

Alabama Licensing Officials Conference

January 11, 2018

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Department of Examiners of Public Accounts

Disclaimer

- This information was presented to the Alabama Licensing Officials Association Conference on January 11, 2018.
- This presentation represents the audit position of the Department of Examiners of Public Accounts as of that date.
- EPA (334)242-9200

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MINIMUM ACCOUNTING REQUIREMENTS

WHY “NEW” MINIMUM ACCOUNTING REQUIREMENTS

- ❑ To clarify intent by changing “should” to “shall” or “must”.
- “Should” has always been presumptively mandatory, and indicated a requirement, unless there was a documentable exception or alternative.
- For the purposes of these Minimum Accounting Requirements, shall means shall and must means must, and both indicate a requirement, unless there is a documentable exception or reasonable alternative.

WHY “NEW” MINIMUM ACCOUNTING REQUIREMENTS

- ❑ To Modernize Language
- ❑ To Include Advances in Technology
- ❑ To Update for Advances in Electronic Commerce
- ❑ To Emphasize Fiduciary Responsibilities

MINIMUM ACCOUNTING REQUIREMENTS

APPLICABILITY

- ❑ These minimum accounting requirements apply to:
 - Probate Judges
 - License Commissioners
 - Tax Assessors, Collectors and Revenue Commissioners
 - Other License Issuing Officials or Entities
- ❑ For Offices Which Perform Ad Valorem Tax Assessment or Collection Functions, some Minimum Accounting Requirements for Tax Officials may also Apply

MINIMUM ACCOUNTING REQUIREMENTS

- ❑ PURPOSE

- ❑ LEGAL AUTHORITY

- ❑ PUBLIC RECORDS

- Establish Written Policies and Procedures

- Emphasis on Duties and Responsibilities

- Safeguarding Records

MINIMUM ACCOUNTING REQUIREMENTS

PURPOSE

This handbook establishes the minimum accounting requirements for the Office of Judge of Probate. The purpose of these guidelines is to standardize the accounting system statewide for the Office of Judge of Probate. We believe that the proper management of funds is an essential part of government and will lead to the successful operation of your office. We hope that this information is beneficial to you in fulfilling the mission of your office. These minimum requirements supersede the minimum accounting requirements dated January 1993 and should be implemented immediately.

MINIMUM ACCOUNTING REQUIREMENTS

□ LEGAL AUTHORITY

41-5-23 – Officers to keep uniform accounts.

Every state and county officer shall keep the books, records and accounts and make the reports of his office in accordance with such systems, procedures and forms as may be prescribed by the Chief Examiner pursuant to this chapter. Any officer who fails or refuses willfully to do so and the surety on his official bond shall be liable for a penalty of \$50.00 for each week such failure or refusal continues. Penalties imposed and collected under this section shall be paid into the General Fund of the State Treasury.

MINIMUM ACCOUNTING REQUIREMENTS

□ INTERNAL CONTROLS

- Emphasis on Written Policies and Procedures
- Illustrative List is NOT to be Considered All Inclusive and Should be Modified to Meet the Specific Needs of Your Office
- Controls Should be Monitored Periodically to Ensure They are Operating as Intended and that They Meet the Current Needs of Your Office

MINIMUM ACCOUNTING REQUIREMENTS

1. Individual Daily Cash Checkup Sheets
2. Summary Checkup Sheets
3. Cashbook
4. Refunds
5. Bank Reconciliation
6. Returned Check Register
7. Voided and Modified Transactions

MINIMUM ACCOUNTING REQUIREMENTS

8. Remittances
9. License and Decal Inventory
10. Credit Cards and Online Transactions
11. Tax Levies
12. Chart of Fees
13. Special Funds
14. End of Fiscal Year Requirements

Individual Daily Cash Check Up Sheets

These are to be prepared at the end of each day by each person responsible for cash collections. This report reconciles the receipts issued to collections by cash, check, or credit cards. The example provides for the recording of cash over/short for the day. When the daily checkup is complete, cash and checks are then given to the person responsible for making deposits with appropriate documentation of the amount of cash changing hands. The daily checkup sheets shall detail the type and amount of transactions from each cashier composing the deposits. Deposits must be made intact.

Summary Check Up Sheets

- This worksheet is used to summarize the individual daily checkup sheets. The totals on this sheet are used to post the cashbook daily transactions.

For instance, the Recordation Tax report for the day should be generated for all Cashiers/Tellers and should match the totals on the Summary Check Up Sheets for all recordation tax collections. Any variances should be promptly investigated and resolved each day. The totals on this sheet are used to post the days transactions to the Cashbook.

Cashbook

The receipts section of the cashbook sheet shows the daily distribution of all collections, the cash over and/or short, and the actual bank deposit amount. Once an entry is made to the cashbook no changes should be made to the days entry. Refunds can be made and credit for those refunds should be taken on the monthly report.

Cashbook

The disbursements section of the cashbook recaps the checks written for the month. All monthly distribution reports should be reconciled to the total collections for each collection type as reflected on the cashbook receipts section **before checks are written.** All discrepancies must be identified.

Cashbook (Balances on Hand)

The receipts less the disbursements should leave a zero balance in the cashbook. All discrepancies must be identified.

Refunds

A summary of all refunds shall be made for each reporting period. No adjustments may be made to the daily work once the entry has been made to the cashbook. A refund must be made. Original receipts and a brief explanation as to why the refund was made must be maintained for examination purposes. Taxpayer signature acknowledging agreement with the amount of the refund must be maintained.

Bank Reconciliation

All bank accounts must be reconciled to the cashbook monthly. An analysis must be made of all balances on hand. As of the last day of the month, there will typically be some amounts not due to be remitted. These amounts will not be paid out until a subsequent period. Additionally, there will also be other reconciling items such as the cumulative total of cash over or short, the total uncollected returned checks, bank interest not remitted and bank charges.

Returned Check Register

The returned check register is a list of all returned checks as of the end of the month. Information should include the original transaction date, date the check was returned, the name of the issuer, the amount of the check, type of transaction, the date turned over to the WCU, NSF and bank fees collected, the date it was collected and the balance of returned checks that are uncollected as of the end of each month. The total of uncollected returned checks and the NSF fees collected are included on the bank reconciliation in the analysis of bank balance. This report **MUST** be examined and approved monthly by supervisory personnel.

Voided and Modified Transactions

Documentation must be maintained for all voided transactions that includes the original documents and the reason the transactions were voided. A report and documentation of the reason shall be available for any transaction which was changed or deleted. This report must be examined and approved by supervisory personnel monthly.

Remittances

This is a summary of all remittances made each year to the various agencies. The information for the summary is taken from the total monthly disbursements shown on the cashbook and posted to the remittance summary. This summary is then totaled at the end of the year.

The Remittances should be grouped by the agencies as follows:

STATE

COUNTY

COUNTY SCHOOLS

MUNICIPALITIES

OTHERS

FEES AND COMMISSIONS

License and Decal Inventory

A record of all licenses and decal numbers must be maintained. A record or log must be maintained of all the licenses and decals received from the state and the current location of those if they have been assigned to particular cashiers or satellite locations. Reports must be printed² by decal number at least monthly noting any skipped numbers. Reports must also be printed for skipped and voided decals. The Judge of Probate shall periodically, but not less than once per year, inventory all pre-numbered licenses

Credit Cards and Online Transactions

Records shall be maintained that report all credit card and online transactions including detailed information about the transactions. Reported amounts must be reconciled to the deposits into the bank account monthly. Each deposit made by credit card or online vendors must have a corresponding report available to show all of the individual transactions composing the deposit. Contracts with credit card or online vendors must be signed by the county commission and on file in the Office of Probate Judge.

Tax Levies

Documentation must be on file for all tax levies, including both ad valorem taxes and sales taxes, which are collected by the Office of Probate Judge. Documentation must also be available for the tax rates being collected in the various districts and the distribution of those taxes.

Chart of Fees

A listing of all fees being collected and the legal authority for each fee not derived from the chart in *Code of Alabama 1975*, Section 12-19-90, must be maintained.

Special Funds

A cashbook showing the receipts, disbursements and balances must be maintained for all special funds of the Judge of Probate, including Indexing Fee Funds, Copy Funds, and the like. This cashbook must categorize receipts and disbursements. The cashbook balance must be reconciled to the bank statement on a monthly basis.

MINIMUM ACCOUNTING REQUIREMENTS

❑ End of Fiscal Year Requirements

Each Judge of Probate shall submit the following information electronically to the Department of Examiners of Public Accounts at the end of each fiscal year:

- A. Certificate of Compliance with Minimum Accounting Requirements
- B. Cashbook detailing receipts, disbursements and balances for all funds maintained by the Judge of Probate
- C. September 30th Bank Reconciliation for all accounts
- D. Returned Check Register for all accounts
- E. Summary of Receipts and Disbursements

MINIMUM ACCOUNTING REQUIREMENTS

❑ End of Fiscal Year Requirements

- The information shall be emailed to the Department of Examiners of Public Accounts using the following email address:
- ProbateJudges@examiners.alabama.gov
- The end of year required information is to be submitted to the Department of Examiners of Public Accounts no later than December 31st, following the end of each fiscal year.

**Certificate of Compliance
Office of Judge of Probate³
Minimum Accounting Requirements**

I, _____, _____ of _____ County, hereby certify
(Title of Official)
that my Office **IS** in compliance with the Minimum Accounting Requirements for the
Office of Judge of Probate, as prescribed by the Chief Examiner of the Department of
Examiners of Public Accounts for the fiscal year ended September 30, _____

OR

I, _____, _____ of _____ County, hereby certify
(Title of Official)
that my Office **IS NOT** in compliance with the Minimum Accounting Requirements for the
Office of Judge of Probate, as prescribed by the Chief Examiner of the Department of
Examiners of Public Accounts for the fiscal year ended September 30, _____

Please list any areas of noncompliance:

Signature: _____

Printed Name: _____

Date: _____

³ - This certificate of compliance also applies to any other license issuing official or entity, including but not limited to License Commissioners.

Contacting Us

State of Alabama

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For a copy of the minimum requirements you may reach
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Questions?

