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Cash shortages are amounts due the State; therefore, departments will follow the collection procedures outlined in SAM Section 8776.6. If all reasonable collection efforts do not result in payment, departments will adjust the accounting records by using the procedure applicable to the type of cash shortage that has occurred. A discharge of accountability is not required for an accounts receivable that was established because of a cash shortage.

1. Revenue, Reimbursement, or Abatement

The accounting records may be adjusted for cash shortages involving revenue, reimbursement, or abatement items. No approval is required for the adjustment; however, agencies must submit a report explaining the cash shortage to the Department of Finance, Office of State Audits and Evaluations (OSAE), at the time of occurrence.

The report explaining the cash shortage must include the following:

1. The total amount of the cash shortages and the period covered.

2. Whether or not the person having custody of the money used due diligence and followed recognized good practices in handling and safeguarding the money.

3. Whether or not the cash shortage was such as might reasonably be expected in the regular course of business and was not due to an employee's dishonesty, carelessness, or negligence.

4. A copy of the police report if theft is involved.

5. A detailed explanation showing date, place, and complete circumstances for the incident which caused the shortage. If the shortage is a result of "clerical error", the explanation must be signed by the person responsible for the error. Included in the explanation must be a statement as to the corrective actions taken, if any, to prevent reoccurrence of the error. If the shortage is not the result of any person's error, then the explanation should be written by the person in charge of the fund.

   The explanation should be reviewed and signed by the person's supervisor.

6. Any other facts explaining the circumstances creating the shortage.

Similar types of cash shortages may be grouped and covered by a single explanation and report, where appropriate.

**(**Continued**)**

**(**Continued**)**
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2. Office Revolving Fund

The office revolving fund, which includes cash purchase funds and change funds, will be made whole upon the receipt of monies to replenish the cash shortage. To request the replenishment, agencies **must** complete a Claim for Reimbursement form, STD. 27A (Rev. 9/95 or later). If an internal audit unit exists within the agency, the claim must be reviewed and signed by the head of the audit unit.

- For an individual deficiency (shortage) of $1,000 or more, or for a multiple deficiencies claim schedule which totals $2,500 or more, an original Claim for Reimbursement and one copy must be submitted to the Department of Finance, Office of State Audits and Evaluations, (OSAE). If approved, the Claim for Reimbursement will be returned to the agency for their submission to SCO through the regular claim schedule process. Only deficiency claims will be included in the claim schedule. The claim may be paid from an existing appropriation so designated by the agency on the claim schedule face sheet.

- For an individual deficiency of less than $1,000, or a multiple deficiencies claim schedule which totals $2,499.99 or less, agencies are delegated the authority to submit the Claim for Reimbursement directly to SCO, except as noted below. The Claim for Reimbursement shall be presented through the regular claim schedule process, except that only deficiency claims will be included in the claim schedule. The reimbursement shall be from an existing appropriation so designated by the agency on the claim schedule face sheet.

- For a deficiency in any amount for which the canceled check is not available or for a deficiency that is a result of an unresolved SCO claim correction, agencies must submit the Claim for Reimbursement to Department of Finance, OSAE. The processing of these types of claims is the same as that for an individual deficiency of $1,000 or more.

For each fiscal year, agencies will prepare and submit a report of office revolving fund deficiency claims for reimbursements whether or not such claims were filed. If no claims were filed during the fiscal year, the report will contain the statement, "No Claims for Reimbursement were filed during the fiscal year". If claims were filed, the report will detail the disposition of all Claims for Reimbursement. The report will be submitted to Department of Finance, Office of State Audits and Evaluations, by September 30th, and must contain the following information:

Agency Name,
Report title,
As of June 30, XXXX,

Claim schedule number, date filed, claim schedule amount, and date paid,
The amount of each Claim for Reimbursement, and
The reason for each deficiency.

The report must be signed by someone at the level of, or above, the accounting office manager and contain the following certification:

I certify under penalty of perjury that the forgoing is true, correct, and complete.
Subscribed and executed this _____day of _____, XXXX.

**(**Continued**)**

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Any claims for reimbursement which are disallowed will be returned to the agency. These claims must now be submitted to the Board of Control in accordance with the procedures for legislative claims. See SAM Section 8710.

3. Other Cash Shortages

All other cash shortages (e.g. amounts reflected in uncleared collections, depositor's trust, or advance collections) should be processed in accordance with the Board of Control legislative claim procedures. See SAM Section 8710.