

MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject:

Depositing Checks, Money Orders and Cash

Number:

305.11 Amended

Date:

April 23, 2012

By Direction of:

Charles B. Zogby, Secretary of the Budget

Contact Agency:

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This directive establishes policy, responsibilities, and procedures for depositing checks, money orders, and cash received by agencies and for updating commonwealth accounting records for check, money order and cash deposits. Marginal dots are excluded due to major changes.

1. **PURPOSE.** To establish policy, responsibilities, and procedures for depositing checks, money orders, and cash received by agencies and for updating commonwealth accounting records for check, money order, and cash deposits.
2. **SCOPE.** This directive applies to all departments, boards, commissions, and councils (hereinafter referred to as "agencies") under the Governor's jurisdiction. Agencies not under the Governor's jurisdiction are encouraged to adopt similar policy and procedures.
3. **OBJECTIVE.** To ensure the prompt deposit of checks, money orders and cash received by agencies and the timely update of commonwealth accounting records for check, money order, and cash deposits.
4. **DEFINITIONS.**
 - a. **American Bankers Association (ABA) Routing Number.** A number printed on a check or money order that serves to identify the specific financial institution responsible for the payment of the check or money order.
 - b. **Cash.** Currency or coin.

- c. **Commonwealth Central Depository Facility.** A facility operated by the Department of Revenue that processes checks and money orders received directly from taxpayers or by agencies for deposit into a Treasury Department bank account. The facility located at Brookwood Street is used by all agencies in the Harrisburg area and regional offices that do not use a local bank.
- d. **Department of Transportation (PennDOT) Depository Facility.** A facility operated by PennDOT for processing checks and money orders received directly from customers for deposit into a Treasury Department bank account.
- e. **Depository Bank.** The commercial bank designated by the State Treasurer that is authorized to receive cash deposits of commonwealth revenue.
- f. **Image Cash Letter (ICL).** A method of transmitting images to a financial institution instead of presenting actual checks and money orders for deposit.
- g. **Nonstandard Check/Money Order.** A check or money order that does not include a standard ABA routing number.
- h. **Originator.** The individual or entity that issues a check or purchases a money order.
- i. **Revenue.** Funds received by an agency in return for a license, or as the result of a tax, fee, assessment, fine, penalty, reimbursement, sale of goods or services, grant, or contribution.
- j. **Refund of Expenditure.** A reduction in previously recorded costs as the result of a returned payment, a canceled payment, or a failed electronic payment transaction.

5. POLICY.

- a. Agencies collecting checks, money orders and cash shall minimize the number of times checks, money orders and cash are handled by different individuals before deposit.
- b. Checks and money orders must meet the following criteria before deposit:
 - (1) Contain a valid payee.
 - (2) Contain a valid date.
 - (3) Contain numeric amounts that agree with written amounts.
 - (4) Contain the originator's signature.
 - (5) Be payable at a US bank or payable in US dollars.

Note: Items that do not meet all the criteria must be returned to the originator for replacement.

- c. Nonstandard checks and money orders shall be sent to financial institutions via courier. All other checks and money orders that meet the criteria in section 5b of this directive shall be transmitted to financial institutions using ICL technology.
- d. Agencies must update accounting records in SAP and forward checks and money orders to the Commonwealth Central Depository Facility on a timely basis unless approved to use another bank or the PennDOT Depository Facility. Locations with minimal collections must deposit checks and money orders weekly or when amount is greater than \$500, in accordance with *Management Directive 305.5, Cash Management*.
- e. Agencies must use *Form STD 421 - Deposit Transit Slip* to forward checks and money orders to the Commonwealth Central Depository Facility.

Note: The deposit transit slip viewable by clicking the link in section 5e is a sample. A deposit transit slip for each deposit can be printed from the commonwealth's SAP accounting system after the deposit has been recorded.

- f. Agencies must deposit cash in a Treasury Department authorized bank account, obtain a receipted bank deposit slip, and update accounting records in SAP for the amount recorded on the receipted bank deposit slip.
- g. Receipted bank deposit slips must be retained in a secure agency location in accordance with the commonwealth's record retention schedule.

6. RESPONSIBILITIES.

a. Agencies shall:

- (1) Institute procedures to minimize the number of times checks, money orders, and cash are handled by different individuals within their agencies prior to deposit.
- (2) Ensure correct accounting codes are used to record deposits.
- (3) Follow established procedures for updating commonwealth accounting records in SAP.
- (4) Follow established procedures for depositing cash in a Treasury Department authorized bank.
- (5) Follow established procedures for forwarding checks and money orders to the Commonwealth Central Depository Facility.

b. Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Accounting shall:

- (1) Institute procedures to monitor the updating of commonwealth accounting records in SAP.
- (2) Monitor the confirmation of deposits sent to the bank.

- (3) Ensure timely and accurate deposit data is forwarded to the Treasury Department.

c. Department of Revenue shall:

- (1) Institute procedures to expedite the processing of checks and money orders.
- (2) Confirm deposit amounts and method of transmission to the bank.

7. PROCEDURES. The following manuals have been created as guidance for the implementation of the requirements of this directive and are incorporated by reference:

- a. Revenue Processing Desk Procedure Manual.
- b. Refund of Expenditure Processing Desk Procedure Manual.

This directive replaces, in its entirety, *Management Directive 305.11*, dated May 22, 2009.