

Walton County Board of County Commissioners

Cash Handling Policy and Procedures

Overview

Cash represents one of the Walton County Board of County Commissioners' most sensitive assets. Strong internal controls for the collection, custodianship, and deposit of cash are necessary to prevent mishandling of funds. These controls are designed to safeguard employees against inappropriate charges of mishandling funds by defining their responsibilities and providing clear accountability in the cash handling process.

The term **cash** includes coin, currency, checks, money orders, electronic funds transfers, negotiable instruments (such as letters of credit) and charge card transactions.

The stewardship of financial assets for the Walton County Board of County Commissioners (County) is shared by authorized employees across departments. Ideally, from a control perspective, the collection of cash should be centralized in one location. However, this is not always possible or practical. As a result, the collection of cash in many situations is decentralized. Various departments within the County receive cash for fees or services and are responsible for the transmittal of funds to the Walton County Clerk of Courts Finance Department (Clerk) for bank deposit.

The intent of this policy is to provide guidance for the accurate and secure processing of funds received at various locations throughout the County. Historical practices shall not constitute justification for deviation from policies and procedures set throughout in this document.

Departments are expected to provide secure surroundings for employees who handle cash and to keep them informed of all County policies and procedures. The department may create more stringent guidelines specific to the department's operation, but not change or substitute those policies and procedures within this document.

These policies and procedures shall be implemented to the maximum degree practicable to manage risks such as theft and manipulation of collection systems. Staff is encouraged to report errors and voice concerns about inconsistencies or inefficiencies.

All employees involved in the processing of transactions involving cash are expected to be accurate and efficient when processing the transaction. Only those employees who have been specifically authorized shall perform cash handling duties. County employees receive a background check upon hire as warranted by the County Human Resources department. Also, employees involved in the cash collection processes are required to sign that they have read and understand the policies and procedures of the department in which they are working as well as this Cash Handling Policy and Procedures document.

All monies must be deposited in the form in which they were received. It is against County policy for an official or employee of the County to cash checks from public funds.

Part I - Objective

The objective of cash receipt controls is to ensure that all cash is properly accounted for and timely deposited. These policies and procedures shall apply to all cash received by County employees, agents or independent contractors acting on behalf of the County.

Part II - General Cash Controls

- Cash receipt records shall be maintained and prepared immediately for all cash received. Either pre-numbered receipts or other approved electronic receipting devices (i.e. cash registers, Naviline cash receipts system) shall be used.
- All checks must be endorsed immediately with a restrictive endorsement payable to Walton County Board of County Commissioners.
- Cash collection duties should be assigned to a specific individual or individuals so there is a means of establishing accountability.
- Physical protection of funds through the use of vaults, locked cash boxes, or cash drawers shall be practiced at all times.

Part III - Internal Control Procedures

A. Segregation of Duties

Segregation of duties is an important component of the internal control environment and serves as a deterrent to fraud or concealment of errors. It is designed to protect one person from the sole responsibility for all cash handling. Ideally, the cash handling process should be separated into the following three functions:

1. Cash collection

- Handling payments and receipting transactions either manually or electronically
- Preparing a daily balancing of the collections received
- Performing a reconciliation of credit card receipts
- Preparing a Deposit Transmittal Form (Exhibit A), Munis proof sheet, or other similar form containing the deposit detail to be sent with the funds to the Clerk for deposit.

2. Depositing and Recording

- Preparing bank deposit and deposit slip
- Reviewing the applicable revenue codes in the Finance accounting system to ensure monies collected are properly recorded

3. Control Activity

- Reviewing daily cash balancing
- Reconciliation of department collections and deposits to the general ledger

The Clerk performs both the depositing and recording and control activity functions of the cash handling process. The cash collection procedures should have, at a minimum, a separate review and oversight function within the department receiving the funds.

B. Employee Responsibilities

Persons with assigned cash handling responsibilities should be given clear written procedures with regard to the handling and control of cash collections, and should be required to read these cash handling procedures and sign an acknowledgement stating they have read and understand them.

Part IV - Collecting Payments

A. Purpose

The function of receiving money includes the following areas of responsibility:

- Receiving payments from customers
- Establishing and maintaining good customer relations
- Performing operations according to established County and departmental procedures
- Protecting the assets of the County through sound reporting and loss prevention practices
- Completing all cash receipt forms promptly and accurately to balance cash and remit monies for deposit

B. Receipt of Cash

- Care must be taken when accepting cash. Always double count cash, especially large amounts and payments with many bills.
- Receipts must be given for all payments. Whether the receipt is manual or electronic, transactions need to be properly entered as “cash”, “check”, or “credit card” in order to properly reconcile the daily transaction totals.
- Inspect large bills closely (\$20s and above) for counterfeit with a counterfeit detection marker.

C. Check Payments

- Checks are to be written to “*Walton County Board of County Commissioners,*” or “*Walton County BCC.*” Any other information on the payee line is for the convenience of the department.
- All checks are to be restrictively endorsed immediately upon receipt with the County restrictive endorsement.
- Checks must be reviewed to make sure they are not post-dated (dated in the future) nor stale-dated (bank deposit date older than six months from the check date).
- Third party checks made out to one party and signed over on the back of the check to another party are not to be accepted.
- Checks should not be made payable for an amount greater than the transaction cost, nor should change be disbursed for payments made by check.

D. Credit Card Payments

1. Transaction Policy

- MasterCard, Visa, American Express and Discover are the only credit cards that may be accepted.
- No surcharges may be placed on credit card transactions by the County to cover processing costs. The only convenience fee to be charged is that of the merchant services provider, none of which is retained by the County.
- Refunds for purchases made by credit card must be made by crediting the card unless the length of time between the payment and refund prohibits a refund being made to the card.

2. Credit Card Acceptance Procedures

- For over-the-counter transactions, personal identification is required to be presented at the time of the transaction and compared to the credit card for fraud prevention.
- For credit card payments made by telephone, the customer's name as it appears on the credit card or debit card, telephone number, card number, expiration date, zip code, and CVV security code on the card (three-digit for Visa, MasterCard and Discover, four-digit for American Express) must be obtained. The credit card transaction must be processed at the time the customer is on the phone. Any credit card/confidential information documented in writing for reference during the phone conversation must be shredded upon completion of the credit card processing.
- Credit cards may be accepted in person, by telephone, or by fax, subject to authorization from the credit card company. Clearly state in the comments section of the processing screen or note on the physical copy of the receipt sent to the Clerk whether the payment was made by mail, phone, or fax.
- Refunds and void transactions must be processed by either the Clerk's office Finance Department or, for building permit or occupational licensing fees, the Building Department office manager.

Part V - Deposits and Reconciliations

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 contain these minimum levels of control (see Exhibits B and C).

- Funds should be remitted to the Clerk daily for amounts over \$100 with a minimum of once a week for all deposits. Remittance of credit card receipts should also follow these guidelines.
- Customers should be given a receipt for every transaction.
- Receipts should be pre-numbered and the numbers should be logged and accounted for.
- Cash should be stored in a secure location.
- Deposits should reconcile to independent documentation, including copies of Munis receipts and accounting reports.
- A Deposit Transmittal Form or Munis proof sheet should accompany each remittance to the Clerk. This form should be signed by the person preparing the deposit and the Clerk employee receiving the funds as verification of the amount to be deposited. The form should then be returned to the originating County employee.
- A Deposit Signature Sheet should be attached to the envelope containing the funds for signature by both the courier of the funds and the Clerk employee receiving the envelope. This serves as proof of both pick-up and delivery of the package containing the deposit.
- Management should review receipting, reconciling and transmittal of funds for deposit on a regular basis.
- Any discrepancy between the deposit and reconciliation must be thoroughly explained in writing by the employee who received the funds and signed by that employee's immediate supervisor or department head.

- Under-assessed fees should be brought to the attention of the Division Director as soon as the underpayment is discovered. All practicable efforts should be made to collect outstanding balances in coordination with the Division Director, County Administrator's office, and County Attorney's office as needed.

Part VI - Refunds

It is the policy of the Board of County Commissioner that fees paid in error or amounts paid incorrectly due to miscalculations will be refunded in an expedient manner. Refunds for amounts over \$10 will be initiated by staff within five (5) business days of discovering the incorrect payment. Procedures for processing refunds may be developed as needed by individual departments.

**CASH HANDLING POLICY AND PROCEDURES
ACKNOWLEDGEMENT FORM**

The undersigned listed below has fully read and understands the Cash Handling Policy and Procedures of the Walton County Board of County Commissioners.

Date _____

Work Location _____

Employee Name (Please Print) _____

Signature of Employee _____

Signature of Supervisor _____

Signature of Division Director _____

WALTON COUNTY BOARD OF COUNTY COMMISSIONERS	Exhibit A
TITLE: Deposit Transmittal Form	

(Department Name) Receipts

Date _____

Total Cash _____

Total Checks _____

Total Credit Card _____

Grand Total _____

Prepared by: _____

Verified by: _____

Received by: _____

Please send transmittal sheet back to the originating department.

WALTON COUNTY BOARD OF COUNTY COMMISSIONERS	Exhibit B
TITLE: Building & Planning Departments – Credit Cards	

PURPOSE:

To establish a procedure for the acceptance of credit and debit cards via Certified Payments for payment of fees and services provided by the BOCC Building and Planning Departments.

REFERENCES & PROCEDURES:

- A. References
 - Section 215.322 Florida Statutes

- B. Procedures for Credit Card Payments
 - 1. Certified Payments is the service provider for all Building and Planning Department credit and debit card transactions. This entity processes the cards on behalf of the department, and provides the service of authorization, settlement, and reimbursement to the BOCC for their transactions processed.
 - 2. A convenience charge of \$2.00 or 2.5%, whichever is greater, is imposed on all payments processed by credit or debit card. Payments for multiple application fees may be processed on a single receipt with the application number or contractor name for case of license fees.
 - 3. Pursuant to Chapter 215.322, Florida Statutes, individual credit card or debit card account numbers are confidential and are exempt from the provisions of Chapter 119-07 (1), Florida Statutes.

- C. Procedures for Reconciling Credit Card Payments
 - 1. The employee preparing the deposit should obtain a total of all credit card payments made to the department for the deposit period, and this total should be reconciled to the Deposit Transmittal Form and the Munis totals for that day.
 - 2. Enclose a copy of the Deposit Transmittal Form all corresponding credit card receipts with the deposit sent to the Clerk.

WALTON COUNTY BOARD OF COUNTY COMMISSIONERS	Exhibit C
TITLE: Recreation Department – Cash and Credit Cards	

PURPOSE:

The Recreation Department is unique in that sign-ups for the department’s programs occur at various locations throughout the County, mostly during non-business hours. Also, program directors, who are not full-time employees of the County, play a vital role in the registration process and often collect fees. The Recreation Department utilizes the www.waltonrec.com website for both registrations and payments to keep payments by cash and check to a minimum. Convenience fees are paid by the Recreation department to maximize fees paid online and reduce the amount of cash collected by temporary program directors hired by the County.

REFERENCES & PROCEDURES:

- A. References
 - 1. Section 215.322 Florida Statutes
 - 2. Attorney General Opinion 98-44

- B. Procedures for Accepting Cash and Check Payments
 - 1. Pre-numbered receipts should be given to customers for every transaction.
 - 2. Cash should be stored in a secure location.
 - 3. Deposits for registration fees should be reconciled to the receipts and the total due per the registration forms by either the Recreation Director or Recreation Coordinator.

- C. Procedures for Accepting Credit Card Payments
 - 1. Credit card payments are initiated by the customer. Registrations may be completed and submitted online and then paid by cash, check, or credit card. The Recreation Coordinator verifies that all registrations receive corresponding payments.
 - 2. Enclose a copy of the Deposit Transmittal Form all corresponding credit card receipts with the deposit sent to the Clerk.

The 2012 Florida Statutes

Title XIV

TAXATION AND FINANCE

Chapter 215

FINANCIAL MATTERS: GENERAL PROVISIONS

215.322 Acceptance of credit cards, charge cards, debit cards, or electronic funds transfers by state agencies, units of local government, and the judicial branch.—

(1) It is the intent of the Legislature to encourage state agencies, the judicial branch, and units of local government to make their goods, services, and information more convenient to the public through the acceptance of payments by credit cards, charge cards, debit cards, or other means of electronic funds transfers to the maximum extent practicable when the benefits to the participating agency and the public substantiate the cost of accepting these types of payments.

(2) A state agency as defined in s. 216.011, or the judicial branch, may accept credit cards, charge cards, debit cards, or electronic funds transfers in payment for goods and services with the prior approval of the Chief Financial Officer. If the Internet or other related electronic methods are to be used as the collection medium, the Agency for Enterprise Information Technology shall review and recommend to the Chief Financial Officer whether to approve the request with regard to the process or procedure to be used.

(3) The Chief Financial Officer shall adopt rules governing the establishment and acceptance of credit cards, charge cards, debit cards, or electronic funds transfers by state agencies or the judicial branch, including, but not limited to, the following:

(a) Use of a standardized contract between the financial institution or other appropriate intermediaries and the agency or judicial branch which shall be developed by the Chief Financial Officer or approval by the Chief Financial Officer of a substitute agreement.

(b) Procedures that permit an agency or officer accepting payment by credit card, charge card, debit card, or electronic funds transfer to impose a convenience fee upon the person making the payment. However, the total amount of such convenience fees may not exceed the total cost to the state agency. A convenience fee is not refundable to the payer. However, this section does not permit the imposition of surcharges on any other credit card purchase in violation of s. 501.0117.

(c) All service fees payable pursuant to this section shall be invoiced and paid by state warrant or such other manner that is satisfactory to the Chief Financial Officer in accordance with the time periods specified in s. 215.422, if practicable.

(d) Submission of information to the Chief Financial Officer concerning the acceptance of credit cards, charge cards, debit cards, or electronic funds transfers by all state agencies or the judicial branch.

(e) A methodology for agencies to use when completing the cost-benefit analysis referred to in subsection (1). The methodology must consider all quantifiable cost reductions, other benefits to the agency, and the potential impact on general revenue. The methodology must also consider nonquantifiable benefits such as the convenience to individuals and businesses that would benefit from the ability to pay for state goods and services through the use of credit cards, charge cards, debit cards, or electronic funds transfers.

(4) The Chief Financial Officer may establish contracts with one or more financial institutions, credit card companies, or other entities that may lawfully provide such services, in a manner consistent with chapter 287, for processing credit card, charge card, debit card, or electronic funds transfer collections for deposit into the State Treasury or another qualified public depository. Any state agency, or the judicial branch, which accepts payment by credit card, charge card, debit card, or electronic funds transfer shall use at least one of the contractors established by the Chief Financial Officer, unless the state agency or judicial branch obtains authorization from the Chief Financial Officer to use another contractor that is more advantageous to the state agency or the judicial branch. The contracts may authorize a unit of local government to use the services upon the same terms and conditions for deposit of credit card, charge card, debit card, or electronic funds transfer transactions into its qualified public depositories.

(5) A unit of local government, including a municipality, special district, or board of county commissioners or other governing body of a county, a consolidated or metropolitan government, and any clerk of the circuit court, sheriff, property appraiser, tax collector, or supervisor of elections, is authorized to accept payment by use of credit cards, charge cards, bank debit cards, and electronic funds transfers for financial obligations that are owing to such unit of local government and to surcharge the person who uses a credit card, charge card, bank debit card, or electronic funds transfer in payment of taxes, license fees, tuition, fines, civil penalties, court-ordered payments, or court costs, or other statutorily prescribed revenues an amount sufficient to pay the service fee charges by the financial institution, vending service company, or credit card company for such services. A unit of local government shall verify both the validity of any credit card, charge card, bank debit card, or electronic funds transfer used pursuant to this subsection and the existence of appropriate credit with respect to the person using the card or transfer. The unit of local government does not incur any liability as a result of such verification or any subsequent action taken.

(6) Any action required to be performed by a state officer or agency pursuant to this section shall be performed within 10 working days after receipt of the request for approval or be deemed approved if not acted upon within that time.

(7) This section does not prohibit a state agency or the judicial branch from continuing to accept charge cards, debit cards, or electronic funds transfers pursuant to a contract that was lawfully entered into before the effective date of this act, unless specifically directed otherwise in the General Appropriations Act. However, such contract may not be extended or renewed after the effective date of this act unless such renewal and extension conforms to the requirements of this section.

(8) When deemed administratively necessary, a state agency, as defined in s. 216.011, or the judicial branch may adopt rules requiring that payments for goods, services, or anything of value be made by electronic means, including, but not limited to, credit cards, charge cards, debit cards, or electronic funds transfers. However, the rules may not conflict with any similar rules adopted by the Chief Financial Officer. The rules must provide a method to reasonably accommodate persons who, because of technological, financial, or other hardship, may not be able to make payment by electronic means.

(9) For payment programs in which credit cards, charge cards, or debit cards are accepted by state agencies, the judicial branch, or units of local government, the Chief Financial Officer, in consultation with the Agency for Enterprise Information Technology, may adopt rules to establish uniform security safeguards for cardholder data and to ensure compliance with the Payment Card Industry Data Security Standards.

Advisory Legal Opinion - AGO 98-44

Number: AGO 98-44

Date: July 14, 1998

Subject: Clerk of court, paying surcharge for credit card use

The Honorable R.B. Shore
Clerk of Circuit Court
Manatee County
Post Office Box 1000
Bradenton, Florida 34206-1000

RE: CLERKS OF COURT--CREDIT CARDS--PUBLIC FUNDS--clerk's funds used to pay surcharges imposed by credit card companies. s. 215.322, Fla. Stat.

Dear Mr. Shore:

You ask substantially the following question:

May the clerk of court budget and use public funds to pay surcharges imposed by a credit card company when an individual uses a credit card to make payment to the clerk's office?

In sum:

The clerk of court may budget and use public funds to pay surcharges imposed by a credit card company when an individual uses a credit card to make payment to the clerk's office, if the clerk makes a determination that the expenditure of the funds accomplishes a clearly identifiable public purpose.

As noted in Attorney General Opinion 98-09, section 215.322(5), Florida Statutes, authorizes the clerk's office to impose a surcharge sufficient to pay the service fee charges imposed by a card company. There is nothing in the statute's language, however, that requires the clerk to impose the surcharge and collect it from the individual who is using a credit or debit card to make payments to the clerk's office.

An analogous situation can be drawn from the imposition of cost for the reproduction of public records under Chapter 119, Florida Statutes. In Attorney General Opinion 90-81, this office was asked whether the custodian of a public record could charge less than the statutorily prescribed fee of fifteen cents per page for one-sided copies. Section 119.07(1)(a), Florida Statutes, states in relevant part:

"The custodian *shall* furnish a copy or a certified copy of the record upon payment of the fee prescribed by law or, if a fee is not prescribed by law, for duplicated copies of not more than 14 inches by 8 1/2 inches, upon payment of not more than 15 cents per one-sided copy, and for all other copies, upon payment of the actual cost of duplication of the record. An agency *may* charge no more than an additional 5 cents for each two-sided duplicated copy. . . ." (e.s.)

In analyzing this language, this office concluded that the statute required the custodian when charging for copies to charge the fee prescribed by law or, if not prescribed by law, fifteen cents per one-sided copy. The imposition of the additional five cents per two-sided copy, however, was found to be merely authorized and the statute did not require the custodian to charge the additional amount for a two-sided copy. The opinion observed that the purpose of the statute was to eliminate the disparity that existed among governmental agencies charging fees for copies of public records by establishing a set fee for most copies when a fee is charged by an agency. Inherent in the opinion's analysis is the conclusion that Chapter 119, Florida Statutes, does not prohibit agencies from providing informational copies of public records without charge.

Section 215.322(5), Florida Statutes, states that

"any clerk of the circuit court . . . is *authorized* to accept payment by use of credit cards . . . and *to surcharge* the person who uses a credit card . . . an amount sufficient to pay the service fee charges by the financial institution" (e.s.)

Thus, the clerk of court is given statutory authority to impose a surcharge for credit card use, but section 215.322(5), Florida Statutes, contains no requirement that it be collected. Should the clerk not collect the surcharge from an individual, it appears within the clerk's discretion to decide whether to budget the funds of the clerk's office to cover the cost of such surcharges. The clerk, however, must make a determination that the expenditure of such funds accomplishes a public purpose.

In previous opinions of this office, it has been stated that the appropriateness of a particular expenditure of public funds must be examined in light of the statutorily prescribed express and necessarily implied duties, authority, and functions of the officer in question. As was stated in Attorney General Opinion 78-101:

"In considering a question involving the expenditure of public funds by a public officer, it is necessary to determine whether the officer in question has been expressly authorized by statute to expend funds for the purpose under consideration, or must be considered to have been given such authority by necessary implication in order to carry out some duty or function expressly imposed or authorized by statute. . . ."

The test for any expenditure of public funds by a governmental entity is whether the expenditure is for a purpose that primarily benefits the public, with any benefits to private interests being only incidental and secondary.[1] In *O'Neill v. Burns*,[2] the Supreme Court applied the prohibitions of section 10, Article IX, Florida Constitution 1885 (the predecessor of current section 10, Article VII), to a proposed grant of state funds to the Junior Chamber of Commerce and quoted with approval the following analysis of the public purpose doctrine as stated by the trial court:

"It is only when there is some *clearly identified and concrete public purpose as the primary objective* and a reasonable expectation that such purpose will be substantially and effectively accomplished, that the state or its subdivision may disburse, loan or pledge public funds or

property to a nongovernmental entity such as a non-profit corporation" (e.s.)

Thus, a governmental entity must point to an identifiable public purpose that will be served by expending funds from its budget to cover the cost of surcharges on credit card use by private individuals to pay fines, citations, court costs, and other similar fees to that public office. However, the question of whether a particular use or expenditure of public funds has as its primary purpose and benefit a public purpose is a factual determination and constitutes a mixed question of fact and law that this office cannot determine.

Accordingly, it is my opinion that section 215.322(5), Florida Statutes, authorizes, but does not require, the clerk of court to impose a surcharge on the use of credit cards by individuals to pay fines, citations, court costs, and other similar fees. The clerk may budget and use public funds to pay credit card surcharges if it is determined that the expenditure of such funds accomplishes a clearly identifiable public purpose.

Sincerely,

Robert A. Butterworth
Attorney General

RAB/tls

[1] *O'Neill v. Burns*, 198 So. 2d 1 (Fla. 1967).

[2] *Id.* at 4.