



## **KLAMATH COUNTY**

### **OFFICE OF THE TREASURER**

### **CASH AND DEPOSIT POLICY**

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## **Authority**

The County Treasurer is the custodial officer of the cash assets of Klamath County under ORS 208 and special districts' funds formed under ORS 451, per 451.580. The County Treasurer has responsibility for the following activities:

- County banking and merchant services contracts, relationships and functions.
- Policies and procedures governing the receipt and handling of County funds.
- Internal controls applicable to county cash handling operations.
- Security standards applicable to County cash handling operations.

## **Standards**

**Accuracy:** County employees are expected to perform cashier, depository and reconciliatory functions in an accurate manner. Proper receipting and documentation, as well as adequate accounting systems are necessary.

**Accountability:** County cashiers and cash handlers are responsible for the transactions they perform. Departmental practices should enable a clear and concise audit trail for cash activities. Responsibility for cash should be clearly defined.

**Security:** Departmental policies should provide for the safety of cashiers and the security of the cash assets in hand. The public should feel that transactions are performed in an appropriate manner and ethical environment.

## **Activities**

### **County banking and merchant services contracts and relationships:**

Banking services are contracted through the Treasurer's office, based on the results of a banking request for proposals (RFP). This RFP is issued under standards established by the Purchasing Department. The contract is a three year contract with an option to renew for one additional three year period.

The Treasurer has sole authority to create depository accounts for Klamath County. Departments are not authorized to enter into depository agreements with any financial institution or credit union. Accounts which are opened without proper collateralization are not in compliance with ORS 295, and individuals may be held personally responsible for any losses incurred under that statute.

The Treasurer has signatory authority for all county accounts. Additional signers may be authorized, a list of which is available at the Treasurer's office.

The Treasurer either performs or oversees all authorized bank account reconciliations. Any Department authorized to perform reconciliation functions must provide the Treasurer with copies of monthly statements and reconciliations.

The Treasurer negotiates county merchant service (visa etc.) contracts as a part of the banking RFP. Equipment will be provided by the Treasurer under a quarterly lease. The Treasurer will provide for maintenance of all equipment under that lease. Supplies are ordered by departmental users and are charged to those departments. Departments are not authorized to enter into individual merchant service agreements.

Any department intending to use the internet for merchant service or automated clearing house transactions must notify the Treasurer and receive pre-approval for any banking functions involved.

### **Policies and procedures governing the receipt & handling of county funds:**

The Treasurer will make appropriate forms to departments for depositing and record keeping functions. Departments may also choose to use facsimile forms that may be created by their internal accounting software. The use of computerized forms may streamline processes and eliminate redundancy. Departments should contact the Treasurer to check the acceptability of any alternative formats.

The Treasurer will make applicable training available to county departments in order to educate county cash handlers. Education is also available to committees or groups that may be involved in county activities. Attendance at the cash handling classes should be a priority for all county cashiers.

The following represent “best practices” for the cash receipting and deposit processes. These guidelines are intended to represent a typical level of controls. Departmental policies may differ, but should still achieve a comparable level of control.

- Bank deposits should be made daily.
- Proper receipts should be prepared for each transaction.
- Customers should be given a receipt for every transaction.
- Receipts should be pre-numbered and the numbers should be logged and accounted for.
- Cash registers should be used unless unfeasible.
- Cash registers should be stored in a secure location.
- Deposits should reconcile to independent documentation, including cash register reports, receipts, and accounting reports.
- Deposits should be prepared and reviewed by two individuals.
- Management should review receipting, reconciling, and depositing transactions on a regular basis.

### **Internal controls applicable to all county cash handling operations:**

Department heads, division managers and departmental managers are responsible for implementing adequate internal controls over their cash handling, receipting, depositing and banking functions. The Treasurer has the authority to assess the adequacy of those controls and to require changes if necessary.

The Treasurer will provide internal control training to managers to help them understand and therefore better design and monitor their control systems.

The Treasurer may aide departments in assessing the quality if their internal controls through both formal and informal internal control evaluations.

### **Safety standards applicable to all county cash handling operations:**

The Treasurer may require or make recommendations to departments concerning the safety of either cashiers or cash assets. Recommendations may include the use of video surveillance, cash registers, safes or locking drawers. The use of armored car service may also be recommended.

Departments should plan what to do in the event of an emergency, and that plan should be communicated to employees. Departments should plan for cashiering issues in the event of a disaster.

Departments should notify the Treasurer in the event of a loss, robbery or theft of county funds.

As of part of a fraud management program, the Treasurer may operate an independent, anonymous hotline to be used both internally and externally to report any suspicious or unusual activity regarding cash and cash handling.