

		Policy #1400
Subject: Relief of Accountability - Cash and Cash Equivalent Policy		
Responsible Department: Department of Finance		
Effective Date: 11/2018		Revision Date: 02/2021
Ben Lamera Director of Finance		Ann Edwards Interim County Executive

1. Purpose

This policy establishes uniform guidance for reporting cash and cash equivalent losses, and replenishment of cash items, when County Departments experience cash shortages either through the normal course of business operations or through criminal activity, such as fraud, theft or burglary.

2. Authority

- California Government code sections 29320 and 29390
- Board of Supervisors Resolution #84-1472
- Board of Supervisors approval of an Inter-departmental Correspondence, agenda item #13 on June 2, 1992

3. Scope

This policy applies to all County Departments and Agencies that handle cash and cash equivalent assets and experience any cash loss.

4. Procedures

County Departments are required to report cumulative cash shortages occurring during a fiscal year that are equal to, or greater than, \$500 to the Director of Finance. Also, any single cash loss occurrence (one-time) that is equal to, or greater than, \$200 is required to be reported to the Director of Finance. The Board of Supervisors granted authority to the Director of Finance to approve relief of accountability for cash losses up to \$1,000. However, departmental cash losses equaling or exceeding \$1,000 require review from the Department of Finance and approval from the Board of Supervisors before relief of accountability is granted. Cash losses attributed to fraud, theft, and burglary are required to be reported to the Director of Finance and to law enforcement agencies with jurisdiction regardless of cash loss amount.

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When a loss of cash or cash equivalent is discovered, the department or agency shall make a thorough investigation and determine the reason for the cash shortage. This process includes recounting cash, reviewing transactions for the period, verifying the amount of all checks or deposit transactions to ensure that the receipts were written and recorded in the correct amount.

If the reason for the shortage cannot be determined and the loss is apparently due to cash handling error, the department or agency incurring the cash loss shall do the following:

- Complete a Relief of Accountability (ROA) form with approval from the department head's written and original signature.
 - The form and more detailed procedures for completion can be found here:
<http://inside.finance.saccounty.net/Auditor-Controller/Pages/Reports.aspx>
- Submit a memorandum detailing the shortage.
- Complete a reconciliation of the fund including the account balance from the County's Financial Accounting System (COMPASS) and submit supporting documentation. Supporting documentation should include:
 - Copy of the department's cash handling procedures.
 - Location of the fund and fund center where the loss occurred.
 - A detailed description of the purpose of the fund and fund center.
 - Identification of the fund that will be used to replenish the cash loss.
 - Description of any disciplinary actions taken or instructions and new procedures implemented to prevent future cash losses.

The preceding items should be completed and submitted to the Auditor-Controller's Division (AC) at the Department of Finance to request the cash loss be relieved and replenished if requested. After the AC reviews the request for ROA and supporting documentation, the AC will notify the department or agency of recommendations to improve internal controls and then the department can submit a claim to replenish the cash amount.

If the cash loss is due to or apparently due to theft, a police report will need to accompany the reconciliation and completed ROA form upon submission to the AC.

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5. **Review**

Reviewed annually and revised for any changes in guidance from the aforementioned authorities previously identified.