



**ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL**

TOPIC: Section 2 – Cash and Cash Equivalents 1.0	EFFECTIVE DATE: 12/19/1984
TITLE: Handling of Cash Receipts	REVISION DATE: 05/13/2019
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

**BACKGROUND**

Many offices in the department collect money for various reasons. Money collected from a wide variety of sources requires proper collecting, recording, safekeeping and depositing procedures.

Audits have emphasized the need for proper cash handling procedures such as physical control over cash/checks, adequate security, and timely deposits to the State Treasurer.

Employees involved with receipt handling should know these procedures thoroughly. Employees who have supervisory responsibility over employees handling receipts should insure that these procedures are followed.

**Statutory and Department of Administration Requirements**

The following Wisconsin statute relates to the receipt and deposit of monies. This statute must be followed. See in particular the penalty of Section (4).

Wis. Stat. §20.906

- (1) FREQUENCY OF DEPOSIT. Unless otherwise provided by law, all moneys collected or received by any state agency for or in behalf of the state or which is required by law to be turned into the state treasurer shall be deposited in or transmitted to the state treasury at least once a week and also other times as required by the governor or the state treasurer and shall be accompanied by a statement in such form as the treasurer may prescribe showing the amount of such collection and from whom and for what purpose or on what account the same was received. All moneys paid into the treasury shall be credited to the general purpose revenues of the general fund unless otherwise specifically provided by law.
- (2) FORM OF RECEIPTS. The department of administration shall prescribe a form of official blank receipts to be issued by or for each state agency collecting or receiving any money for the state, or collecting any money required by law to be turned into the state treasury, and such state agency shall issue such official receipts to each person from whom money is received. All such official receipts shall be pre-numbered consecutively. The secretary of administration may waive the issuance of official receipts in cases where he prescribes other adequate collection control measures, but receipts shall be issued on demand.
- (3) IMPROPER USE OF RECEIPTS FORM. Any person who issues or delivers such official receipt or passes or utters the same, except as required by law, is guilty of a misdemeanor.
- (4) PENALTIES. If any state agency fails to make such deposits of money, or to make such reports as are required by this section, the department of administration, with the approval of the governor, shall withhold all moneys due such state agency until this

section is complied with; and upon such failure to make such deposits of money, the officer or employee so failing shall be liable to the state treasurer for an amount equal to the interest upon the moneys so withheld from deposit at the same rate as that received by the state upon moneys held in the state investment fund, for the period for which such deposit is withheld, and such interest shall be a charge against the officer or employee and shall be deducted from his compensation.

Please note that Wis. Stat. § 20.906 (1) reads "**at least** once a week." Agencies which collect larger sums of money should deposit daily or more frequently than once a week.

## POLICY

The Department of Administration and DHS have set the following standards for timely deposits to improve cash management and to ensure proper control over currency and checks not deposited.

- Organizations that receive cash or checks daily are encouraged to make daily deposits.
- Organizations are required to deposit when receipts reach \$10,000, **or** once a week if receipts are less than \$10,000.
- There is no minimum exception for the deposit of receipts. Therefore, deposits will be made daily, two or more times a week, or once a week, depending on the amount of receipts.
- There is no minimum exception to weekly depositing even for amounts less than \$10.00.
- All receipts on hand on the last working day of the month must be deposited that day.
- All deposits should be reviewed for stale dated checks.

## PROCEDURES

The following procedures are the minimum acceptable. Each unit shall develop internal procedures, which will comply with the state statute and proper internal controls. The procedure shall be documented and available for review.

1. **Collection Location.** Money should be collected in as few places as possible and stored in a secure facility such as a safe or vault. Consideration should always be given to the quantity of the money being received as well as its composition (i.e., currency and/or checks) in determining where money will be collected and stored.
2. **Restrictive Endorsement.** All checks payable to DHS shall be restrictively endorsed immediately upon receipt, unless received by the BFS Cashier's Office directly. The Cashier's Office will electronically endorse checks it receives directly. All units that receive checks regularly should have restrictive endorsement stamps. Contact the BFS Cashier's Office for specific requirements if you need an endorsement stamp. Federal law requires endorsements on checks to be in a specific location. As shown on the US Bank link <https://www.usbank.com/pdf/Deposit-Account-Agreement.pdf>, the endorsement is limited to ***1½ inches on the trailing edge*** of the reverse side of the check.
3. **Receipt Issuance.** The Department of Administration does not issue official receipts to agencies. The State Controller's Office has stated that the STAR reconciliation process is considered "adequate collection control measures" as required by statute. The Bureau of Fiscal Services follows this guidance by using STAR to reconcile deposits to the state treasury. Units shall comply with this guidance by making deposits using the process described in (DHS) APP Section 2 – Cash and Cash Equivalents 2.0. Cash receipts should be recorded immediately upon receipt. Units dealing with external customers should

maintain procedures for issuing unofficial receipts if requested by customers for their record keeping.

4. **Stale Dated Checks.** All checks should be reviewed to determine if they are “stale dated”, where it is past the expiration date (or older than six months, if no expiry date is listed) and can no longer be cashed. The program area that receives checks has the primary responsibility of submitting checks timely for deposit and reviewing for any stale dated checks. The cash office will also review for stale dated checks after they have been submitted for deposit. If the cash office notices a check is stale dated, the program area will be notified. When a program area is aware of a stale dated check, that program area has the responsibility to contact the payer to determine if the check can still be cashed or request a new check be created.
5. **Separation of Duties.** Different individuals should be assigned the responsibility for collection, deposit and reconciliation of deposits to accounting reports. The degree of separation of duties depends on the receipts activity and staff availability.
6. **Control totals** should be used to account for all items received and deposited. Cash counts and other monitoring and verification procedures should be used to assure that all checks are deposited intact and that an audit trail is maintained.
7. **Recordkeeping.** Any unit which collects money must maintain proper records, which include receipt and deposit records, inventories of saleable items, reconciliations of deposits to accounting reports, etc. The records to be maintained will depend on the size of the operation.
8. **Intact Deposit.** All monies shall be deposited intact daily if feasible. ***Receipts shall not be held awaiting clarification of purpose or for any other reason.*** Receipts of unspecified purpose or origin shall be deposited in Appropriation 97500. As clarification of purpose or origin is determined, corrective action (i.e. correction transfer or disbursement) may be taken to clear App 97500.
9. **Deposit to State Treasurer or Local Bank.** Whether deposits are first made to a local bank prior to transmitting to State Treasurer or made directly to State Treasurer, the following provisions apply. Unless other arrangements are approved by the Director, Bureau of Fiscal Services, DHS units will submit all collections and/or prepared deposit vouchers and receipts remittances to the Bureau of Fiscal Services or the State Treasurer daily, or at least once every week, and on the last day of the month. See **Cash and Cash Equivalents 2.0** (Deposits to the State Treasurer). There is no minimum exception.  
  
Special arrangements now in effect, such as those for copying charges, will not be affected by this bulletin. See **Revenues and Refunds 3.0** (Copying and Data Processing Charges - Accounting Procedures).
10. **Federal Checks.** Federal checks should be deposited on the same day of receipt. No federal checks are to be left unsecured or held pending determination of the purpose of payment. If there is a question as to coding, the appropriate accountant in BFS-Managerial Accounting Section should be notified. If the fiscal accounting codes cannot be determined, the check should be deposited to Appropriation 97500 pending transfer.
11. **Over and Under.** Cash receipt shortages of less than \$2 against a specific bill or invoice shall not be rebilled or an attempt made to collect except as part of an ongoing billing process. Cash receipt overages of less than \$2 shall not be refunded unless specifically requested. This procedure makes the department's cash handling more efficient.

Accounts receivable records may require adjustment whenever a bill is paid short \$2.00 or less and accepted as payment in full.

12. **Prohibited Practices.** Cash on hand shall not be used for cashing checks of employees, clients or the general public. Checks received over the counter should be accepted for the amount due only. It is a prohibited practice to accept a check in excess of the amount due and give an immediate refund in cash for the difference.
13. **Written Procedures.** Each unit which handles cash must develop and maintain specific written procedures which include all of the above components. These procedures should be distributed to **all** staff involved in the cash receipts activities.
14. **Direct Deposit and Lockboxes.** There are many techniques currently available to assist in cash handling such as bank lock boxes, direct deposit and others. If you believe your unit could benefit from these more sophisticated techniques, contact your lead accountant the Bureau of Fiscal Services.

If these cash handling techniques are used, proper controls must be established to assure that funds are deposited appropriately and regular reconciliations made, including periodic reviews by an independent person.

## REFERENCES

[Wis. Stat. § 20.906](#)

[DHS APP Section 2 – Cash and Cash Equivalents 2.0](#) (Deposits to the State Treasurer)

[DHS APP Section 3 – Revenues and Refunds 3.0](#) (Copying and Data Processing Charges - Accounting Procedures)

## CONTACTS

[Deputy Director or Your Lead Accountant in Bureau of Fiscal Services](#)

[Cashier's Office](#)

[BFS Administrative Services Supervisor, Revenue, and Cash Management Section](#)