



**Administrative Policies and Procedures: 3.8**

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| <b>Subject:</b>  | <b>Receipt of Cash Items</b>  |
| <b>Authority:</b>  | TCA 9-4-301, 9-4-302, 37-5-105(3), 37-5-106   |
| <b>Standards:</b>  | <b>ACA:</b> 4-JCF-6B-02, 4-JCF-6B-05, 4-JCF-6B-12; <b>COA:</b> PA-FIN 1, PA-FIN 2, PA-FIN 4.01, 4.04, 4.05, 4.06; PA-RPM 2.01(g), 5.03(b), 6.01; <b>DCS Practice Standard:</b> 8-306  |
| <b>Application:</b>  | To All Department of Children's Services Finance and Program Support Services Employees   |
| <b>Policy Statement:</b>   |   |
| All cash items (checks, warrants, money orders, and currency) shall immediately be receipted, safeguarded, recorded and deposited into the State Treasury, to the account of the State Treasury in a bank designated as a state depository, or to the appropriate departmental account, if authorized. |   |
| <b>Purpose:</b>  |   |
| To establish procedures for the receipt, safeguarding and recording of cash items.   |   |
| <b>Procedures:</b>   |   |
| <b>A. Appointment of duties</b>  | <ol style="list-style-type: none"> <li><b>1. Number of employees involved</b><br/>To maintain a segregation of duties, the fiscal officer will appoint/authorize at least four (4) employees (herein referred to as "<i>designated staff</i>") for the remainder of this policy) to be involved in cash receipts transactions.</li> <li><b>2. Segregation of duties</b> <ol style="list-style-type: none"> <li>a) One employee must log all checks and cash received to cash receipt log;</li> <li>b) One employee must post and code all checks and cash to the <b>iNovah</b> cashiering system and prepare the deposit slips;</li> <li>c) One employee delivers the daily deposit to the bank; and</li> <li>d) One employee must reconcile the ledger(s) to the records of the Department of Finance and Administration, Division of Accounts.</li> </ol> </li> </ol> |
| <b>B. Receipt of cash items</b>  | <ol style="list-style-type: none"> <li><b>1. Form</b> <ol style="list-style-type: none"> <li>a) Upon receiving cash items, designated staff authorized/appointed by the fiscal officer must immediately prepare and record the cash items received to the <b>iNovah</b> cashiering system.</li> </ol> </li> </ol>   |

- b) Designated staff must complete all pertinent information in the *iNovah* cashiering system where receipts are printed which includes:
  - ◆ Date and time of receipt;
  - ◆ Name of department;
  - ◆ Office code;
  - ◆ Batch number;
  - ◆ Cashier ID;
  - ◆ Customer name;
  - ◆ Receipt number;
  - ◆ Transaction Total; and
  - ◆ How paid (check, money order, etc.)
- c) All checks must be stamped "***For deposit only to the State of Tennessee***" immediately upon receipt.
- d) A pre-numbered receipt book must be used for money received from youth. The *iNovah* cashiering system is used to prepare the receipt for money received to be deposited to the State of Tennessee.

**2. Voids**

Designated staff must retain all voided pre-numbered receipts for audit purposes.

**3. Integrity of receipt books**

Designated staff must keep any unused books of pre-numbered receipts in a secure area with limited access and must issue the receipts in numerical sequence.

**4. Further documentation and requirements**

Designated staff must:

- a) Retain a copy of the receipt along with any pertinent information to identify the source of money received.
- b) Post all money received for an in-house trust fund to the youth's account within twenty-four (24) hours of receipt.
- c) Immediately receipt and deposit all money received from a youth's wages in a savings account or trust fund account for the youth. (Immediately as defined by F & A is within five (5) working days if under \$500 provided the funds are locked up, and within twenty-four (24) hours if the funds are greater than \$500.)

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| <p><b>C. Security</b></p> | <p><b>1. Prior to deposit</b></p> <p>Designated staff must secure all cash items in an officially designated and secure location until they are deposited.</p> <p><b>2. For trust fund monies</b></p> <p>Designated staff must secure funds received for an in-house trust fund in a safe or in a secure, locked area at all times.</p>   |
| <p><b>D. Deposits</b></p> | <p><b>1. Deposits</b></p> <p>Designated staff must deposit all cash items as received (e.g, <i>if the cash item is for \$25.25, it should be deposited as such, etc.</i>). Cash items must not be used to cash checks or to procure goods and services.</p> <p><b>2. Deposit slips</b></p> <p>For deposits made to the State of Tennessee, designated staff must prepare a deposit slip that contains the following for all cash items:</p> <ul style="list-style-type: none"> <li>a) Correct state account code; and</li> <li>b) Correct bank code.</li> </ul> <p><b>3. Certificate of Deposit</b></p> <p>A certificate of deposit must be prepared that contains the following for all cash items:</p> <ul style="list-style-type: none"> <li>a) The receipt numbers that make up the deposit;</li> <li>b) The fiscal officer or designee’s signature;</li> <li>c) Fiscal officer/designee must ensure that an authorized employee of the bank signs the deposit slip; the bank retains the white portion of the deposit slip; and</li> <li>d) The designated staff must ensure that an authorized employee of the bank signs the deposit slip; the bank retains the white portion of the deposit slip.</li> </ul> <p><b>4. Timing of deposits</b></p> <ul style="list-style-type: none"> <li>a) To comply with <u><i>Finance &amp; Administration Policy 25</i></u>, fiscal officers or designees of Youth Development Centers, Regional Offices and Central Office must ensure all deposits are “<b>immediately</b>” deposited within twenty-four (24) hours, after \$500.00 has been accumulated, or five (5) working days if more than \$100.00 but less than \$500.00 has been accumulated, provided the funds to be deposited are secured under lock and key. Accumulated funds of \$100.00 or less, secured under lock and key, are deposited at least once each calendar month.</li> <li>b) DCS facilities and offices with enterprise or sales operations that maintain change funds, the amounts referred to above are considered the funds in excess of the established change fund amount.</li> </ul> |

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|                                 | <p><b>5. Processing deposits</b></p> <p>a) Designated staff of Youth Development Centers must:</p> <ul style="list-style-type: none"> <li>◆ Send all checks and cash to Central Office Finance and Program Support to be processed using the <b>iNovah</b> cashiering system and deposited.</li> <li>◆ If funds received are and deposited in their bank, the bank receipt has to be sent to the Central Office Finance and Program Support to be processed using the <b>iNovah</b> cashiering system.</li> </ul> <p>b) Central office Finance and Program Support staff will audit the deposit slip, close the batch in the <b>iNovah</b> cashiering system and submit batch to Edison.</p> <p>c) Regional offices that make deposits should send deposit slips to central office Finance and Support Services Division no later than twenty-four (24) hours after deposit is made.</p> <p>d) Central Office Finance and Program Support staff must batch deposit slips within five (5) business days of the deposit and enter them into the <b>iNovah</b> cashiering system.</p> <p>e) Money received for the month should be in that month's deposit and not cross over into the next month.</p> |
| <p><b>E. Reconciliation</b></p> | <p><b>1. Due monthly</b></p> <p>Fiscal officer/designee must prepare a written reconciliation monthly to ensure that the cash receipts are in balance with the records of the Department of Finance and Administration, Division of Accounts.</p> <p><b>2. Explanations of discrepancies</b></p> <p>If the monthly reconciliation shows that any cash receipts have not been recorded by the Division of Accounts, the fiscal officer or designee will investigate reasons that deposits were not recorded and note results on reconciliation. Any major problems must be reported in writing to the Director of the Office of Finance and Program Support or designee.</p>   |

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| <p><b>Forms:</b></p> | <p><b>FA-0628, Pre-numbered Receipt</b> (Not on the DCS forms web page)</p> |
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| <b>Collateral documents:</b> | <i>None</i> |
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| <b>Glossary:</b>        |   |
| <i>Term</i>             | <i>Definition</i>   |
| <b>Fiscal officers:</b> | Finance staff persons in charge of the fiscal operation of an institution, regional office or central office fiscal division.         |
| <b>iNovah:</b>          | <b>iNovah</b> is the cashiering system that the State of Tennessee uses to accept payments, prepare bank deposits and record revenue. |