

IN THE SUPREME COURT OF THE STATE OF ARIZONA

FILED

SEP 14 1993

NOEL K. DESSAINT
CLERK SUPREME COURT
BY *[Signature]*

IN THE MATTER OF ADOPTING
MINIMUM ACCOUNTING STANDARDS
FOR ARIZONA COURTS

ADMINISTRATIVE ORDER

NO. 93 - 92

IT IS ORDERED that the attached Minimum Accounting Standards for Arizona Courts are incorporated by reference into this order and adopted effective this date. The clerk of each appellate court, the presiding judge of the superior court in each county, the presiding judge of each limited jurisdiction court, and the clerk of the superior court in each county shall fully and effectively implement these standards.

IT IS FURTHER ORDERED that within ninety days and at least annually thereafter, the presiding judge of each limited jurisdiction court, and the clerk of the superior court in each county shall complete or have completed, sign and forward to the presiding judge of the superior court of the county the Compliance Checklist, incorporated as Part II of these standards.

IT IS FURTHER ORDERED that the presiding judge of the superior court in each county shall review the Compliance Checklist pertaining to each court within the county and exercise the administrative authority of this Court to ensure that all courts within the county take whatever steps are necessary to come into compliance with the standards. Compliance with these standards shall be enforceable by all means available to enforce an order.

IT IS FURTHER ORDERED that within ninety days and at least annually thereafter, the clerk of each appellate court shall complete or have completed, sign and forward to the chief judge/justice of their respective court the Compliance Checklist.

IT IS FURTHER ORDERED that the chief judge or justice of the appellate court shall review the Compliance Checklist to determine if non-compliance exists and take whatever steps are necessary to come into compliance with the standards. Compliance with these standards shall be enforceable by all means available to enforce an order.

IT IS FURTHER ORDERED that the Compliance Checklist shall be retained by the court to which it applies, the presiding judge of the superior court of the county, and the chief judge/justice for no less than three years.

Dated this 14th day of September, 1993, at the Arizona Supreme Court, Arizona State Courts Building, Phoenix, Arizona.

STANLEY G. FELDMAN, CHIEF JUSTICE *[Signature]*

MINIMUM ACCOUNTING STANDARDS

AND

COMPLIANCE CHECKLIST

For

Arizona Courts



September 1993

Introduction

MINIMUM ACCOUNTING STANDARDS

AND

COMPLIANCE CHECKLIST

The Minimum Accounting Standards and Compliance Checklist for Arizona Courts have been developed to standardize accounting practices and procedures and to assist judges and clerks in bringing the financial operation of their courts into compliance with statute and Generally Accepted Accounting Principles (GAAP). These standards establish minimum accounting procedures, records and reports and apply whether manual or automated accounting systems are used.

The Minimum Accounting Standards are designated Part I. The standards are typed in bold lettering. The wording following the standards is commentary which is intended to provide implementation guidance. The Compliance Checklist (designated Part II) is designed as an assessment tool to determine and document whether or not courts are in compliance with the Minimum Accounting Standards.

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Part I

MINIMUM ACCOUNTING STANDARDS

Part I: MINIMUM ACCOUNTING STANDARDS

A. COMPLIANCE RESPONSIBILITY

- 1. The presiding judge of the superior court in each county, the presiding judge of each limited jurisdiction court, and the clerk of the superior court in each county are responsible for ensuring that the courts are in compliance with these standards. Within 90 days of the effective date of these standards and at least annually thereafter, the presiding judge of each limited jurisdiction court and the clerk of the superior court in each county shall complete or have completed the Compliance Checklist. The presiding judge of each limited jurisdiction court and the clerk of the superior court in each county shall sign the completed checklist, retain a copy, and forward the original to the presiding judge of the superior court of the county. The presiding judge of the superior court in each county shall review each checklist received to determine if non-compliance exists and, if so, shall take steps necessary to see that corrective action is taken.*
- 2. The clerk of each appellate court shall complete or have completed the Compliance Checklist, sign it and forward the original to the chief judge/justice of their respective court. The chief judge or justice shall review the checklist to determine if non-compliance exists and, if so, take steps necessary to correct the non-compliance.*
- 3. Compliance Checklists shall be retained for no less than three years.*
- 4. Judges who allow other courts or agencies to accept payments on behalf of their court shall advise each entity receiving payments of applicable policies and procedures.*

B. ACCOUNTING SYSTEM

- 1. Establish an organized and efficient accounting system that ensures accurate reporting of all transactions and provides sufficient documentation for audit purposes.*

A properly designed accounting system includes:

- a. An efficient accumulation, recording, and reporting of all transactions.*
 - b. Assignment of authority and responsibility.*
 - c. Segregation of duties.*
 - d. Methods of detecting errors and fraud.*
- 2. Include the following components in the court accounting system:*
 - a. Pre-printed, consecutively-numbered receipts or receipts consecutively numbered by automated system. All receipts shall display the name of the court.*

- b. Pre-numbered checks.*
- c. Case financial record of all payments received and disbursed on a particular case. A case financial record shall include the following information:*
 - 1. Case number*
 - 2. Defendant's name (if applicable)*
 - 3. Plaintiff's name (if applicable)*
 - 4. Date the payment was received or date court check issued*
 - 5. Amounts received or disbursed*
 - 6. Name of person making the payment or receiving the disbursement*
 - 7. Receipt/transaction number or check number*
 - 8. Method of payment*
 - 9. Identification of person accepting payment*
 - 10. The total costs assessed by assessment type, total amount paid and/or converted from bond, and a running balance of the total amount due*
 - 11. Balance held on deposit, including bonds (indicate cash or surety)*
 - 12. The name of the party against whom fines and fees are assessed*
 - 13. The date notice of amount due and other collection notices were sent*

If this information is recorded on a case docket, ticket, or complaint, a separate case financial record is not required.

- d. Cash control record which shows all payments received and disbursed by transaction. The cash control record shall include the following:*
 - 1. Case number*
 - 2. Defendant's name (if applicable)*
 - 3. Plaintiff's name (if applicable)*
 - 4. Date the payment was received or date court check issued*
 - 5. Amount received or disbursed*
 - 6. Method of payment*
 - 7. Name of person making the payment or receiving the disbursement*
 - 8. Receipt/transaction number or court check number for disbursements*
 - 9. Payment distribution (fine, Criminal Justice Enhancement Fund, Medical Services Enhancement Fund, bond, etc.)*
 - 10. Identification of person accepting payment*

The cash control record requirements may be met by one of the following methods:

- a. Detail cash receipts journal and disbursements journal containing all items above.*
 - b. Duplicate receipts and summarized cash receipts journal which include receipt number range and a disbursements journal showing individual entries for each court check issued.*
- e. Open items record.*
 - f. Monthly bank reconciliation records.*

- g. Monthly remittance reports identifying monies collected and transmitted to the treasurer for the month.**

C. GENERAL POLICIES AND PROCEDURES

1. Post the following financial policies at a conspicuous location in the court office:

- a. The methods of payment that will be accepted.**
- b. A receipt will be issued for every payment made in person.**
- c. The court's Non Sufficient Funds (NSF) check policy**
- d. The following notice will be posted where money is received from the public:
"If you make a payment, make sure you keep your receipt as proof of payment."**

2. Allow only bonded or insured employees to receive, deposit, disburse, or handle money.

Employees covered under the State Risk Management blanket fidelity bond need not acquire a separate bond.

3. Never co-mingle personal monies with court monies.

4. Maintain a uniform fine/bond schedule and fee schedule, and distribute them to anyone authorized to accept bonds.

Fine/bond information can be found in A.R.S. §22-112 and A.R.S. §22-124 and fee information can be found in A.R.S. §22-281, A.R.S. §22-404, A.R.S. §284, and Administrative Order 93-30.

5. Segregate the responsibility for receipting and disbursing payments from the responsibility for posting to the case financial records and reconciling the accounting records, to the extent possible.

See Attachments A-D at the end of Part I of these Minimum Accounting Standards for suggested segregation of duties. If there are two or more employees in the office, assign the responsibility for receipting and disbursing payments to one or more employees. Assign the responsibility for posting to the case financial record and performing the monthly reconciliation to a different employee. If posting to the case financial record is simultaneous to preparing receipts and checks, as in an automated system, assign the responsibility for performing the monthly reconciliations to an employee who is not responsible for receipting and disbursing payments.

6. Safeguard all accounting records, receipts, checks and monies received by the court.

- a. Store payments in a secured place from the moment they are received until they are deposited in the bank.**
- b. Have physical restrictions between payments and the public.**
- c. Post signs controlling admittance to areas where payments are stored. Change locks and combinations upon termination of an employee responsible for handling payments.**
- d. Limit the number of employees who have access to payments.**
- e. Keep blank checks and credit card invoices in locked drawers.**
- f. Do not count deposits in public view.**

- d. Limit the number of employees who have access to payments.
- e. Keep blank checks and credit card invoices in locked drawers.
- f. Do not count deposits in public view.
- g. Limit the amount of cash in the cash drawers. Have a system in place for the cashier to remove excess cash.
- h. Keep cash drawers, registers, and safes locked when not in use.
- i. Use a fireproof safe, if possible, in which to store money overnight. Count money before storing, and document the source and the amount.
- j. Use night deposit locking bags to transfer payments. These can be obtained from a bank. If possible, arrange to have a law enforcement officer accompany the individual depositing the money to the treasurer or bank.

D. CHANGE FUND

1. *Establish a fund for making change.*

A change fund may be established as follows:

- a. Designate employees with primary and back-up responsibility for the change fund.
- b. Determine the amount of money needed for the change fund, limiting the amount per cash drawer to that which is necessary for daily operations.
- c. Obtain the amount of money needed for the change fund from the county or city treasurer.
- d. As needed, have the large currency in the change fund converted into coins and smaller currency.

2. *Do not make loans from the change fund.*

3. *Do not use the fund to cash personal checks or purchase supplies.*

4. *Reconcile the change fund daily or as each bank deposit is made. The beginning balance of the change fund should remain constant.*

Deduct the amount of money maintained in the change fund from the total cash on hand. The amount remaining is the amount of money collected. Reconcile this amount to the daily cash receipts report.

E. PAYMENTS RECEIVED

1. *Establish a policy specifying the methods of payments that will be accepted.*

A policy of accepting only cash, money orders, credit cards, travelers checks, certified checks or personal checks if guaranteed by the bank is recommended. The

presiding judge should attempt to establish a uniform policy for all court in the county.

2. ***Restrictively endorse all checks immediately, i.e., "For Deposit Only to (Courts Account Name)."***
3. ***Limit the responsibility for receiving payments and writing receipts to as few employees as practical.***
4. ***Secure all cash and checks received in a location that is out of the public view and is only accessible to authorized personnel.***

Keep the payments received in a locked cash drawer or tray and in a place that is out of reach and out of sight of the public. It is recommended that a separate cash drawer or tray be maintained by each cashier. If using an automated cash register or automated system, each cashier should use a separate coding key or user identification code.

5. ***Issue a receipt for each payment made in person. For all other payments, either issue a receipt for each payment or prepare a sequentially numbered transaction record for each payment. A receipt or transaction record shall include:***

- a. ***Case number***
- b. ***Date the payment was received***
- c. ***Amount received***
- d. ***Name of the person making the payment***
- e. ***Identification of person receiving the payment***
- f. ***Payment method (cash, check, credit card, etc.)***
- g. ***Sequential receipt/transaction number***
- h. ***Name of court***

6. ***Record all payments received immediately on the case financial record.***

Record the following information on the case financial record:

- a. ***Case number***
- b. ***Defendant's name (if applicable)***
- c. ***Plaintiff's name (if applicable)***
- d. ***Date the payment was received***
- e. ***Amount received***
- f. ***Method of payment***
- g. ***Name of the person making the payment***
- h. ***Receipt/transaction number***
- i. ***Payment distribution (fine, Criminal Justice Enhancement Fund, Medical Services Enhancement Fund, bond, etc.)***
- j. ***Identification of person accepting payment***

7. *Ensure that an automated accounting system includes the following:*

- a. *Only the programmer or appointing authority can set or reset the receipt number assigned by the computer.***
- b. *Permits the voiding of a receipt or a check and will not allow the original computer entry of the payment to be changed or deleted.***

To the extent possible, limit adjustments or voiding of receipts to a person other than the person who made the initial entry.

8. *Retain all voided manual receipts. Do not destroy them.*

Void receipts by writing "VOID" across the receipt. Keep these receipts in a voided receipts file or attach them to the cash control record for the month in which the receipt was voided.

9. *Do not alter receipts. If an error is made, write "VOID" on the receipt and issue a new receipt.*

10. *Account for all manual receipts issued.*

Require that someone other than the person who issued the receipt review the accounting records to verify that receipts are issued in sequence, recorded on the cash control record and have actually been issued, been voided or are unused.

F. DISBURSEMENT POLICIES

1. *Establish policies to require that disbursements (such as refunding exonerated bonds, paying restitution to victims, and refunding overpayments) be made within a prescribed period of time.*

2. *Establish a policy identifying who authorizes disbursements and who issues and signs checks or check requisition forms.*

G. PAYMENTS DISBURSED

1. *Use pre-numbered checks or check requisition forms, and establish a method to secure and account for all checks and check requisition forms.*

Require someone other than the person issuing checks to review the accounting records to verify the checks were issued in sequence and recorded on the cash control record.

2. *Limit responsibility for issuing and signing checks or check requisition forms to as few individuals as practical.*

If there are more than two employees in the court office, it is recommended that a policy be established requiring the signature of the supervising authority or that of two employees' on any check.

Monitor the bank records to verify that only authorized individuals are on the bank's list of those authorized to sign checks. Notify the bank immediately of any changes in the list of those authorized.

3. *Disburse all amounts by check.*

Never pay in cash. When a check is issued to pay a bill (e.g., sheriff's fees or witness' fees), place the bill in the case file and cancel the bill by writing "paid" on it, the date paid, and the check number.

4. *Sign checks only after completing the payee's name, amount, and date. Distribute checks immediately upon completing.*

5. *Post all disbursements immediately on the case financial record and the cash control record or disbursement journal.*

Record the following disbursement information on the case financial record and cash control record:

- a. Case number***
- b. Defendant's name (if applicable)***
- c. Plaintiff's name (if applicable)***
- d. Date issued***
- e. Check amount and/or bond amount converted to court assessments***
- f. To whom paid***
- g. Check number***
- h. Payment distribution (fine, Criminal Justice Enhancement Fund, Medical Services Enhancement Fund, bond, etc.)***

6. *Retain all voided checks.*

Write "void" across the check or cut off the signature line. Place all voided checks in a void check file, attach the voided check to the corresponding check stub, or attach the voided check to the cash control record page on which it is shown as voided.

7. *Establish a method to stop payment and account for checks reported as lost.*

If a check is reported as lost, the following procedures are recommended:

- a. Examine the most recent bank reconciliation to verify that the check has not cleared the bank.***

- b. Check with the bank to verify that the check has not cleared the bank since the last bank statement.
- c. Authorize the bank to stop payment on the check (see Note after [e]).
- d. Write an explanation of why, when, and by whom the stop payment was ordered. File the explanation in the void check file, attach the explanation to the corresponding check stub, or attach the explanation to the cash control record page on which the check is shown as voided.
- e. Back the check out of all accounting records following these procedures:
 1. On the next available line of the current month's cash control record, write "Void Check Number ____" in the "Disbursed To" column, and write the amount of the check as a negative entry in the "Check Amount" column.
 2. Repeat Step 1 for the case financial record.
 3. On the cash control record and case financial record for the month when the check was written, write "Void" and the date the check was backed out beside the original entries. In addition, write "Void" and the date the check was backed out beside the appropriate number on the most recent outstanding check list.

Note: *If the bank charges the court for stopping payment on a check, request that the bank bill the court directly rather than deducting the charge from the checking account. Payment can then be made to the bank by the county or the city in the same manner as any other operating expense.*

If a replacement check is issued, the following procedures are recommended:

- a. Issue a new check following the normal disbursement procedures.
- b. Record the new check number next to the voided check number on all accounting records.

H. DEPOSITS AND BANK ACCOUNTS

1. ***Establish all bank and investment accounts under the name of the court, unless these accounts are maintained by the city or county treasurer and are established in the name of the city or county.***
2. ***Keep the signature cards for all bank and investment accounts current.***

Notify the bank immediately of any changes in the list of employees included on the signature cards.

3. ***Keep a list of all checking, investment and other bank accounts which includes the name and address of the banking institution, the account number, the account name, the rate of interest (if fixed), and the names of those authorized to sign checks or make withdrawals.***

4. Establish all court accounts in banks that are insured by the Federal Deposit Insurance Corporation (FDIC). Maintain agreements with the bank(s) to provide collateral for amounts exceeding the \$100,000 FDIC insured amount.

Monitor your bank accounts to verify that all daily balances exceeding the \$100,000 FDIC insured amount are covered by bank collateral. If the balance ever exceeds the amount covered by the bank collateral in the written agreement, increase the collateral agreement.

Verify that all securities pledged as collateral by the bank are held by a disinterested bank.

5. Deposit all monies in the same form as received, unless depositing by mail, and deposit at least daily if the monies collected exceed \$100. Convert all cash to money order before mailing if deposits by mail are necessary due to a local bank not being available. Retain the money order receipt.

Depositing daily protects against loss or theft and increases the interest earned.

This standard prohibits cashing personal checks or issuing I.O.U.'s. Do not use monies received by the court to pay for expenses or supplies. Deposit all monies in the same form in which they were received; i.e., checks, bills, coins.

If, due to unavoidable circumstances, money must be kept overnight, secure it in a fireproof vault or safe.

6. Maintain a record of the individual receipts included in each deposit.

The cash control record or cash receipts journal is adequate to show the total of each deposit, the date of each deposit, and the individual payments received that are included in each deposit.

I. RECONCILIATION

1. Reconcile and balance all court accounting records at least monthly to verify that all receipts and disbursements are accounted for properly.

Perform the following reconciliations, and retain a copy of each reconciliation in the court's records:

- a. Balance the cash control record
- b. Reconcile the receipts with the deposits
- c. Prepare a bank reconciliation
- d. Reconcile the record of open items with all bank accounts and cash balances

Retain the following for each bank account:

- a. Copy of the bank reconciliation
- b. Record of outstanding checks
- c. Record of deposits in transit
- d. Bank statements
- e. Cancelled checks
- f. Cancelled deposit slips
- g. Bank issued debit and credit memos

2. *Reconcile and balance all monies received after each shift but no less than daily and retain documentation of the reconciliation.*

Perform the following daily reconciliation and retain a copy of each reconciliation in the court's records:

- a. Reconcile monies collected with the register tape or daily cash receipts report. (Two people should reconcile each drawer/register, if possible; the cashier using the drawer/register and a second person, i.e., supervisor, judge or treasurer.)
- b. Verify the change fund (change bank) each time the register is reconciled. Each drawer/register should have a fixed "change" amount that is provided by the county/city general fund. Do not use court receipts.
- c. Report and investigate overages and shortages immediately; document reason for overage or shortage. Overages/shortages usually will be against the "change" amount and a record should be kept of this amount for each drawer/register or person.

J. OUTSTANDING CHECKS

1. *Investigate all court checks outstanding for more than six months.*

- a. Send a letter to the payee's last known address advising the payee that the check has not been cashed and, if the payee does not cash the check or contact the clerk within 30 days, payment will be stopped and the funds will be turned over to the county treasurer as unclaimed fees.
- b. If the payee responds that the check has been lost, reissue the check by following the procedures for voiding a check in the Payments Disbursed section.
- c. If the payee cannot be located, follow the procedures for voiding a check in the Payments Disbursed section, but do not reissue the check.

K. BONDS

1. *Require all agencies accepting cash or securities as bond to remit the cash or securities collected to the court on the next working day or as soon thereafter as practical.*

2. *Issue a receipt immediately for all bond monies transmitted to the court.*

If the monies from more than one bond are remitted on the same day, and a detailed listing of the individual bond amounts and a total amount remitted accompanies the monies remitted, only one receipt for the total amount received is necessary. Post the receipt number on the detailed listing of the individual bond amounts.

3. *Disburse bond monies by check and only upon order of the court unless otherwise ordered by the judge. Refund bond monies only to the individual(s) who posted the bond or to other individuals authorized by the person posting the bond.*

If the individual who posted the bond appears personally at the court, require identification before refunding the bond.

L. REPORTING

Prepare a monthly remittance report identifying how monies deposited in a bank account or with the city or county treasurer for the month are to be distributed.

M. AUDIT OF FINANCIAL RECORDS

An external audit of receipts and disbursements processed since the previous audit shall be performed no less than every three years by qualified auditors.

GLOSSARY OF TERMS

Accounting Records: See Financial Records

Accounting System: Procedures and records which provide for accumulation and reporting of accounting data in an efficient and accurate manner and which provide appropriate internal controls.

Accounting Transaction: The occurrence of a financial event or condition that must be recorded.

Accounts Receivable: Amounts imposed by the court, but not yet collected.

Accrue: To accumulate.

Assess: To impose according to an established amount.

Bank Reconciliation: The process of verifying activity posted to the court's accounting records to the bank account statement. This is done to determine the reasons for differences between the cash balance on the bank statement and the cash balance on the accounting records.

Case Financial Record: The listing of the costs assessed in a case, including receipts, disbursements, and the balance held or due on the case.

Cash Control Record: The listing of all amounts received and checks issued.

Cash Disbursements Journal: A list of all payments made by the court by distribution type (restitution, Medical Services Enhancement Fund, Criminal Justice Enhancement Fund, etc.).

Cash Receipts: All monies received by the court. Includes cash, checks, money orders, credit card vouchers, and any other money instrument.

Cash Receipts Journal: A list of all payments received by distribution type (Judicial Collection Enhancement Fund, Medical Services Enhancement Fund, Criminal Justice Enhancement Fund, etc.).

Change Fund: The amount of money on hand for the purpose of making change.

Financial (Accounting) Records: Records maintained by the court to account for all monies received by and disbursed by the court.

Internal Controls: Procedures and records designed to minimize opportunity for the mishandling or theft of money.

September 10, 1993

Investment Record: The accounting record that contains all the information about an investment account.

Money: Includes coins, paper money, and demand deposits (checks, money orders, cashiers checks, certified checks).

Open Item: Money held for a party or a case that has not been allocated or posted to a particular account for a scheduled disbursement; includes unidentified receipts.

Surcharge: An amount added to fines, fees, or taxable/assessed costs that is used for a designated purpose.

Transaction: The occurrence of a financial activity that must be recorded.

Transaction Record: Substitute for manual receipt, i.e., mail payment listing.

Attachment A

Segregation for cash receipting activities are listed below.

SEGREGATION OF DUTIES FOR COURTS WITH AT LEAST TWO PEOPLE TO PERFORM CASH RECEIPTS PROCEDURES	
PERSON # 1	PERSON # 2
1. Receives cash from payers.	1. Receives daily cash receipts summary, mail receipts listing, and deposit slip from Person # 1.
2. Prepares a pre-numbered cash receipt, cash register receipt or computer receipt.	2. Reviews daily cash receipts summary and mail receipts listing for accuracy, completeness and compares amounts to deposit slip.
3. Opens mail.	3. Signs daily cash receipts summary and mail receipts listing to document review.
4. Prepares mail receipts listing.	4. Retains a copy of the deposit slip.
5. Stamps all checks, etc. received "For Deposit Only".	5. Returns daily cash receipts summary and deposit slip to Person # 1.
6. Retains cash received in a cash register or a cash box.	6. Receives the validated deposit slip from Person # 1.
7. Prepares a daily cash receipts summary, reconciling cash receipts to cash collections.	7. Verifies that amount on validated deposit slip agrees with copy of original deposit slip.
8. Investigates and documents cash over (short).	8. Performs bank reconciliation on a monthly basis.
9. Signs daily cash receipts summary and mail receipts listing.	9. Periodically reviews accounting records for accuracy and completeness.
10. Prepares deposit slip.	
11. Submits daily cash receipts summary, mail receipts listing and deposit slip, in duplicate, to Person # 2.	
12. Receives daily cash receipts summary, mail receipts listing, and deposit slip from Person # 2.	
13. Deposits cash with bank and receives a validated deposit.	
14. Sends copy of validated deposit slip to Person # 2.	
15. Records information from daily cash receipts summary in the accounting records.	

NOTE: City or county finance personnel may be used as a second person.

Attachment B

Segregation for cash receipting activities are listed below.

SEGREGATION OF DUTIES FOR COURTS WITH AT LEAST THREE PEOPLE TO PERFORM CASH RECEIPTS PROCEDURES		
PERSON # 1	PERSON # 2	PERSON # 3
1. Receives cash from payers.	1. Opens mail received with Person # 1.	1. Receives daily cash receipts summary and validated bank deposit slip.
2. Prepares a pre-numbered cash receipt, cash register receipt or computer receipt.	2. Receives daily cash receipts summary and mail receipt listing from Person # 1.	2. Verifies that amounts and dates agree on the documents submitted.
3. Opens mail received with Person # 2.	3. Reviews daily cash receipts summary and mail receipts listing for accuracy and completeness.	3. Records information from the daily cash receipts summary in accounting records.
4. Prepares a listing of all cash received through the mail.	4. Signs daily cash receipts summary and mail receipts listing to document review.	4. Performs bank reconciliation on a monthly basis.
5. Stamps all checks, etc. received "For Deposit Only".	5. Prepares deposit slip and retain copy.	
6. Retains cash received in a cash register or a cash box.	6. Returns daily cash receipts summary, mail receipts listing and deposit slip to Person # 1.	
7. Prepares a daily receipts summary, reconciling cash receipts to cash collections.	7. Receives copy of daily cash receipts summary and validated deposit slip from Person # 1.	
8. Investigates and documents cash over (short).	8. Verifies that amount on validated deposit slip agrees with copy of original deposit slip.	
9. Signs daily cash receipts summary and mail receipts listing.	9. Submits copy of the daily cash receipts summary and validated deposit to Person # 3.	
10. Submits daily cash receipts summary and mail receipts listing to Person # 2.		
11. Receives daily cash receipts summary, mail receipts listing, and deposit slip from Person # 2.		
12. Deposits cash with bank and receives a validated deposit slip.		
13. Sends copy of validated deposit slip to Person # 2.		

Attachment C

Segregation for cash disbursement activities are listed below.

SEGREGATION OF DUTIES FOR COURTS WITH AT LEAST TWO PEOPLE TO PERFORM CASH DISBURSEMENT PROCEDURES	
PERSON # 1	PERSON # 2
1. Reviews supporting documentation for accuracy and propriety.	1. Receives check requests and documentation from person # 1 on a test basis reviews the completeness and accuracy of supporting documentation.
2. Prepares check requests.	2. Signs check requests as approval.
3. Submits check requests and documentation to Person # 2 for approval.	3. Prepares checks from check requests, records in check register, and signs checks.
4. Receives signed checks and check requests from Person # 2.	4. Submits signed checks and check requests to Person # 1.
5. Issues checks.	5. Performs bank reconciliation on a monthly basis.
6. Records information from check requests in the appropriate cash book accounts.	
7. Cancels and files check requests.	

NOTE: *City or county finance personnel may be used as a second person.*

Attachment D

Segregation for cash disbursement activities are listed below.

SEGREGATION OF DUTIES FOR COURTS WITH AT LEAST THREE PEOPLE TO PERFORM CASH DISBURSEMENT PROCEDURES		
PERSON # 1	PERSON # 2	PERSON # 3
1. Receives supporting documentation for accuracy and propriety.	1. Receives check requests and documentation from Person # 1 on a test basis. Reviews the completeness and accuracy of supporting documentation.	1. Receives check requests and unused checks from Person # 2.
2. Prepares check requests.	2. Signs check requests as approval.	2. Prepares checks from check requests and records in check register.
3. Submits check requests and documentation to Person # 2 for approval.	3. Submits check requests and the required number of unused checks to Person # 3 for check preparation.	3. Submits checks and check requests to Person # 1.
4. Receives checks and check requests from Person # 3.	4. Receives signed checks and check requests from Person # 1.	4. Receives documentation and check request from Person # 2.
5. Obtains check-signing machine and signature plate from authorized official.	5. On a test basis, compares checks to the check requests.	5. Records information from check requests in the appropriate cash book accounts.
6. Operates check-signing machine.	6. Reconciles the total of signed checks to the total per requests.	6. Cancels and files check requests.
7. Submits signed checks and check requests to Person # 2.	7. Submits signed checks to Person # 1.	
8. Receives signed checks from Person # 2.	8. Submits documentation and check requests to Person # 3.	
9. Issues Checks.	9. Performs bank reconciliation on a monthly basis.	

Part II

COMPLIANCE CHECKLIST

Part II: COMPLIANCE CHECKLIST

Court Name: _____

Date: _____

STANDARD	Page #	Comply: YES	Comply: NO
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- ▶ If "NO" is checked, please attach a description of the steps that will be taken to correct the non-compliance, and the date it will be completed.

A.1. The presiding judge of the superior court in each county, the presiding judge of each limited jurisdiction court, and the clerk of the superior court in each county are responsible for ensuring that the courts are in compliance with these standards. Within 90 days of the effective date of these standards and at least annually thereafter, the presiding judge of each limited jurisdiction court and the clerk of the superior court in each county shall complete or have completed the Compliance Checklist. The presiding judge of each limited jurisdiction court and the clerk of the superior court in each county shall sign the completed checklist, retain a copy, and forward the original to the presiding judge of the superior court of the county. The presiding judge of the superior court in each county shall review each checklist received to determine if non-compliance exists and, if so, shall take steps necessary to correct the areas of non-compliance.

p. 1

A.2. The clerk of each appellate court shall complete or have completed the Compliance Checklist, sign it and forward the original to the chief judge/justice of their respective court. The chief judge or justice shall review the checklist to determine if non-compliance exists and, if so, take steps necessary to correct the non-compliance.

p. 1

A.3. Compliance Checklists shall be retained for no less than three years.

p. 1

A.4. Judges who allow other courts or agencies to accept payments on behalf of their court shall advise each entity receiving payments of applicable policies and procedures.

p. 1

B.1. Establish an organized and efficient accounting system that ensures accurate reporting of all transactions and provides sufficient documentation for audit purposes.

B.2. Include the following components in the court accounting system:

- a. Pre-printed, consecutively-numbered receipts or receipts consecutively numbered by automated system. All receipts shall display the name of the court.**
- b. Pre-numbered checks.**
- c. Case financial record of all payments received and disbursed on a particular case. A case financial record shall include the following information:**
 - 1. Case number**
 - 2. Defendant's name (if applicable)**
 - 3. Plaintiff's name (if applicable)**
 - 4. Date the payment was received or date court check issued**
 - 5. Amounts received or disbursed**
 - 6. Name of person making the payment or receiving the disbursement**
 - 7. Receipt/transaction number or check number**
 - 8. Method of payment**
 - 9. Identification of person accepting payment**
 - 10. The total costs assessed by assessment type, total amount paid and/or converted from bond, and a running balance of the total amount due**
 - 11. Balance held on deposit, including bonds (indicate cash or surety)**
 - 12. The name of the party against whom fines and**

fees are assessed

13. *The date notice of amount due and other collection notices were sent*

If this information is recorded on a case docket, ticket, or complaint, a separate case financial record is not required.

- d. *Cash control record which shows all payments received and disbursed by transaction. The cash control record shall include the following:*

1. *Case number*
2. *Defendant's name (if applicable)*
3. *Plaintiff's name (if applicable)*
4. *Date the payment was received or date court check issued*
5. *Amount received or disbursed*
6. *Method of payment*
7. *Name of person making the payment or receiving the disbursement*
8. *Receipt/transaction number or court check number for disbursements*
9. *Payment distribution (fine, Criminal Justice Enhancement Fund, Medical Services Enhancement Fund, bond, etc.)*
10. *Identification of person accepting payment*

- e. *Open items record.*

- f. *Monthly bank reconciliation records.*

- g. *Monthly remittance reports identifying monies collected and transmitted to the treasurer for the month.*

STANDARD	Page #	Comply: YES	Comply: NO
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C.1. *Post the following financial policies at a conspicuous location in the court office:* **p. 3**

- a. *The methods of payment that will be accepted.***
- b. *A receipt will be issued for every payment made in person.***
- c. *The court's Non Sufficient Funds (NSF) check policy***

C.2. *Allow only bonded or insured employees to receive, deposit, disburse, or handle money.* **p. 3**

C.3. *Never co-mingle personal monies with court monies.* **p. 3**

C.4. *Maintain a uniform fine/bond schedule and fee schedule, and distribute them to anyone authorized to accept bonds.* **p. 3**

C.5. *Segregate the responsibility for receipting and disbursing payments from the responsibility for posting to the case financial records and reconciling the accounting records, to the extent possible.* **p. 3**

C.6. *Safeguard all accounting records, receipts, checks and monies received by the court.* **p. 3**

D.1. *Establish a fund for making change.* **p. 4**

D.2. *Do not make loans from the change fund.* **p. 4**

D.3. *Do not use the fund to cash checks or purchase supplies.* **p. 4**

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D.4. Reconcile the change fund daily or as each bank deposit is made. The beginning balance of the change fund should remain constant. p. 4

E.1. Establish a policy specifying the methods of payments that will be accepted. p. 4

E.2. Restrictively endorse all checks immediately, i.e., "For Deposit Only to (Courts Account Name)." p. 5

E.3. Limit the responsibility for receiving payments and writing receipts to as few employees as practical. p. 5

E.4. Secure all cash and checks received in a location that is out of the public view and is only accessible to authorized personnel. p. 5

E.5. Issue a receipt for each payment made in person. For all other payments, either issue a receipt for each payment or prepare a sequentially numbered transaction record for each payment. A receipt or transaction record shall include: p. 5

- a. Case number
- b. Date the payment was received
- c. Amount received
- d. Name of the person making the payment
- e. Identification of person receiving the payment
- f. Payment method (cash, check, credit card, etc.)
- g. Sequential receipt/transaction number
- h. Name of court

E.6. Record all payments received immediately on the case financial record.

p. 5

Record the following information on the case financial record:

- a. Case number**
- b. Defendant's name (if applicable)**
- c. Plaintiff's name (if applicable)**
- d. Date the payment was received**
- e. Amount received**
- f. Method of payment**
- g. Name of the person making the payment**
- h. Receipt/transaction number**
- i. Payment distribution (fine, Criminal Justice Enhancement Fund, Medical Services Enhancement Fund, bond, etc.)**
- j. Identification of person accepting payment**

E.7. Ensure that an automated accounting system includes the following:

p. 6

- a. Only the programmer or appointing authority can set or reset the receipt number assigned by the computer.**
- b. Permits the voiding of a receipt or a check and will not allow the original computer entry of the payment to be changed or deleted.**

E.8. Retain all voided manual receipts. Do not destroy them.

p. 6

E.9. Do not alter receipts. If an error is made, write "VOID" on the receipt and issue a new receipt.

p. 6

STANDARD	Page #	Comply: YES	Comply: NO
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E.10. Account for all manual receipts issued. ***p. 6***

F.1. Establish policies to require that disbursements (such as refunding exonerated bonds, paying restitution to victims, and refunding overpayments) be made within a prescribed period of time. ***p. 6***

F.2. Establish a policy identifying who authorizes disbursements and who issues and signs checks or check requisition forms. ***p. 6***

G.1. Use pre-numbered checks or check requisition forms, and establish a method to secure and account for all checks and check requisition forms. ***p. 6***

G.2. Limit responsibility for issuing and signing checks or check requisition forms to as few individuals as practical. ***p. 6***

G.3. Disburse all amounts by check. ***p. 7***

G.4. Sign checks only after completing the payee's name, amount, and date. Distribute checks immediately upon completing. ***p. 7***

G.5. Post all disbursements immediately on the case financial record and the cash control record or disbursement journal. ***p. 7***

Record the following disbursement information on the case financial record and cash control record:

- a. Case number***
- b. Defendant's name (if applicable)***
- c. Plaintiff's name (if applicable)***

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- d. *Date issued*
- e. *Check amount and/or bond amount converted to court assessments*
- f. *To whom paid*
- g. *Check number*
- h. *Payment distribution (fine, Criminal Justice Enhancement Fund, Medical Services Enhancement Fund, bond, etc.)*

G.6. Retain all voided checks. *p. 7*

G.7. Establish a method to stop payment and account for checks reported as lost. *p. 7*

H.1. Establish all bank and investment accounts under the name of the court, unless these accounts are maintained by the city or county treasurer and are established in the name of the city or county. *p. 8*

H.2. Keep the signature cards for all bank and investment accounts current. *p. 8*

H.3. Keep a list of all checking, investment and other bank accounts which includes the name and address of the banking institution, the account number, the account name, the rate of interest (if fixed), and the names of those authorized to sign checks or make withdrawals. *p. 8*

H.4. Establish all court accounts in banks that are insured by the Federal Deposit Insurance Corporation (FDIC). Maintain agreements with the bank(s) to provide collateral for amounts exceeding the \$100,000 FDIC insured amount. *p. 9*

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H.5. Deposit all monies in the same form as received, unless depositing by mail, and deposit at least daily if the monies collected exceed \$100. Convert all cash to money order before mailing if deposits by mail are necessary due to a local bank not being available. Retain the money order receipt. *p. 9*

H.6. Maintain a record of the individual receipts included in each deposit. *p. 9*

I.1. Reconcile and balance all court accounting records at least monthly to verify that all receipts and disbursements are accounted for properly. *p. 9*

I.2. Reconcile and balance all monies received after each shift but no less than daily and retain documentation of the reconciliation. *p. 10*

J. Investigate all court checks outstanding for more than six months. *p. 10*

K.1. Require all agencies accepting cash or securities as bond to remit the cash or securities collected to the court on the next working day or as soon thereafter as practical. *p. 10*

K.2. Issue a receipt immediately for all bond monies transmitted to the court. *p. 10*

K.3. Disburse bond monies by check and only upon order of the court unless otherwise ordered by the judge. Refund bond monies only to the individual(s) who posted the bond or to other individuals authorized by the person posting the bond. *p. 11*

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L. Prepare a monthly remittance report identifying how monies deposited in a bank account or with the city or county treasurer for the month are to be distributed. *p. 11*

M. An external audit of receipts and disbursements processed since the previous audit shall be performed no less than every three years by qualified auditors. *p. 11*

Date

Signature of Person Completing Form

Please Print Name

Date

Signature of Judge/Clerk of the Court

Please Print Name