

CASH AND CASH EQUIVALENTS – Section 2

- 1.0 Handling of Cash Receipts
- 2.0 Deposits to the State Treasurer
- 3.0 Check Distribution and Non-Routine Voucher Authorization
- 4.0 Rush Checks
- 5.0 Proof of Payment, Stop Payment, Replacement and Forged Checks and Check Retype Requests
- 6.0 Depository Funds and Petty Cash Reports
 - 6.1 Procedures for Contingent Accounts
 - 6.2 Cash Reconciliation & Certification
- 7.0 Procedures and Contact for Lockbox Issues
- 8.0 Financial Institutions Asserting Holder in Due Course

SUMMARY OF CASH AND CASH EQUIVALENTS

Cash handling is a significant risk area and requires strong internal controls. The accounting definition of "cash" includes currency, bank deposits, checks and other financial instruments that can be readily converted to cash.

All employees who handle cash or checks should be familiar with and implement these policies. Supervisors are responsible for designing appropriate internal controls and for enforcing these procedures in all situations.

CASH AND CASH EQUIVALENTS 1.0 (Handling of Cash Receipts) details basic requirements for cash handling wherever cash is received, stored, or processed. These requirements include restrictive endorsement immediately upon receipt, weekly (or more frequent) deposits, storage in as few places as possible, control totals, and separation of duties. Receipts shall not be held pending clarification or for any other reason.

CASH AND CASH EQUIVALENTS 2.0 (Deposits to the State Treasurer) details procedures for deposits through the Bureau of Fiscal Services (BFS).

Normally all checks are mailed to the vendor by BFS unless justification is submitted according to procedures in **CASH AND CASH EQUIVALENTS 3.0** (Check Distribution and Non-Routine Voucher Authorization).

Rush checks are restricted since internal controls are often bypassed, risk of error is increased, and the cost of processing may be extremely high. See **CASH AND CASH EQUIVALENTS 4.0** (Rush Checks) for detailed procedures and the respective required approvals relating to

CARS and non-CARS rush checks. Rush checks will not be processed unless these procedures are followed.

Occasionally, checks need to be traced or replaced, a stop payment made, or endorsements may have been forged. Procedures and forms for these requests to the State Treasurer (directly or via BFS) are described in **CASH AND CASH EQUIVALENTS 5.0** (Proof of Payment, Stop Payment, Replacement and Forged Checks, and Check Retype Requests).

CASH AND CASH EQUIVALENTS 6.0 (Depository Funds and Petty Cash Reports), **CASH AND CASH EQUIVALENTS 6.1** (Procedures for Contingent Accounts), and **CASH AND CASH EQUIVALENTS 6.2** (Cash Reconciliation and Certification) provide details applicable to contingent, petty cash, client, or other depository accounts maintained by an organization/entity within the Department.

CASH AND CASH EQUIVALENTS 7.0 (Procedures and Contact for Lockbox Issues) This policy includes contacts for lockbox issues at the Office of the State Treasurer and at the State's working bank. The policy also includes procedures for establishing a lockbox, making coding string changes to the lockbox and for making changes to the lockbox which involve the State's working bank.

CASH AND CASH EQUIVALENTS 8.0 (Financial Institution Asserting Holder in Due Course) provides guidance for responding when a financial institution requests reimbursement for a State of Wisconsin check that has had a stop payment order placed on it.