

Department of Family and Children Services Administration Policies and Procedures Manual Title: Internal Control Plan	Section: Administration Part: 500 Page: 1 of 31 Date: July 2012
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501. INTERNAL CONTROLS OVERVIEW

- A. Citizens demand and deserve cost effective government programs. They also expect to receive value for their tax dollars. Most major shortcomings that have been discovered in government programs, ranging from a lack of program accomplishments or results to wasteful or fraudulent activity, can be traced to a breakdown in some component of the system of internal control.
- B. The purpose of this section is to guide employees of DFCS in carrying out their responsibilities.
- C. Internal control has been the focus of much attention over the past several years. This interest in internal control in government has increased in recent years as governments have become more complex and as taxpayers have demanded more accountability. Citizens are demanding more than just an accountability of how funds were spent. Government managers are now under the gun to demonstrate the value of the program and whether its objectives were met.
- D. One significant development concerning internal control occurred when The National Commission on Fraudulent Financial Reporting, known as the Treadway Commission, was created in 1985 to identify the causal factors of fraudulent financial reporting and to make recommendations to reduce its incidence. Recommendations made by the Treadway Commission led to a review of internal control literature by a task force called the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This task force issued a report in September 1992 called Internal Control - Integrated Framework. The report, referred to as the COSO report, was used as a guide in developing the information relating to internal controls included in this manual.
- E. In 1988, the AICPA's Auditing Standards Board issued a revised auditing standard on internal control, Statement on Auditing Standards No. 55, Consideration of the Internal Control Structure in a Financial Statement Audit. This Statement on Auditing Standards was amended in December 1995 with the issuance of SAS No. 78 "Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 55", to reflect the definition and description of internal control contained in the COSO Internal Control -Integrated Framework.
- F. Each State organization has a responsibility to assess their internal control system and use this information to design, implement, and monitor internal controls that are suitable for their organization. If State organizations build the components of an internal control system into its planning efforts as well as its daily activities, its members are more likely to avoid unnecessary costs, make quick responses as needs arise, and adapt to decreasing resources and changing political and economic climates.

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- G. It is the policy of the Division of Family and Children Services (DFCS) that each County DFCS will develop and maintain a system of internal control designed to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies.
- H. The establishment and maintenance of effective internal controls within a strong and effective internal control environment are fundamental components in the safe and sound management of all DFCS offices.
- I. An important aspect of every State organization's responsibility is to provide legislative bodies, citizen/tax payers, bond rating agencies, other governmental agencies, regulators and other interested parties, with reasonable assurance that the State organization's activities are controlled and its risks are prudently and soundly managed.
- J. DEFINITION OF INTERNAL CONTROL
1. Activities undertaken by management to increase the likelihood of achieving management objectives in the areas of efficiency and effectiveness of operations, reliability of financial reporting, compliance with laws and regulations, and safeguarding of assets.
 2. Internal control is a process that keeps an organization on course in achieving its objectives. A system of such controls should provide reasonable assurance that entity objectives are being met.
 3. These objectives fall into four separate but related categories:
 - a. effective and efficient operations;
 - b. reliability of financial reporting;
 - c. compliance with applicable laws and regulations; and
 - d. safeguarding of assets.
- K. People at every level of the DFCS organization affect internal control. Internal control is, to some degree, everyone's responsibility. Within each State organization, department heads are primarily responsible, and will be held accountable for internal control in their respective departments.
- L. Effective internal control helps DFCS achieve its operations, financial reporting, and compliance objectives. Internal control keeps each DFCS office on course toward its objectives and the achievement of its mission, and minimizes surprises along the way. Internal control promotes effectiveness and efficiency of operations, reduces the risk of asset loss, helps to ensure the reliability of financial reporting, and compliance with laws and regulations.

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M. Internal control can provide only reasonable (not absolute) assurance regarding the achievement of an organization's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the realities that human judgment decision-making may be faulty, that persons responsible for establishing internal controls need to consider their relative costs and benefits, and those breakdowns that can occur because of human failures such as simple error or mistake. Moreover, controls can be circumvented by collusion of two or more people, or by management override of the internal control system.

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502. Separation of Duties

- A. Separation of duties is the division of key tasks and responsibilities among the various employees and subunits of an organization. No one individual should control all the key aspects of a transaction or event.
- B. By separating key tasks and responsibilities - such as receiving, recording, depositing, securing, and reconciling assets - management can reduce the risk of error, waste, or wrongful acts occurring or going undetected.

For example - in a purchasing cycle separation of duties can minimize the risk of inappropriate, unauthorized or fraudulent activities

- C. Specifically, the various activities related to a purchase (e.g., initiation, authorization, approval, ordering, receipt, payment, and record keeping) should be done by different employees or subunits of an organization.
- D. In cases where tasks cannot be effectively separated, management can substitute increased supervision as an alternative control activity that can help prevent or reduce these risks.

NOTE: In the event that a county DFCS office is unable to comply with the policy on separation of Duties, then the county director will need to prepare a Waiver Request explaining their concerns. The Regional Director in conjunction with the Fiscal Operations Manager will review the Waiver Request and determine if other options are available or approve the waiver.

E. Procedures

- 1. The duties and responsibilities of personnel involved in the various accounting functions will be arranged so that a different individual handles each of the following:
 - a. Preparing checks
 - b. Signing checks
 - c. Reconciling bank statements
 - d. Handling cash receipts
- 2. Personnel responsible for preparing checks do not manually sign checks, reconcile bank statements or have cash receiving duties.
- 3. Personnel responsible for signing checks are covered by the Department of Human Services' blanket bond and do not prepare checks, reconcile bank statements or have cash receiving duties.
- 4. Personnel responsible for reconciling bank statements do not prepare checks drawn from the bank accounts being reconciled, sign checks, or have cash receiving duties.

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5. Personnel responsible for cash receiving duties do not prepare checks, sign checks or reconcile bank statements.
6. Personnel responsible for entering claims into SUCCESS do not receive cash from clients for claim payments.
7. General Journal Entries, along with supporting documentation, are reviewed and approved by an Accounting Supervisor or the Fiscal Operations Manager.

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503. Control of Funds Received

- A. Cash receipts are described as funds to be deposited in the county's agency bank accounts, i.e. cash, money orders, checks or other negotiable instruments. (Checks and money orders should be made to the DFCS office, not an individual employee.)
- B. Investigate any unusual checks made payable to DFCS before depositing into the county's bank account.
- C. Procedures
 - 1. Cash receiving activities must be centralized.
 - 2. Pre-numbered, three-part cash receipts must be used and a receipt must be written for each cash receipt transaction. This would include all checks and money orders whether they are received in the daily mail or brought into the DFCS Office or Regional Accounting offices by clients and others.
 - 3. The person receipting in these funds should be divorced from other accounting or money handling functions.
 - 4. Employee(s) who have the responsibility for opening incoming mail must prepare cash receipts on a daily basis. Two staff members should be present when opening mail containing cash receipts.

NOTE: In the event a DFCS office only has one person who can open and process incoming mail, the Regional Director and Fiscal Operations Manager will need to prepare a waiver for this situation and ensure that additional safeguards are in place to reduce the possibility of theft.

NOTE: If the person responsible for preparing the deposit has already collected funds for the day, you are to continue writing receipts with the current day's date, but you need to mark the time received. Policy has been updated to allow funds to be deposited within 24 hours if over \$100.00.

- 5. All copies of spoiled or voided receipts are to be retained and marked "VOID". The top two copies of these receipts are to be submitted to the accounting department to be entered into the Cash Receipt Journal in sequential order. The remaining copy should be maintained in the cash receipts book.
- 6. Receipt numbers must be cross-referenced to deposit slips and cash receipt journal.
- 7. All checks and money orders received must be endorsed payable "For Deposit Only" to include the agency name as soon as they are received.
- 8. Responsibility for cash receipts is fixed from the time of receipt until deposit. When cash is transferred, the employee receiving the cash initials the receipt book to indicate it has changed hands.

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9. Cash receipts are kept intact and are deposited within:
 - Three (3) banking days of receipt provided receipts total less than \$100.00
 - Receipts totaling \$100.00 or more must be deposited within 24 hours
 - All receipts received must be deposited by the last day of the month
10. Bank deposit slips are initialed by the employee transporting funds to the bank for deposit.
11. Cash receipts are not commingled with petty cash.
12. Employees do not cash personal checks from cash receipts or petty cash.
13. When a third-party check is sent to the DFCS offices to hold for a client, these checks should be logged in and secured. When the client picks up the check(s), they should initial that they have received.

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504. Client or Vendor Overpayments

A. Food Stamps, TANF, or Child Care

1. Currently, if a caseworker determines there is an error in benefits, whether an underpayment, overpayment or fraud, the caseworker handles as follows:
 - a. Suspect Fraud – The worker completes Form 5667, is given to their Claims Manager for review and logging, and is then forwarded to the OIG department for further investigations.
 - b. Non-Fraud Clams (overpayment or underpayment) – The worker determines the correct eligibility funding for the client and establishes the amount of benefit error. This information is then passed on to their supervisor who approves the overpayment for collection. Underpayments are immediately processed without supervisory review. The worker will then contact the client to negotiate a Repayment Agreement to make payments to the DFCS office on a regular basis. As long as the client is making their payments according to the repayment agreement, they are still eligible for services. As long as payments are made according to the contract, the claim is not turned over to the Tax Intercept department for recoupment.
2. A Child Care Repayment/Correct Authorization (Form 112) is completed for each program/entitlement code and month detailing the overpayment. Regional Accounting will create a spreadsheet, by client, and track the repayments to ensure all funds are appropriately posted.
3. A Child Care Claim and Repayment Agreement (Form 111) is completed and signed by the caseworker and the client.
4. Child Care Claims data is reported on the OFI Date Forms which is e-mailed monthly to OFIdataforms@dhr.state.ga.us.
5. Procedures
 - a. If a client is paying a claim with cash (cash, check or money order):
 - i. Payment will be entered into a three-part, pre-numbered receipt book.
 - ii. Receipts for Food Stamp, TANF and Child Care claim payments should indicate the client's outstanding claim balance before and after the payment.
 - iii. The employee that is responsible for receiving cash payments from clients for Food Stamp and TANF claims payments cannot enter the claims data into SUCCESS.
 - iv. Claims payments are entered into the accounting system showing the client's name and SUCCESS number, if available.

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- b. Each month, Regional Accounting will submit a payment via direct deposit to Office of Financial Services for all Child Care Recoupments.
- c. Office of Financial Services will reduce the region's GIA payments for Food Stamp and TANF by county based on the data entered monthly on the DMD6450i SUCCESS reports.

B. Vendor Overpayments

- 1. Services or Benefits are overpaid to a vendor or family, the caseworker and the vendor/family will negotiate a Repayment Agreement to make payments to the DFCS office on a regular basis. As long as the vendor/family is making their payments according to the repayment agreement, they are still eligible for services/benefits.
- 2. Before any re-payments can be made to DFCS by the vendor/family, the caseworker must secure a signed repayment agreement which details the amount of the overpayment and the time frame in which it will be re-paid.

NOTE: Any vendor/family refusing to negotiate a repayment agreement with the caseworker will be turned over to Office of Investigations to pursue reimbursement through legal action and/or tax intercept.

- 3. Once this is obtained, a copy must be sent to the regional accounting office so that they can re-rate these overpayments into an Accounts Receivable account to await reimbursement.
- 4. Each overpayment will be tracked in EXCEL to monitor the progress of the repayment.

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505. Control of Cash Disbursements

A. State Budgets

Line-item budgets are developed to plan and control the expenditure of operating funds by activity. The Division of Family and Children Services' Office of Planning and Budget approve budgets containing allocated Grant-in-Aid funds.

NOTE: Per the Director of Operations, Regional Office invoices for month-to-month expenditures, postage meter rental, copier rental, basic supplies, registration fees, etc, may be approved by the Regional Director. Purchases for \$1,000 or more that are not supply orders, equipment, or travel must be approved by the Director of Operations. Original invoice and Original signature protocol applies.

B. County Budgets

The County Commission approves the County's operational budget and determines the disposition of Cash Advance funds yearly.

If approved by the County Commission, then the County Board has the discretion to approve budget revisions, or special purchases for that year.

A copy of the signed, approved budget and approved signed minute meetings delegating authority to the County Board are to be provided to Regional Accounting to maintain for audit purposes.

C. Disbursement Requirements and Approvals:

1. Some programs have limited funding and therefore such be reviewed prior to payments being made. If necessary, state office leadership may have to be contacted about moving the funds around to cover.
2. Personnel that do not process checks can distribute checks at the Regional Accounting offices or DFCS County offices.
3. A current Request for Taxpayer Identification Number and Certification Form (W9) is on file that provides the Taxpayer Identification Number (TIN) for each vendor subject to receive a Form 1099 – MISC from the Agency. Regional Accounting cannot add a new client or vendor into SMILE without the information on this form.

NOTE: Vendors receiving \$600.00 or more for rents, services, medical, health care or legal services will receive a 1099 at the end of each calendar year.

4. Disbursements will be processed from documentation that has **original authorized signatures on appropriate check request or invoice to prevent duplicate checks from being processed.**

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NOTE: In the event a vendor cannot provide an original invoice then a photocopy of the invoice should be sent with the following statement written on the face of the invoice **“THIS IS A CERTIFIED COPY OF THE ORIGINAL INVOICE”** and it should be signed and dated by an employee of the vendor.

5. All invoices/statements must be date stamped the day the invoice arrives in the County DFCS office and when received in the Regional Accounting office.
6. LOCAL FUNDS - Documentation is provided and approved by the appropriate authority to support payments made from local funds. Local funds, regardless of source, are subject to the same accounting and internal control policies and procedures as those governing Federal and State funds.

NOTE: If the county’s budget is line item, and a purchase is not originally defined in the budget, the county director must seek approval from their county board.

7. Faxed vendor statements or invoices are not acceptable documents for the purpose of processing payments.
8. An emergency should be a situation where a check needs to be written and picked up from the accounting department by a DFCS employee the same day.

EXCEPTION: In cases of emergencies, invoices/check requests can be paid from a fax. Once the emergency is determined, the approved documentation should be faxed as soon as possible to the accounting department. **The DFCS employee must bring the original documentation to the accounting department when picking up the emergency check. Checks cannot be released until the original documentation has been received.**

9. PAYROLL and TRAVEL
 - a. All employee positions must be authorized and be within an approved budget.

NOTE: Effective Fiscal Year 2013, the Regional Directors and County Directors will be allowed to hire front-line eligibility staff (Job Code #'s: 14456, 14412, 14454, and 14405) and front-line social services staff (Job Code #'s: 14212, 14203, 14204, 14205 and 14006) as long as they stay within their budget without state office approval. If funding is available, all other positions not specifically listed above require Critical Hire approval by the Commissioner. If funds are not available, they should seek written approval for a budget reallocation before the position is submitted to the state office for Critical Hire approval.

- b. All withholding and deductions must be supported by appropriate forms and maintained for all employees. All withholdings/deductions from payroll are reconciled and any differences properly supported and corrected.

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NOTE: A separate file on each employee should be maintained containing all payroll deduction approvals, direct deposit approvals, and personnel forms that were needed in order to process an employee's salary.

NOTE: All Court Ordered paperwork is to be maintained in separate files from the employee's file.

- c. All payroll taxes, flexes, health premiums and miscellaneous employee deductions should be made timely and accurately.
- d. All reimbursements to employees are to be reported on a travel statement (Form 726) containing the original signatures of the staff claiming reimbursement and the reviewing authority, the nature and amounts of claims, the purpose of the trips, and odometer readings.

10. FOSTER CARE and RBWO

- a. It is acceptable for Foster care invoices (FORM 526) or the RBWO Pre-Bill invoices (SMILE Generated), if they have the correct placement and payment of care information entered and approved in SHINES, to be mailed directly to the Regional Accounting offices'.
 - If a county chooses to have their invoices mailed directly to the Regional Accounting office, they must ensure that the child's county of custody is entered on all invoices.
 - Accounting staff will match the paper foster care invoice to the SHINES invoice.
 - Foster care invoices (Form 526) that do not have correct invoices in SHINES or have request for unusual reimbursements must be reviewed and approved by the specified county DFCS staff and returned to Regional Accounting to be processed.
- b. Accounting staff will enter additional state-funded foster care expenditures (clothing, supplemental supervision, etc.) to the SHINES generated foster care invoice based on foster care policy. Receipts are required.
- c. Accounting staff will enter additional county-funded foster care expenditures (clothing, allowances, etc.) to the SHINES generated foster care invoice based on the child's county of custody's current policy. Receipts are required.

NOTE: If a child is to be placed in a placement in a county other than their own, the caseworkers need to contact the receiving county to determine what types of county funded expenditures they will be responsible for paying. The county of custody must pay the foster home for these expenditures whether they do their own foster homes or not.

NOTE: Each year, the county DFCS office will provide an updated document to Regional Accounting detailing what expenditures can be paid with county funds.

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- d. Accounting staff will enter a line item to the SHINES generated foster care invoice using the child's restricted funds against any state-funded or county-fund expenditures as appropriate.

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11. RESTRICTED FUNDS

- a. Restricted fund expenditure requests for adults, children (other than FC Invoice expenses), other special programs, and county related funds will be paid from SMILE. In order to process these payments, Regional Accounting needs:
- The Form 750 may be used to authorize more than one check if the checks are for the same client and going to the same vendor, such as allowances.
 - The Form 750 may be used when purchasing for multiple clients provided it is from the same vendor. Form must be copied in order for each client to certify the goods were received.

NOTE: Since restricted funds are paid with a Regular Operating Bank check, a copy of the check and supporting documentation are to be filed in the child's individual restricted funds folder.

12. DELIVERED SERVICES for CLIENTS

NOTE: Effective Fiscal Year 2012, all client related programs must have a fully executed contract in place before any payments are to be made.

NOTE: For Fiscal Year 2012, due to enhancements that were needed in SHINES on the Service Authorization page, Service Authorization's were generated manually, two DFCS signatures required. The Service Authorization's were faxed or emailed to the vendor who was responsible for attaching a copy of the Service Authorization to each invoice when requesting payment

- a. Original invoices from the service providers will be mailed to the DFCS county to review and approve the services, unit rates, and number of units (sessions, visits, hours, etc.).
- b. If there are state mandated invoices, Travel Logs and Travel Forms, these must be used. Regional Accounting will return any invoice packets submitted for processing if they did not use the appropriate forms.

NOTE: Payments in SHINES for Delivered Services are not mandatory at this time. However, Regional Accounting is to make every effort to pay as many invoices from SHINES as possible.

- c. Non-Services' related expenditures - Payments cannot be made from quotes or estimates. The original invoice after services are rendered is required

13. Appropriate Documentation and approvals for invoices is as follows:

NOTE: Any of the following are considered to be an appropriate document for requesting a check. Some may vary depending on which program is used.

- Request Authorization for Disbursement Form (ADPOR)
- Authorization for Restricted Funds Form (750)
- Statement for Contracted Services (Form 5357)
- Form 713
- SUCCESS Screen Prints

Type of Payment	Documentation Required	Approval & Signature Required
Payroll – Appointments, changes and terminations	Personnel action forms must be on file	Personnel action forms may be faxed, scanned or emailed to RA, the original documents with original signatures are maintained at the state office
Payroll - Employee deductions	Appropriate authorization forms from vendors, direct deposit forms, health forms, flex forms, def comp, etc	Authorization forms signed by the employee
Payroll – Taxes and Withholding Deductions	Vendor invoices, Answers of Garnishment Letters, SMILE generated reports for withholdings, Tax Withholding Calculations Worksheet, etc	One RA original approval signature on all documents
Travel - Regular	Travel Statement with all receipts as required in Travel Policy, such as Hotel, Rental Car, Gas for Rental Car, Parking, etc	Employee and one original approval signature on the Travel Statement
Travel – Monthly Rental	Monthly Rental Log with all gas receipts, if Enterprise bill comes to county that should be attached, if goes to RA, they will attach	One DFCS or RA original approval signature on the Monthly Rental Log is required, employees are to sign each gas receipt
Regular Operating	Vendor invoices or acceptable check request with receipts attached. If the check is required in advance, then the employee will be required to provide a receipt upon return.	One DFCS original approval signature on all documents

Type of Payment	Documentation Required	Approval & Signature Required
Purchase Orders	Vendor invoices or acceptable check request with receipts attached. If the order is for supplies or a list of items, then a packing slip or receiving order, and the Purchase Order should also be attached	One DFCS original approval signature on all documents The Purchase Order should be signed by the budget approving authority and the County Purchasing Officer. The packing slip and the receiving order should also be signed and dated by the person who physically checked in the order
Adoptions and Relative Care	SMILE system Per Diem reports for each category All other payments from this program are required to have invoices or acceptable check request with receipts attached, such as Legal Fees, Clothing, etc	TWO DFCS original approval signature on all documents
Foster Care and RBWO	Foster Care Invoice or RBWO Pre-Bill and original receipts to support purchases. If receipts are for multiple children, a copy of the receipts must be clearly marked as to which child the purchases belong, and the original receipts must be attached to one of the invoices	If the state expenditures are within COSTAR Guidelines, no signatures are required. If the county expenditures are defined in approved county written guideline document, no signatures are required.
Restricted Funds – Foster Care kids	Foster Care Invoice or RBWO Pre-Bill and original receipts to support purchases. If receipts are for multiple children, a copy of the receipts must be clearly marked as to which child the purchases belong, and the original receipts must be attached to one of the invoices	If the state expenditures are within COSTAR Guidelines, no signatures are required. If the county expenditures are defined in approved county written guideline document, no signatures are required.

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Type of Payment	Documentation Required	Approval & Signature Required
Restricted Funds – Adults, Other, County, and Clearing Accounts	Authorization for Restricted Funds (Form 750) is required and should have vendor invoices, utility bills, and/or receipts attached. For month-end reconciliation checks, the Form 750 is required along with supporting documentation as to how amounts were calculated.	One DFCS or Dept of Aging original approval signature is required on all documents. Month-end reconciliation checks, one RA original approval signature is required on all documents
Services Client Related (Family Preservation)	Vendor invoices or acceptable check request with receipts attached. Service Authorization are required to be attached.	TWO DFCS original signatures are required on all documents.
Non-Services Client Related (TANF)	Vendor invoices or acceptable check request with receipts attached. Purchase Orders are to be attached, if applicable.	TWO DFCS original signatures are required on all documents.

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D. Check Procedures

1. Effective July 1, 2012, DFCS will no longer use pre-printed, pre-numbered checks. Check stock will be blank, routing numbers, account numbers, check numbers, vendor names, amounts, etc will print at the same time a payment is processed.
2. All disbursements, with the exception of petty cash are made by Agency check.
3. Checks are not made payable to "CASH" or "BEARER". Blank checks are NOT signed in advance.
4. Checks are made payable to employees only for purposes of payroll, official travel and reimbursement as Petty Cash Custodian.
5. All invoices are verified for mathematical accuracy prior to submission to the accounting department for payment. Regional Accounting will also review the invoices for accuracy before payment is made.
6. Discounts for prompt payments are taken when allowed.
7. Each check is matched with its appropriate source document (i.e., approved invoice). Checks are examined for accuracy by the employee responsible for reviewing, separating and mailing the prepared checks (usually the accounting clerk).
8. Paid invoices are canceled at the time of payment showing date paid and check number(s) **OR** by attaching invoices to check copies. (Either method is permissible.)
9. Voided checks are clearly marked with the word "VOID" written across the face and signature space is obliterated. Each voided check is entered into the appropriate journal indicating it is a voided check.
10. Printed on the face of each check is the statement "VOID AFTER 180 DAYS". Checks outstanding for 90 days are investigated to determine why they have not cleared the bank. Before the checks are outstanding for 180 days, a stop payment should be issued on the check and the check is voided in the system.
11. Check registers are reviewed for sequential order and amounts are reconciled to the appropriate journals for accuracy at month-end.

E. Check Signing

1. A current signature card that restricts signatures is on file at the bank(s). Authorization to the bank(s) to recognize the signatures named herein was made by resolution by the County DFCS Board.

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NOTE: The DFCS Deputy Chief Financial Officer should always be the main signature on every bank account.

NOTE: Due to Separation of Duty control, the Fiscal Operations Manager in the Regional Accounting office CANNOT be a signer on the county's bank account. They may be added to On-Line Banking, if available, for purposes of voiding checks, printing bank statements, issuing stop payments and reviewing cleared checks for posting accuracy.

2. Banks are to be notified immediately when an authorized check signer terminates. If the County Director's position becomes vacant, the bank, by County Board resolution, will be authorized to recognize the signature of the individual placed in charge.

NOTE: Regional Accounting should maintain a copy of each county's bank signature cards. In July when completing the Internal Control Plans for the Fiscal Year, the Signature Cards should be reviewed and corrected as needed.

NOTE: Per directive from Office of the State Treasury, effective May 2012, all DFCS offices must submit the Plan of Operations Form (AKA: Request to Open/Change Banks Form) to the Fiscal Service Director for approval prior to negotiating any changes with their current bank or pursuing services with a new bank. The Fiscal Services Director will forward to the Office of State Treasury for approval.

3. Effective July 1, 2012, signature plates will no longer be located at the regional accounting offices' but at our accounting software company's office in Carrollton, GA. IP addresses are being established that will control a regional accounting offices' ability to print and sign checks

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506. PURCHASING AND PROCUREMENT

A. PURCHASE ORDERS for NON-Services' Related Programs OR SERVICE AUTHORIZATIONS for Services' Related Programs MUST BE ISSUED BEFORE PURCHASES ARE MADE.

B. Either a Purchase Order (Form 745), Service Authorization, Authorization for the Use of Restricted Funds (Form 750) or Authorization for Disbursement Form (ADPOR) is used for ALL purchases paid directly to a vendor.

NOTE: Effective Fiscal Year 2012, a fully executed contract must be in place for all programs as required, such as Interpreters, Client Services, TANF Contracts, etc. before any payments can be made.

NOTE: All Purchase Orders for Contracts are to be entered by Regional Accounting personnel only.

C. The DFCS County Purchasing Officer (CPO) assists with purchase plans and receives all purchase requests. The CPO will work with Regional Accounting to ascertain that funds are available before purchases are made. The CPO will review the appropriateness of each purchase request and review each purchase request for accuracy and completeness.

D. The CPO does not authorize nor approve payments for purchases.

E. Purchase Orders (Form 745), Service Authorizations, Authorizations for the Use of Restricted Funds (Form 750) or Authorization for Disbursement (ADPOR) are approved and signed by the County Director or designee prior to purchases being made or services rendered. The person authorizing payment for a purchase should not be the same person who acknowledges the receipt of the purchases.

F. An employee other than the CPO or the approving authority is responsible for verifying, signing and dating the receiving report and the Purchase Order stating that the items listed on the receiving report have been received. If there is no receiving report or packing slip, then the employee will need to verify items received using the Original Purchase Order, and write on the Purchase Order that they have verified all items were received, sign and date it.

G. The receiving report will be submitted to the CPO who will then confirm the items received match the Purchase Order. If the order is altered in any way, the CPO notes the change on the Purchase Order and notifies the vendor within 24 hours of receipt.

H. The CPO will attach all components (Purchase Order, the packing slip, and/or receiving report, and original invoice) together and submit for payment approval.

I. Once ALL documents are signed to approve payment, the county's accounting liaison will batch all components and send to the Regional Accounting office for payment.

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J. Partial Shipments

- A partial shipment invoice can be approved for payment after the CPO verifies that the invoice accurately reflects the quantity and description of the items received to date. A copy of the Purchase Order indicating which items to pay, the packing slip and/or the receiving report and original invoice must all be approved for payment.
- Once the remaining items on the order are received, the original Purchase Order indicating those remaining items are okay to pay, the packing slip and/or the receiving report and final original invoice must all be approved for payment.

K. Control of Contracts

1. Procurement by contracts must conform to policy and procedures established by DHS and/or DOAS as published in the Georgia Procurement Manual.

NOTE: A fully executed contract must be in place for all programs as required, such as Interpreters, Client Services, TANF Contracts, etc. before any payments can be made.

EXCEPTIONS: A non-contracted vendor can be used for a court ordered service if the service cannot be provided by an existing contracted vendor. In those circumstances, a Purchase Order must be issued and the Court Order must accompany the vendor invoice in order to be processed for payment. The county should immediately initiate a contract with this vendor. If the court order requires for services to be performed numerous times, the Purchase Order will suffice as long as a contract has been initiated.

2. No changes are permissible to Contract templates or Annexes unless approved by DHS Purchasing.
3. All contract proposals and updates are to be reported on the Contracts Log (EXCEL) and submitted to the Contracts Unit for review.
4. All client related contracts must be submitted to DHS Contracts Unit for review and approval by the Commissioner's office.
5. All Regular Operating Contracts are to be reviewed and approved by the Regional Director.

NOTE: If a Regular Operating Contracts needs to be amended during the Fiscal Year and the contract amount exceeds \$50,000, the Regional Director will need to receive the Field Operations Director or DFCS Division Director approval.

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507. Credit Cards (P-Cards)

- A. The only acceptable Credit Card or Charge Card for DFCS is the P-Card.
 - B. P-Cards may be used to purchase client related expenditures and office supplies. It is prohibited to put any employee related cost on a P-Card.
 - C. Charges made for Foster Care children (clothing, miscellaneous, etc.) must be paid from county funds. Only expenditures reported on a Foster Care Invoice can be reimbursed through Grant-in-Aid funds.
 - D. A blanket Purchase Order (Form 745) payable to Bank of America will be issued for each county at the first of the month to cover all purchase made on the P-Cards for that month.
 - E. Employees are required to complete the P-Card Approval Log and the P-Card Activity Log and attach them to their invoices when submitted for payment.
 - F. The invoices and/or receipts must be marked with the appropriate Program/Entitlement code to be charged, if it is Child related, they must include the child's name, DOB, and County of Residence.
 - G. All invoices and/or receipts must be signed by the approving authority.
 - H. All P-Card receipts should be submitted weekly and must be submitted for payment by the 5th of every month. The Regional Accounting staff will update the invoices in WORKS with the correct region, county, chart of account, child id# and child welfare type code, if applicable.
 - I. In order to allow sufficient time for Regional Accounting staff to code invoices into the WORKS system, and make the payment deadlines, a P-Card holder will submit their invoices, approval logs, and WORKS weekly statement to their supervisor who will validate that all invoices are accounted for and approve for payment. These weekly statements, along with the invoices will be forwarded to Regional Accounting staff for entry into the WORKS system. As a double check, Regional Accounting staff will reconcile the Regional P-Card statement at month-end to ensure all invoices have been received for payment.
- NOTE: Any outstanding items on the statement will be charged to County funds until the employee submits the appropriate documentation. At that point, the Regional Accounting staff will re-rate the charge to the correct program.
- NOTE: Continual failure by an employee to submit their invoices on time or at all will result in their P-Card being suspended.**
- J. The monthly blanket Purchase Order and Credit card statement are to be approved for payment by the County Director or designee.

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K. Approved purchase order and statement are forwarded to regional accounting to maintain for audit purposes.

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508. Gift Cards

- A. A county employee must be designated as the Gift Card custodian. This cannot be a Regional Accounting employee due to separation of duty requirements.
- B. County DFCS employee submits an Authorization for Disbursement Form (ADPOR) or Authorization for the Use of Restricted Funds (Form 750) for a check to purchase gift cards, gas cards, etc for Clients with a detailed explanation of purchase. Appropriate fund source (county, donations, etc.) is provided on the request.
- NOTE: These purchases must be charged to 127.150 unless the cards are being distributed immediately.
- C. The use of gift cards is not an acceptable method for purchasing supplies or other items that are required to be purchased with a purchase order.
- D. The County Directors or their designee must sign the ADPOR or Form 750.
- E. The Gift Card Custodian will purchase the gift cards.
- The custodian will complete the Gift Card Log/Form listing all Gift Card numbers for tracking, and make a copy of the log/form and attach to the receipt to be returned to Regional Accounting.
 - As each client signs for their Gift Card, the employee must post the current date, client's name and case number, program/entitlement code, and sign.
 - Unused Gift Cards must be returned to the custodian at the end of each day for safekeeping.
- F. On the last day of each month, the Gift Card Custodian will complete the Gift Card Reconciliation Report which will provide an inventory of all remaining cards by vendor type and amounts to Regional Accounting.
- G. Monthly, the completed Gift Card Log/Form must be submitted to regional accounting for proper posting of the current month's expenditures.
- H. Regional Accounting supervisor will reconcile the balance of cards on hand to the 127.150 account to ensure all cards have been properly expended and all unused cards are properly secured.
- I. Independent Living Program (ILP) gift cards should only be purchased as part of a contract for a planned training or event. They must follow the same procedures as listed above.
- J. In the event of a disaster, gift cards can be bought for clients. The Division will determine at the time how gift cards will be distributed.

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509. Equipment/Inventory Control

- A. Personnel responsible for maintaining inventory records do not approve purchases or approve invoices for payment.
- B. An in-house inventory system is maintained on all Agency equipment regardless of cost. A copy of the in-house inventory listing is provided to the Division Office for insurance purposes.
- C. The in-house inventory system is recorded with the following:
 - 1. Description
 - 2. Date of purchase
 - 3. Acquisition cost
 - 4. Fund Source
 - 5. Location

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510. Safeguarding Assets

- A. To safeguard assets is to restrict access to resources and information to help reduce the risk of unauthorized use or loss. Management should adequately protect the organization's assets, files, documents, and other resources that could be wrongfully used, damaged, or stolen.
- B. Management can protect these resources by limiting access to authorized individuals. Access can be limited by various means, such as locks, passwords, and guards.
- C. Management should decide which resources should be subject to safeguarding and to what extent. Management should make this decision based on the vulnerability of the items being secured and the perceived risk of loss, and reassess this decision periodically.
- D. Procedures
 - 1. Accounting records must be secured in a lockable office or other lockable area to prevent access by unauthorized personnel.
 - 2. Checks that have been signed but not yet mailed or otherwise distributed to the payee must be kept in a locked container or secured location.
 - 3. Cash must be held in a locked container or secured location until deposited.
 - 4. Third party checks, EBT cards/PINs should be kept in a secured location until disposition.
 - 5. Safe combination and keys must be secured and access limited only to authorized personnel.
 - 6. Postage stamps must be stored in a locked container or secured location. Postage meters are to be locked when not in use. A perpetual inventory record must be maintained and will contain sufficient detail to identify the amount, use, and user for postage.
 - 7. Office supplies are kept in a secured area to safeguard against losses from theft.
 - 8. Payroll files are to be properly safeguarded. Access to such records is limited to authorized personnel.
 - 9. Receipt books are to be in a locked container or secured location when not in use.
 - 10. Access to office door keys is controlled by the County Director or their designee. A key inventory is on file and is updated as personnel changes occur.

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511. Petty Cash

- A. The petty cash fund should be limited to miscellaneous payments for which it would be impractical to issue individual checks. The amount of funds maintained for this purpose should be as small as possible, but adequate for the requirement of the fund.

NOTE: If it is determined that the petty cash fund is no longer needed, it should be closed.

NOTE: Purchases made by employees using their personal credit card cannot be reimbursed with Petty Cash, they must submit for reimbursement on their Travel Statement.

- B. All petty cash accounts are to be maintained on an imprest accounting basis.
- C. Funds for the petty cash account are usually drawn from regular operating funds.
- D. One individual, the Custodian, is to have sole responsibility for the petty cash fund.
- E. The petty cash fund is established by issuing an Agency check made payable to the custodian to start the petty cash fund. (Account 112.105)
- F. The Custodian will keep the currency and coins in a locked box.
- G. As expenditures are made, petty cash voucher should be prepared and attached to the receipt/invoice. A copy of each voucher should be retained in the petty cash box until reimbursement to the fund is made.
- H. At all times, the sum of the cash and the vouchers are to equal the original amount of the petty cash funds.
- I. An Authorization for Disbursement Form (ADPOR) will be prepared to cover all petty cash vouchers/receipts in the box. The ADPOR and receipts will be submitted to Regional Accounting when requesting reimbursement.
- J. A check will be drawn to the custodian for the total amount shown on the ADPOR. The custodian will cash the reimbursement check and convert it to cash to replenish the available cash on hand.
- K. In recording the payments made from the petty cash fund, the amounts should be charged to the appropriate accounts for the activities on which the petty cash payments were made.
- L. "Surprise counts" should be conducted quarterly by a Regional Accounting representative or the County Director to test the accuracy of the balance.

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512. Reconciling Bank Statements

- A. Unopened bank statements are delivered directly to the reconciler.
- B. Bank Statements are reconciled either by the 15th of the month or within seven (7) days of receipt (whichever is the later date for the agency).
- C. All bank statements will be reconciled to the appropriate cash account balance in the general ledger each month.
- D. The reconciliation will be prepared by a person who does not write checks, sign checks, handle cash receipts, or record entries in the accounting records for the bank account being reconciled.
- E. The bank reconciler must insure the bank statement deposits, the cash receipts books and cash receipts journals are in agreement.
- F. The Fiscal Operation Manager will review, sign and date the reconciliation.
- G. Outstanding Checks
 - 1. Outstanding checks should be reviewed on a monthly basis.
 - 2. All checks outstanding for ninety (90) days after date of issue will be researched to determine why the check has not been negotiated. Written documentation should be attached to the bank reconciliation showing what was discovered in the research.
 - 3. Before the 180 days allowed for an outstanding check, the check will be voided.
 - 4. Checks that are unclaimed in the same fiscal year that they were issued are voided and reversed into the original account with a General Journal Entry. State funded checks that are voided in the following fiscal year are posted with a General Journal Entry to "Due to DHR" account (214.225).

NOTE: Exception would be for Restricted Funds and County Funds; they would be posted back to the original account when a check is voided from a prior year.

- 5. If it is determined by the County DFCS worker that a voided check needs to be reissued to the vendor, they will need to provide a copy of the original paperwork or the original check number so that Regional Accounting can look up the paperwork and reprocess. If the original paperwork or check number is unknown, the County DFCS worker will need to prepare a new check request, provide all supporting documents, and approval signatures.

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H. Cancelled Checks

In the event of an OIG Investigation, it is mandatory that the banks either return the actual cancelled checks, a CD Rom which contains the front and back of each cancelled check, or copies of the front and back of each cancelled check in with the bank statement.

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513. EBT Cards and PINs

- A. An EBT control log for EBT cards is maintained by the County DFCS office. The EBT vendor does not issue PIN's any longer those are selected by the cardholder via a toll free phone number.
- B. The County DFCS office may be appointed guardian of a recipient's cash and/or food benefits. The name on the card will then be that of the DFCS office.
1. As guardian, the DFCS office must designate separate staff to be responsible for securing and logging receipt of all EBT cards.
 2. Upon receipt of the EBT card, the county must activate the card and select a PIN using the EBT service provider's toll free phone number.
 3. Once a PIN is selected, the county must maintain the PIN in a separate location from the EBT Card.
 4. The DFCS office must designate a management level person(s) that will authorize appropriate employees to use the card and PIN to conduct business on behalf of the recipient.
 5. Authorization will be accomplished by use of the EBT Card/PIN Sign-out Authorization Form. This form is presented to the person(s) responsible for storing and maintaining the cards and PINS in the County DFCS office.
 6. The card and PIN is signed for separately using the EBT Control Log – Sign-In/Sign-out Log. Return of the card and PIN will be documented on the same log.
- C. When a worker assists the recipient to shop or shops for the recipient who has control of their own card, the EBT Family Service Worker/Recipient Receipt Form must be completed according to instructions. The recipient must initial beside his/her account balances (cash and food benefits) before and after the shopping trip. After the purchases are made, the card and any written documentation of the PIN are returned to the recipient.
- D. If an EBT card is found and returned to the County DFCS office by the general public or voluntarily returned by the recipient, an EBT Control log for found or returned EBT cards is to be maintained by the County DFCS office.
1. The control log is signed by the employee responsible for safeguarding the card.
 2. After thirty (30) days if it is not claimed by the recipient, the county should return the EBT card to the address on the back of the card. This can be mailed in an envelope or dropped into a US Post Box.
 3. The employee responsible for destroying EBT cards will sign the control log beneath the destruction date.

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4. The card destruction is witnessed by a second party who initials the control log.
- E. If an EBT card and PIN is given to other staff for safeguarding, the staff receiving the EBT card and PIN initials the applicable control log.
- F. IF EBT cards are received by the Agency, they are to be stored separately in a secure location until given to the recipient.
- G. When presenting the recipient with the EBT card, the employee responsible for safeguarding the EBT card will deliver the card and have the recipient sign the control log for the EBT card.