

Finance

1400: Relief of Accountability – Cash and Cash Equivalent Policy

Purpose

This policy provides uniform guidance for Sacramento County (County) departments on reporting losses involving cash and cash equivalents, as well as procedures for replenishing those funds. Cash equivalents are short-term, highly liquid investments that are easily convertible to known amounts of cash, such as money orders, cashier's checks, certified checks, and traveler's checks. Losses may occur in the normal course of business operations or as a result of criminal activity, such as fraud, theft, or burglary.

Authority

- California Government Code Sections 29320 et al,
- California Government Code Section 29390
- Board of Supervisors Resolution #84-1472
- Board of Supervisors Resolution #25-0503

Scope

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

Policy

County Departments are required to report the following cumulative cash shortages occurring during a fiscal year to the Director of Finance:

- Cumulative cash shortages that are equal to, or greater than \$1,000;
- Any single cash loss occurrence (one-time) that is equal to, or greater than, \$500.

The Director of Finance is authorized by the Board of Supervisors to approve relief of accountability for cash losses up to \$5,000.

Departmental cash losses exceeding \$5,000 require review from the Department of Finance (DOF) and approval from the Board of Supervisors before relief of accountability is granted.

Cash losses attributed to fraud, theft, and/or burglary, regardless of cash loss amount, are required to be reported to the Director of Finance and to law enforcement agencies with jurisdiction within 5-7 business days of discovery.

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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, and verifying the amount of all checks or deposit transactions to ensure that the receipts were written and recorded in the correct amount.

Cash Handling Errors

If the cash loss is due to or apparently due to a cash handling error and does not involve a reasonable possibility of fraud, theft, and/or burglary, the department or agency incurring the cash loss should do the following:

- A. Complete a Relief of Accountability (ROA) forms, as prescribed by the Director of Finance, with approval evidenced by the department head's signature.
- B. Submit a memorandum detailing the reasons for the shortage and the results of the department investigation.
- C. 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:
 - a. Copy of the department's cash handling procedures.
 - b. Location of the fund and fund center where the loss occurred.
 - c. A detailed description of the purpose of the fund and fund center.
 - d. Identification of the fund that will be used to replenish the cash loss.
 - e. 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 DOF's Auditor-Controller's Division to request the cash loss be relieved and replenished, if necessary.

After the department reviews the request for ROA and supporting documentation, the Director of Finance or designee will seek Board approval when applicable and then notify the department or agency of the approval or denial of the ROA and provide any recommendations to improve internal controls. After approval, the department may submit a claim to replenish the cash amount.

Fraud, Theft, and/or Burglary

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

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Contact

Title Director of Finance

Email: Finance-Director@saccounty.gov

Authorized by

DocuSigned by:

David Villanueva

DE677889D344455...

David Villanueva, County Executive

DocuSigned by:

Sylvester Fadal

ECCA59D0AF44478...

Sylvester Fadal, Deputy County Executive

Signed by:

Chad Rinde

04B8469C474045F...

Chad Rinde, Director of Finance

Revision History

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