

GENERAL DISTRIBUTION

**WEST VIRGINIA
DIVISION OF CORRECTIONS
& REHABILITATION**

NUMBER: 111.03

DATE: 25 September 2020

SUBJECT: FISCAL CONTROL

POLICY DIRECTIVE

PURPOSE:

To ensure appropriate internal controls over fiscal operations within facilities and work units.

REFERENCE:

WV Code §§12-2-2; 12-2-3; 15A-5-3; 36-8-2; and 36-8-7.

RESPONSIBILITY:

No additional written instructions on this subject are required.

CANCELLATION:

Any previous written instruction on the subject, including DOC Policy Directive 111.03, dated 01 June 2009; DOC Policy Directive 115.00, dated 01 July 2010; DOC Policy Directive 117.00, dated 01 January 2004; DOC Policy Directive 117.02, dated 01 July 2013; DOC Policy Directive 119.00, dated 01 January 2004; DJS Policy 117.00, dated 01 April 2011; RJA Policy 2006, dated 11 May 2016; RJA Policy 2007, dated 22 July 2010; and RJA Policy 2011, dated 15 May 1997.

APPLICABILITY:

All facilities and work units within the Division of Corrections and Rehabilitation. This Policy is available for general distribution.

DEFINITIONS:

Cash: For the purpose of this Policy Directive, this includes money or its equivalent in the form of coins, currency, money orders, pay cards and checks.

Imprest Fund: A change fund that has a fixed amount and is maintained at the agency. An imprest fund is not a petty cash fund.

Internal Controls: Functions, processes and procedures utilized by a spending unit to ensure compliance, proper accounting, and safeguarding of State funds, property, and equipment.

Outside Bank Account: An account operated by a state agency outside of the state treasury. It consists of monies not due the state. The State Treasurer's Office (STO) approves and monitors these accounts as set forth in West Virginia Code §12-2-3.

Segregation of Duties: The concept of having more than one person required to complete a task.

Unclaimed Property: Any personal asset that has remained unclaimed for a specific abandonment period as set forth in West Virginia Code §36-8-2.

POLICY:

- I. Superintendents and Unit Directors shall ensure the complete and accurate accountability of all staff members supervising the various fiscal programs within the facility or unit. This shall be accomplished with ongoing checks and balances as well as periodic audits conducted by the agency's Internal Auditor and facility Business Manager.
- II. All rules and regulations set forth by the State Treasurer's Office for outside bank accounts and WV State Code §12-2-3 governing deposits of monies not due the state into authorized outside bank accounts will be adhered to.
 - A. The only outside bank accounts authorized for DCR facilities and units are:
 1. Inmate/Resident Trustee Accounts
 2. Travel Advance Account (for inmate/resident related travel only)
 - B. To open an outside bank account, the facility or unit must complete the Request to Open an Outside Bank Account form available on the State Treasurer's website and submit to the Commissioner or designee. Approved forms will be submitted to the Division of Administrative Services (DAS) who will review and submit to the STO.
 1. If the account is approved, the STO will contact the bank at which the account is to be set up and provide the bank with the necessary information to open the account.
 2. The bank will then send a copy of the signature cards and other information to be completed, along with the account number, to the STO.

3. The STO will forward the approved Request to Open an Outside Bank Account form and the signature card along with any other account information to DAS.
 4. DAS will obtain the proper signatures on the signature card, return the original signature card to the bank, and provide a copy to the STO.
 5. Should it be necessary to change signatures during the term of the account, DAS will update the signature card, return the original to the bank and a copy to the STO.
- C. The STO will request various types of information throughout the year to help analyze and review the maintenance of the accounts by state agencies.
1. At the end of each fiscal year, as of June 30 and due by July 31, and at various times determined by the STO, facilities/units maintaining outside bank accounts must provide the following information:
 - a. Bank statements
 - b. Bank reconciliations
 - c. Itemized list of outstanding checks; including check number, date the check was written, and the amount.
 - d. Any other information requested by the STO
 2. All facilities and units shall immediately notify the STO in writing of any of the following changes:
 - a. Change of bank ABA or account number due to bank mergers or ownership.
 - b. Change of any authorized person on an account (see I.B.5. above).
 - c. Change of contact information for an account.
 - d. Any other changes the facility/unit/agency feels the STO should be aware of.
- D. To close an outside bank account, the facility or unit shall make sure all transactions have cleared the account to be closed and ensure the account has a zero balance.
1. The facility or unit will then complete the Request to Close an Outside Bank Account form available on the State Treasurer's website and submit to the Commissioner or designee. Approved forms will be submitted to the Division of Administrative Services (DAS) who will review and submit to the STO.
 2. The STO will then forward a copy of the request to the bank and verify the account has been closed.

3. The STO will then forward a copy of the approved close request to DAS who will forward to the facility/unit for their records.
- III. Facilities and units shall maintain proper internal controls with all outside bank accounts.
- A. Staff who are authorized to sign checks or reconcile the accounts shall not have possession of blank checks.
 - B. Checks and paper used to print magnetic ink character recognition (MICR) checks, shall be stored in a locked and secure environment.
 - C. Two signatures are required on all checks.
 - D. Staff shall never sign blank checks. Staff with signatory authority must verify the payee's name is present on the check and all backup documentation matches the payee and the amount of the check. Staff shall initial the backup documentation to document the review and make notations of any special circumstances. Staff with signatory authority will immediately notify the Superintendent, the Business Manager or lead fiscal staff member of any concerns regarding the supporting documentation and the check and file an incident report.
 - E. All funds received for an inmate/resident shall be deposited into outside bank account within one (1) business day of receipt and logged using the Deposit Information Spreadsheet (**Attachment #1**). The bag holding such monies should be sealed and/or locked before it leaves the facility.
 - F. Monies collected at the facility/unit shall be placed in an officially designated and secure location (locked fireproof cash drawer, safe or other secure place) until the cash/check is deposited. A limited number of staff shall have access to the secured receipts to prevent mishandling.
 - G. No individual shall have sole responsibility for the cash receipts. Multiple staff members shall be assigned certain functions with respect to cash/check receipts.
 - H. All cash should be counted out of sight of the general public by two (2) staff members with at least one (1) being business office staff, if possible.
 - I. Under no circumstances shall an employee commingle inmate/resident funds with the staff member's personal funds or take the inmate/resident funds home. All inmate funds must remain at the facility/work unit until deposited in the bank.
 - J. All incoming checks must immediately be stamped "For Deposit Only."
 - K. Staff duties when receiving cash/checks shall be segregated. An individual should not have the sole responsibility for more than one of the following cash handling

components: receipting cash/checks, preparing deposits, making deposits, and reconciliation of accounts. The Deposit Review Sheet (**Attachment #2**) shall be used to verify this segregation.

- L. All inmate/resident trustee accounts must be reconciled on a monthly basis and shall be performed by a staff member that does not have signatory authority on the account. All errors or irregularities shall be reported to the Superintendent and Business Manager or lead fiscal staff member to be investigated and corrected.
 - M. All account reconciliation shall be reviewed and approved by the Business Manager or lead fiscal staff member.
 - N. All bank account information shall be reported annually by each facility to the STO as required and forwarded to the DAS Accounting Team by the established deadline to be included in closing book reports. DAS will then forward to other necessary agencies outside of the Department of Homeland Security.
 - O. An independent review and/or audit shall be performed annually by the agency's Internal Auditor or designee. Additionally, these outside bank accounts will be further audited during the independent financial audit conducted at the end of each fiscal year
- IV. Record keeping of the inmate/resident funds and accounts shall be conducted through the inmate/resident trustee accounting system.
- A. The accounting system, at a minimum, will account for:
 - 1. Receipts – a record of cash, checks, voucher transfers, electronic deposits, and all other forms of receipts.
 - 2. Disbursements – a record of all funds paid from an inmate/resident's account. Written documentation shall be kept and maintained in the Business or Fiscal Office or scanned/attached to the inmate/resident's account on the system.
 - 3. Balance – inmate's/resident's accounts will be maintained in a current, balanced, and always up-to-date manner wherein all entries are posted in a timely manner.
 - 4. Vouchers/orders – copies of all documentation issued, such as, court orders or other financial obligation paperwork shall be kept and maintained in the Business or Fiscal Office or scanned/attached to the inmate/resident's account on the system.
 - B. Staff working with the inmate/resident funds and accounting system shall not keep any cash on hand, nor shall they make any cash purchases with inmate/resident funds. All cash and checks must be deposited into the inmate/resident's account within one (1) business day of receipt.

- C. The inmate/resident funds and trustee accounting system shall be audited by the Business Manager/Fiscal Clerk or designee no less than quarterly. The funds and trustee accounting system shall also be audited by the agency's Internal Auditor on an annual basis. Audits conducted by the Internal Auditor will examine the level of compliance with policy, standard financial management, and accounting procedures. A detailed report will be presented to agency and facility leadership. Unscheduled audits may be conducted when a need is determined.

- V. Superintendents may be authorized by the Commissioner to establish or continue an imprest fund for the sole purpose of providing employees with funds to transport inmates/residents for any purpose as determined by the superintendent.
 - A. The employee is required to complete a Travel Reimbursement Form for the travel within five (5) days of returning to the facility. The funds shall be used to reimburse the imprest fund for the amount expended by the employee.
 - B. Each facility that receives a quarterly travel cash advance will be eligible to maintain an imprest fund on-site.
 - C. The on-site imprest fund will be considered part of the Travel Advance Account. Therefore, at any point, during the quarter, the account should be able to be balanced by adding the checkbook balance, bank balance, and the required travel receipts.
 - D. Facilities authorized to use an imprest fund will be required to establish and maintain an adequate system of internal controls for the fund. These controls should include, but not be limited to, the following:
 - 1. These funds are strictly limited for the purpose of transporting inmates/residents and cannot be used for any other purpose.
 - 2. The checkbook should be kept in an officially designated and secure location (locked fireproof cash drawer, safe or other secure place).
 - 3. Access to the checkbook should be limited to necessary personnel.
 - 4. The same individual shall not control the checkbook and perform the quarterly reconciliation/settlement.
 - 5. At the end of each quarter, the balance in the imprest fund, along with the remaining balance in the bank account, will be settled to the STO and the West Virginia Auditor's Office via a FIMS Coversheet. This settlement should include all receipts for the quarter.

- VI. The West Virginia Uniform Unclaimed Property Act requires legal entities to file an unclaimed property report with the STO on a yearly basis.

- A. Property held by state agencies is presumed abandoned if it is unclaimed by the apparent owner one year after the property becomes distributable.
- B. All facilities and units will ensure that all checks written from outside bank accounts have a stale/void date of 180 days on the face of the check.
- C. All positive unclaimed property reports must be filed with the STO before November 1 of each year and cover the twelve (12) months preceding July 1 of that year. No report is required if no unclaimed property exists.
- D. Facilities/units must perform due diligence to find the owner of unclaimed property when the value is \$50.00 or greater prior to submitting the unclaimed property to the STO by sending written notice to the owner, not more than one hundred twenty (120) days or less than sixty (60) days before filing the report. The notice shall state the existence of the property, a description of the property, how to claim the property, and if not claimed, it will be remitted to the STO.
- E. A report of monetary unclaimed property shall be filed by entering data directly at <https://apps.wvsto.com/EHolder/> and then mailing the e-holder confirmation with remittance check payable to: State of West Virginia-WVSTO, PO Box 3328, Charleston, WV 25333.
- F. Should the outside bank honor a payment after it has been reported as unclaimed property, the facility/unit shall file a Holder Claim and Affidavit for Recovery of Property, available at <https://www.wvsto.com/Unclaimed-Property/Reporting-Forms> to the STO for reimbursement.

ATTACHMENT(S):

- #1 Deposit Information Spreadsheet
- #2 Deposit Review Sheet

APPROVED SIGNATURE: _____


Betsy C. Jividen, Commissioner


Date

