

Policy Title:	Check Signing Machine				
Policy Number:	DHS-040-011	Version:	1.0	Effective Date:	Upon Approval

Signature on File

April 23, 2010

Approved By: *Jim Scherzinger, Deputy Director of Finance*

Date Approved

Overview

Purpose/rationale: The DHS controller has general powers of supervision over all matters concerning department-wide financial policies and procedures to ensure consistency with applicable state and federal laws, rules and regulations.

This policy establishes the minimum requirements to ensure that adequate internal controls exist to safeguard check-signing machines, check-signing machine keys and signature plates bearing the signature of the DHS controller.

Applicability: All DHS employees shall adhere to this policy.

Failure to Comply: Strong controls protect the agency by reducing the risk of loss or theft. They also protect employees in the event of a loss. Failure to safeguard the signature plates, keys, or check-signing machines may result in the inappropriate issuance of checks.

Failure to comply with any provision of this policy may result in disciplinary action up to and including dismissal.

Policy

This policy establishes uniform accountability standards for the use of check-signing machines, signature plates and check-signing machine keys.

DHS managers shall ensure that they and their employees conform to this policy.

1. **Authority**

Unless otherwise specifically authorized by the DHS controller, managers shall ensure that:

- Check issuance in remote or satellite offices is strictly limited to providing immediate cash assistance for one-time emergency needs that must be responded to in less than one business day. Generally, it is not an emergency situation if the check will be mailed.

- Proper internal controls are established to account for and safeguard the check-signing machine, keys to operate the machine, and signature plate.
- Segregation of duties is sufficient to mitigate risk, misuse and/or loss of the machine, keys and signature plate.
- Adequate controls exist to detect and prevent checks from being issued incorrectly and:
 - Checks do not exceed \$2,500, unless there is a documented business requirement for a higher amount that has been approved by the DHS Controller;
 - Checks are made payable to or on behalf of the correct person and for the proper amount;
 - Checks are not made payable to "cash," "bearer" unless required by State law or federal regulation;
 - Checks are not issued to purchase office or training materials, equipment or other supplies;
 - Checks are not issued to an employee, agent, contractor or volunteer for travel advances or travel reimbursements, or for employee recognition or purchasing refreshments for meetings without written authorization by the DHS Controller;
 - Checks are supported with proper documentation that is signature-approved and dated by a manager or designee who has delegated expenditure decision authority;
 - Checks are issued for lawful purposes and do not violate any DHS policy, procedure or other requirement.

2. **Segregation of duties**

Segregation of duties provides a system of checks and balances to validate each transaction and requires that each part of the process is assigned to a separate employee. Managers shall ensure that separate employees are assigned responsibility for:

- Authorizing disbursements;
- Preparing the checks;
- Having access to the blank check stock, check-signing machine, signature plate, or keys to operate the check-signing machine;
- Safeguarding, securing and using the key to the check-signing machine;
- Safeguarding, securing and using the key to the signature plate;
- Comparing the machine-signed checks to the authorizations and supporting documents;
- Distributing the prepared check to the payee.

In those cases where staffing limitations may prohibit or restrict the appropriate segregation of duties, the manager shall, to the extent possible, exercise more active oversight of operations as compensating controls. The manager shall be accountable for any illegal, improper or unauthorized use of the check-signing machine, operating keys, signature plate, blank check stock and voided or canceled checks.

3. **Using and safeguarding the check signing machine and keys**

Managers shall ensure that the signature plate, when not in use, is kept in a safe, vault, locking cabinet or other secured location separate from the blank check stock.

There are two keys for the check-signing machine. One key is required to insert the signature plate and the other key is required to activate the machine. Responsibility and use of each key will be assigned to a separate employee. The keys, when not in use, must be kept in secured locations separate from the blank check stock. The activation key must be kept in a secure location separate from the signature plate and signature plate insertion key.

No single individual may have access to all parts of the check issuance process up to and including the signature plate, the signature plate insertion key, the machine activation key and the blank check stock.

Managers will maintain an updated record of employees with access to the check-signing machine, keys and checks.

4. Custodian of the signature plate and insertion key

The manager shall designate in writing an employee as custodian to control and safeguard the signature plate and the signature plate insertion key. The signature plate custodian will be responsible for maintaining an updated log of signed checks. The log must be initialed by both the signature plate custodian and check-signing machine custodian. The manager shall review the log monthly for check number sequence irregularities, verification of meter recordings, voided checks and other internal controls.

The signature plate custodian shall not have access to the blank check stock or the check-signing machine activation key.

5. Custodian of the check signing machine and activation key

The manager shall designate in writing an employee as custodian to control and safeguard the check-signing machine and activating key. The check-signing machine custodian shall not be responsible for or have access to the signature plate, signature plate insertion key, or blank check stock, and shall not approve expenditures.

Before activating the machine for check issuance, the check-signing machine custodian must verify that the supporting documentation has been signature-approved by a manager or designee with expenditure decision authority.

The check-signing machine custodian must ensure that the keys and signature plate are removed and secured and the machine is locked when not in use.

6. Obtaining a check signing machine, keys and signature plate

Upon receipt of an authorized manager's proper business justification, the Financial Services business security officer will confer with the DHS controller to assess the business requirements and determine whether the request will be approved. The requesting manager will be notified of the decision within 10 business days by the business security officer.

Requests may be sent to: Department of Human Services
OFS Business Security Officer,
Salem, Oregon 97301

E-mail: sandy.calhoon@state.or.us

FAX: 503-378-8404

Within two business days of approval the OFS Business Security Unit will send the check-signing machine, keys and signature plate to the requesting manager at the address provided. The manager must send an e-mail confirmation to the OFS Business Security Unit upon receipt of the equipment.

7. Returning a check signing machine, keys, signature plate and checks

At the direction of the DHS controller or based on the determination of an authorized manager, the check-signing machine, keys, signature plate, blank check stock, unmailed voided or canceled checks, and the final check log(s) shall be secured and returned to the OFS Business Security unit. The blank check stock, voided or canceled checks, check log, signature plate and keys must be sent in a sealed package. The check-signing machine must be sent in a separate package. Both packages must include the completed DHS 294, *Revolving or Suspense Checking Account Closure* form and be sent by UPS or FedEx to the OFS Business Security unit.

8. Destruction of unused check stock

Upon receipt of the blank check stock, the Financial Services business security officer or designee will:

- Verify the check number series;
- Complete the DHS 293, *Check Destruction Affidavit* form;
- Ensure destruction of the blank checks within two business days.

The blank checks shall be secured in a safe or vault until destroyed. The business security officer will send e-mail confirmation of the check destruction to the sending manager and custodians. The business security officer will attach a scanned copy of the *Check Destruction Affidavit* form to the confirmation e-mail.

9. Audit

The manager and check-signing machine key custodians are responsible for the integrity of the check log. Their discharge of that responsibility is subject to unannounced reviews by an independent manager or designee conducted on a quarterly basis, at a minimum. The program business manager or other authorized manager shall designate the independent manager.

Use of the check-signing machines, keys, blank check stock and logs are subject to periodic audits by internal and external auditors to ensure that proper controls are maintained. The manager and custodians shall ensure that proper documentation is available for audit at all times.

Policies that apply:

[DHS-040-001](#): Check Stock Management

[DHS-040-010](#): Delegation of Expenditure Decision Authority

[DHS-040-012](#): Revolving Fund 180-Day Check Cancellation

Procedure(s) that apply:

[DHS-040-001-01](#): Check Stock Management Procedure

[DHS-040-010-01](#): Exercising Expenditure Decision Authority

[DHS-040-010-02](#): Inappropriate Actions

[DHS-040-011-01](#): Check Signing Machine

[DHS-040-012-01](#): Revolving Fund 180 Day Check Cancellation Procedure

DHS Field Business Procedures Manual <http://www.dhs.state.or.us/caf/manual/>

DHS SPD Support Staff Assistance Manual

<http://www.dhs.state.or.us/spd/tools/additional/ssam/index.htm>

Form(s) that apply:

DHS 294, Revolving or Suspense Checking Account Closure [PDF](#) [WORD](#)

DHS 293, Check Destruction Affidavit [PDF](#) [WORD](#)

DHS 0249, Stock Control Log [PDF](#) [WORD](#)

DHS 0249A, Stock Control Log & Meter Reading [PDF](#) [WORD](#)

Definition(s):

See [Common Terms](#) for all Finance policies

See [Common Terms](#) for all Administrative Services Division policies

Reference(s):

Oregon Accounting Manual (OAM) http://egov.oregon.gov/DAS/SCD/SARS/oam_toc.shtml

- 10.20.00, Cash

Contact(s):

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Policy History:

- **Version 1.0:**
 - 04/23/2010 (Initial Release)