



COUNTY OF HUMBOLDT

For the meeting of: 8/18/2020

File #: 20-934

To: Board of Supervisors
From: Treasurer/Tax Collector
Agenda Section: Consent

SUBJECT:
Humboldt County Cash Handling Policy Approval

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive and approve the Cash Handling Policy dated August 18, 2020 (Attachment 1), to ensure uniform internal cash handling controls across all county departments, to increase personal and personnel accountability, and to prevent fraud.

SOURCE OF FUNDING: N/A

DISCUSSION:

The Cash Handling Policy ('Policy'), once approved by your Board, will be a procedural handbook and training requirement all county departments must follow when handling cash and cash equivalent transactions for the county; which includes coins and currency, checks, cashier's checks, e-checks, money orders, credit and debit cards, prepaid debit cards, gift cards & gift certificates, and all electronic transactions. The Treasurer-Tax Collector will distribute this policy to all county Department Heads and known cash handling staff on August 19, 2020 and recommends your Board mandate that it be adhered to county-wide by September 18, 2020; one month from the proposed approval date.

This Policy includes a 'Humboldt County Oath for Cash Handling', and a 'Humboldt County Authorized Cash Handling Personnel List' (Exhibits A and B respectively in the policy). These documents will be executed, maintained, and kept by each department and made available as needed for audit purposes.

Uniform cash handling procedures are not about being able to trust, or not being able to trust, county employees, because the county can and should trust employees unless proven otherwise; therefore this policy and procedures therein are specific to safeguarding public funds.

All county employees following the same steps when handling cash and cash equivalents will help reduce uncontrolled risk of errors and potential fraud from taking place. Clear and uniform procedures

followed by all employees will also create a distinct pathway for audit processes to follow; thereby making errors and fraud more readily apparent and easier to discover.

This Policy will be used, and followed, as a tool for checks and balances in county money handling operations to ensure better transparency. Once these procedures are followed by all county cash handling staff then going forward anyone trained with the procedures contained therein could and should be able to go to work in any other department and immediately be competent in that department's cash handling procedures.

Uniform procedures will also allow the Auditor-Controller (A-C), or other designated staff, to expediently determine whether a simple error has taken place or whether an investigation should be conducted regarding whether a misappropriation of public funds crime has taken place.

The misuse of public funds per California Penal Code 424 imposes serious criminal penalties on people found responsible. Following is key information about this code:

1. The "misappropriation of public funds", while very similar to the California Theft Crime of embezzlement, has a key difference in that it can only be charged for acts committed with public funds.
2. Misappropriation of funds is most often charged against state and local public officials, but it can be charged against anyone who has control of government money; which includes all county employees involved in cash handling.
3. Misappropriation of public funds is a felony in California Law.
4. The potential penalties include two (2), three (3) or four (4) years in California state prison, and/or a fine of up to ten thousand dollars (\$10,000).

This Policy has been shared with, reviewed by, and approved for use by the A-C and the HUM 21 Cash Handling Committee whose members include staff from a number of departments who assisted with the development of this document to incorporate agreed upon methods for use by their respective departments.

FINANCIAL IMPACT:

None unless acts of misusing public funds take place. This cash handling policy could then potentially save money by reducing the time needed to investigate whether a crime has, or has not, taken place. It could also potentially reduce cash recovery and legal costs associated with any crime that may take place.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by enforcing laws and regulations to protect residents in the safeguarding of public funds.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

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Your Board could choose to not approve the cash handling policy and thereby leave each department to follow procedures independently established for use in each individual department.

ATTACHMENTS:

1. Humboldt County Cash Handling Policy Dated August 18, 2020

PREVIOUS ACTION/REFERRAL:

Board Order No.: None

Meeting of: October 8, 2019

File No.: 19-495