

<b>NORTH CAROLINA DEPARTMENT OF COMMERCE</b>		<b>POLICY # FM 11</b>
<b>Title:</b> Cash Management		
<b>Effective Date:</b>	June 14, 2002	<b>Administering Authority:</b> Chief Fiscal Officer
<b>Revisions:</b>	Sept. 28, 2007	
<b>Statutory Authority (if Applicable):</b> G.S. 147-86-1 State Cash Management Manual		

**Purpose:** To provide specific guidelines for cash management. For purposes of this policy, cash management includes funds in any form of currency, coins, checks, money orders, credit/debit cards and electronic funds transfers. All divisions or commissions receiving cash are responsible for complying with the cash receipting requirements of this policy. In addition, divisions/commissions receiving cash or checks as a part of their normal operation are responsible for maintaining a receipting process consistent with agency policy, which may include additional policies and procedures with key internal controls tailored to the specific unit.

**Scope:** This policy applies to all Divisions and Commissions organized under Department of Commerce, except ESC.

**Policy:** This is a reminder of the procedures to follow to adhere to General Statutes regarding Cash Management.

### **General Guidelines/Applicable Policies**

All Department of Commerce receipts must be deposited in compliance with General Statute 147-77, which states that "All revenues and receipts collected by a state agency shall be deposited on the ***next business day*** following the date of collection." Each division must establish operating procedures to ensure compliance with the General Statutes.

All checks payable to the N.C. Dept of Commerce **MUST** be deposited to N.C. Dept. of Commerce accounts. All checks and cash received should be **hand delivered** to the Accounts Receivable Section of the Department of Commerce Fiscal Management Division by 4 p. m. daily.

## **Cash Receipting Privileges**

All divisions and commissions that intend to receive cash or check receipts as a part of the normal operation must request cash management receipting privileges from the Fiscal Management Office and receive advance approval for conducting each receipting purpose.

Prior to receiving any funds, agencies must request authorization for each receipting purpose by submitting a "Request for Cash Receipting Privilege" and a "Cash Receipting Requirements" forms to the Budget Officer in the Fiscal Management Office. These forms are available on the Commerce Intranet Website (click on Forms, click on Fiscal).

The Budget Officer in the Fiscal Management Office will review the request and, if appropriate, grant tentative approval, pending completion of mandatory training. The Budget Officer will notify the Accounts Receivable Section, which will provide training. Training will include proper cash management procedures.

When receipting purposes change or when there are receipting personnel changes, divisions/agencies must notify the Fiscal Management Office by submitting a new request for receipting privileges.

Cash receipting privileges must be renewed annually by submitting "Request for Cash Receipting Privilege" and a "Cash Receipting Requirements" forms to the Budget Officer in the Fiscal Management Office by July 1 of each fiscal year.

The Accounts Receivable section will provide quarterly training for all new depositors or changes in staff that occur during the quarter. Please notify the Accounts Receivable section of these changes in order to provide advance notice of each quarterly training.

## **Receiving and Recording Department of Commerce Receipts**

Cash receipts must be recorded in official pre-numbered receipt books that have been issued by Fiscal Management. Checks must be itemized on the Department of Commerce's ***Cash Receipts Journal Voucher with Summary*** before processing through Fiscal Management. The division copy of the Department of Commerce *Cash Receipts Journal Voucher with Summary* must be maintained in the division for a minimum of three years.

All checks in payment of amounts due the Department of Commerce must be made payable to "North Carolina Department of Commerce" plus Division/Commission (grace period will be granted through July 31). Checks should not be made payable to division or commission, division or commission heads, or any Department of Commerce officials or employees designated by name. If checks of a repetitive nature are received without the proper payee designation, the drawer should be informed to make future checks payable to "North Carolina Department of Commerce" plus Division/Commission.

### **Pre-numbered Receipt Books**

Fiscal Management will issue authorized divisions pre-numbered receipt books for recording cash receipts. If pre-numbered receipts are used extensively, the division may have them printed for their own particular use. However, the Department of Commerce Fiscal Management Division must maintain controls over the forms and approve them before they are printed. The receipt books are printed in triplicate. Also, the Fiscal Management Office will maintain **all** receipt books in a secure safe. The Accounts Receivable section will issue only one receipt book at a time to a division and will maintain unused receipt books for safekeeping. To obtain a new receipt book, return the used receipt book to the Commerce Budget Officer. Please attach to the Cash Receipts Journal Voucher with Summary a copy of the receipt from the triplicate receipt book for cash transactions. The Accounts Receivable Section will not issue a receipt for cash. If a discrepancy is found when the Accounts Receivable Section processes the deposit, the Fiscal Management Office will notify the division/commission immediately by email.

The responsible individuals in Department of Commerce divisions are responsible for all pre-numbered receipts. Voided pre-numbered receipt forms must be retained in the division and made available to authorized Department of Commerce Fiscal Personnel when requested. The Department of Commerce *Cash Receipts Journal Voucher with Summary* deposit number (Accounts Receivable Section assigns the deposit number and the Division will receive a copy) must be recorded on the division copy of each pre-numbered receipt form, which comprises the deposit of cash made with the Department of Commerce. The completed original pre-numbered receipt form, "Payor" copy, must be made available to any individual who pays cash to a division.

### **Separation of Duties**

Duties of employees should be appropriately separated between the receiving of Department of Commerce receipts and the recordkeeping and preparation of deposits with the Department of Commerce Accounts Receivable Section. No one person should be responsible for all these functions.

### **Custody and Safekeeping of Receipts**

Division/Commission heads should make certain that proper safekeeping facilities are available and that proper safeguards are taken to protect Department of Commerce funds until they are appropriately deposited with the Department of Commerce Accounts Receivable Section or as otherwise designated. Cash should never be transmitted through interoffice mail. The number of employees having access to monies stored in a division/commission should be limited. Cash should not be left unsecured overnight. The receipt book must be stored in a secure safe.

### **Procedures**

1. Complete a Department of Commerce *Cash Receipts Journal Voucher with Summary*.

### **Instructions for Completion of Forms**

- a) Enter financial code(s) to which funds are to be deposited.
  - b) Enter amount to be deposited for each financial code.
  - c) Enter brief description of deposit for each account.
  - d) Enter name of individual preparing and approving *Cash Receipts Journal Voucher with Summary*, date of preparation, and phone number of individual preparing *Cash Receipts Journal Voucher with Summary*.
  - e) Enter check number.
  - f) Enter payor's name. When depositing cash, enter the word "Cash" in this column
  - g) Enter amount of each item deposited. Total deposit must equal total amount in item b above.
  - h) Enter Company, Budget Code, and GL Effective Date (Date you complete Cash Receipts Journal Voucher)
2. Endorse each check with endorsement stamp *For Deposit Only To the Credit of The NC State Treasurer By (Your Division/Commission Name), NC Dept. of Commerce.*
  3. Make an adding machine tape of all checks. *Attach the tape to the Journal Voucher package.*
  4. *Make a copy of the Cash Receipts Journal. Attach the copy to the Journal Voucher package. The copy will be returned to the division with the assigned deposit number.*
  5. All deposits should be **hand delivered** to the Accounts Receivable Section of the Department of Commerce Fiscal Management Division in order to comply with the twenty-four hour deposit requirement. **The Accounts Receivable section is open each workday from 7:30 a.m. to 4:30 p.m. but all deposits must be received by 4 p. m.**

The Commerce *Cash Receipts Journal Voucher with Summary* form is located on the Commerce Intranet Website.

## Reconciliation

On a monthly basis divisions should prepare a reconciliation by account of all receipts, per the Cash Receipt Journal Voucher with Summary and the North Carolina Accounting System (NCAS). Any differences should be reconciled and documentation of monthly reconciliations should be

maintained on file for review by the Commerce Accounts Receivable Section or auditors.

Divisions should perform reconciliation prior to deposit with the Fiscal Management Office as follows:

Total amount from Cash Receipt Journal Voucher with Summary to deposit: \$\_\_\_\_\_

Total amount of cash and checks counted for deposit:

Cash \$\_\_\_\_\_ + Checks \$\_\_\_\_\_ = Total \_\_\_\_\_  
(a) (b) (a)+(b) totals must equal

All division records are subject to Internal Audit review.

The division is responsible for verification of the accuracy of posting to NCAS. Upon verification, if any error is detected, you must immediately notify The Accounts Receivable Section in the Fiscal Management Office via email for the proper correction. If you submitted the Cash Receipts Journal Voucher with Summary containing an incorrect NCAS account number, you must notify the Accounts Receivable Section or the Budget Officer in the Fiscal Management Office via email to make a corrective journal entry to your NCAS account.

All deposits are due to the Fiscal Management Office by 4 pm. The transaction is posted on the following day to your departmental account. You should be able to compare your records with the electronic receipt to your division account (NCAS), usually within two business days after submission to the Fiscal Management Office.

### **Wires and ACH Receipts**

If a division anticipates receiving electronic payments, the Fiscal Management Office **must be** notified in advance to allow proper coordination between Department of Commerce, Vendor's Bank and the State Treasurer's Office.

## **Opening Bank Accounts**

Only the Fiscal Management Division is allowed to open a bank account. No division of Commerce is allowed to open a bank account. Request to establish a bank account should be in writing to the CFO.

## **Invoice Collection Procedure:**

Any division/commission that will be invoicing other divisions, departments, other organizations or individuals, must by July 1 of each fiscal year obtain from Fiscal Management an authorized sequence of invoice numbers. Collections of COMMERCE invoices are the responsibility of the division. Collection procedures and timing are specified by state law and cash management procedures issued by the Office of State Budget and Management.

Diligent efforts should be made to collect outstanding accounts as early as possible after the 30-day allowable payment period has elapsed. State law requires that unpaid accounts past due more than 60 days be turned over to the Attorney General for collection. The Attorney General is the only office that can authorize an account to be written off as uncollectible.

Appropriate written contacts should be made with the customer. Letters which divisions used to collect past due accounts should be designed to be issued at regular intervals and grow progressively more demanding during a 60 day period. It is required that written notification be sent to the debtor prior to turning an account over to the Attorney General.

Fiscal Management will be responsible for monitoring the status of the accounts, which have been turned over for collection.

It is the responsibility of the division to notify Fiscal Management in writing prior to the invoice becoming 60 days past due.

\*\*\*\*Note: If any Division receives a Notification of Bankruptcy, where a Commerce Invoice is involved, please send a copy of the Notification of Bankruptcy immediately to the Accounts Receivable Section in Fiscal Management. All communications should cease between the

divisions/commissions and the companies, who have declared bankruptcy, the Accounts Receivable Unit will forward the necessary documentation to Commerce's Counsel's office at which time the legal matters will be handled.

Two additional collection procedures are provided by state statute. G.S. 143-553(a) states that "all persons employed by an employing entity who owe money to the state and whose salaries are paid in whole or in part by state funds must make restitution of the amount owed as a condition of continuing employment".

The employee is allowed a reasonable period of time to make the repayment. Employment shall be terminated if the employee ceases to make payments or discontinues a good faith effort to make repayment. Chapter A of the General Statutes authorizes the Department of Revenue to assist claimant agencies, per request, in the collection of qualifying delinquent accounts.

The Revenue Department will identify those persons entitled to individual income tax refunds of at least \$50 and upon receipt of a final certification of the debt from the responsive claimant agency, set-off the applicable amount. The Revenue Department charges a 15% collection fee on amounts offset. To utilize either of these two procedures, it is necessary to have the debtor's social security number. For this reason, the appropriate number should be obtained prior to providing goods or services to an individual.

Commerce's Cash Manager should be contacted to determine the appropriate steps in handling receivables that should be processed under G.S. 143-553. All other inquiries concerning collection problems, delinquent accounts, or further clarification of Commerce Invoice procedures should be directed to Accounts Receivable, Fiscal Management.

(All forms are on the Intranet under "Forms", "Fiscal".)