Security		YES	NO	COMMENTS/NOTES
1	If windows open, are they checked periodically to ensure they are locked? Is the window made of a secure material or standard glass?			
2	Are there deadbolts operated by key only on both sides on all entry/exit doors?			
3	Are doors strong enough to impede break-ins?			
4	Is there sufficient lighting at night around the building areas?			
5	Are there controls over building Key issue?			
6	Who Controls spare keys?			
7	Are keys marked "Do Not Copy"?			
8	Are keys turned in when employees are terminated?			
9	Is key storage locked?			
10	Is building access limited to key personnel?			
III. Safe/Vault		YES	NO	COMMENTS/NOTES
1	Do you have a safe/vault?			
2	Location and Tag Number of safe or location where cash is secured.			
3	Who has access to safe/vault? All persons with keys and/or Combinations			
4	Last time combinations were changed?			
5	Are access policies/rules written?			
6	What type of funds are maintained in the safe/vault?			
7	Are any valuables other than cash stored in vault?			
8	Is a log maintained to record access to the safe/vault?			
9	Is the safe located in a secure area with limited access?			
10	Does the size and weight of the safe deter theft of the vault?			
11	Is the safe affixed to the building in any way to impede theft? i.e. Bolted to floor or wall?			
12	Is the safe kept locked at all times?			
13	Inventory the contents of the safe:			

Contact Information



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Thank You for Your Time – God Bless!