

Procedure Title:	Control Over Check-signing Machine Use				
Procedure Number:	DHS-040-011-01	Version:	1.0	Effective Date:	Upon Approval

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Approved By:

Date Approved

Procedure

Strong accountable business processes add value to our clients, employees, and stakeholders and to the services DHS provides. Monitoring of financial transactions strengthens regulatory compliance, increases the chances of detecting error or fraud and provides timely mitigation of improper activity

This procedure ensures accountability and responsibility over the use and control of a check-signing machine, the check-signing machine keys and the signature plate.

Applicability:

DHS must ensure that actual financial operations comply with applicable statutes, administrative rules and legislative appropriation acts. This procedure applies to all DHS employees. Failure to adhere to this procedure may result in disciplinary action, up to and including dismissal.

Step	Responsible Party	Action
1. Requesting a check-signing machine	Manager, DHS controller, Financial Services business security officer	<p>Authorized managers must send a written request to the Financial Services business security officer. The request must include:</p> <p>Justifiable business reasons for requesting the check-signing machine</p> <p>Address where the equipment will be located</p> <p>Requests may be sent by e-mail to: Shawn Jacobsen</p> <p>The business security officer will notify the requesting manager by e-mail within 10 business days of the DHS controller's decision.</p> <p>Upon approval the business security officer will ensure that the check-signing machine, keys and signature plate are mailed within two business days. The check-signing machine and keys will be sent separately from the signature plate to the requesting manager.</p> <p>Upon delivery of the equipment the requesting manager</p>

		will confirm by e-mail to the business security officer the delivery of the check-signing machine, keys, and signature plate.
2. Designating custodians	Manager	<p>The manager must designate separate employees as custodians for the blank check stock, signature plate and its insertion key, and the check-signing machine and its activation key.</p> <p>The manager shall ensure that:</p> <ul style="list-style-type: none"> • There are adequate internal controls to safeguard the check-signing machine, signature plate, check-signing machine keys, blank check stock and voided or canceled checks. • The custodians do not have expenditure decision authority. • The duties and responsibilities are incorporated in the appropriate section of the employee's position description, when applicable. • The custodians have read and understand the applicable rules, policies and procedures governing the use of and safeguarding the checks, check-signing machine, keys and signature plate.
3. Accepting custodian responsibilities	Manager, custodians	<p>The employee must confirm to the manager that the employee:</p> <ul style="list-style-type: none"> • Has read and understands all applicable rules, policies and procedures governing the use of and safeguarding the checks, check-signing machine, keys and signature plate. • Understands and agrees to comply with the professional accountability associated with the responsibilities of a custodian.
4. Inventory of check- signing machine	Manager, OFS Business Security Unit	<p>The OFS Business Security Unit is responsible for:</p> <ul style="list-style-type: none"> • Maintaining an updated record of the serial numbers of all check-signing machines held in inventory by Financial Services or in use at DHS authorized locations. • Recording the name of the requesting manager, designated custodians, and the designated location of the check-signing machine before the

		equipment is mailed.
5. Securing the equipment and checks	Manager, custodians	<p>The manager shall implement the appropriate internal controls to ensure that the check- signing machine, keys, signature plate and checks are secured in a safe, vault, locking cabinet or other secure location when not in use.</p> <p>The signature plate and insertion key will be secured separately from the check-signing activation key. Both keys will be secured in separate locations from the check stock.</p>
6. Issuing checks	Manager, employees	<p>Checks may be issued only to provide immediate cash assistance for one-time emergency situations. Generally, checks may not be mailed. Checks shall:</p> <ul style="list-style-type: none"> • Be issued sequentially on pre-numbered check stock; • Be made payable to or on behalf of the correct person; • Not be made payable to “cash” or “bearer,” unless otherwise required by State law or federal regulation; • Not exceed \$2,500 without a documented business requirement that has been approved by the DHS Controller; • Not be issued for employee, agent, contractor or volunteer travel advances or travel reimbursements, employee recognition, or to purchase refreshments for meetings, office or training materials, equipment or other supplies; • Not be issued for unapproved or non-emergency situations; • Be supported with signature-approved documentation by a manager or designee with appropriate delegated expenditure decision authority; • Be lawful, prudent, reflect economic and fiscal stewardship of public funds, and meet the public benefit threshold.

<p>7. Voided checks</p>	<p>Manager, employee</p>	<p>Voided checks must be recorded in the check log. The signature plate custodian must write "void" with indelible black ink across the face of the check. The signature portion of the check should be removed and destroyed.</p>
<p>8. Using the check- signing machine and keys</p>	<p>Manager, custodians</p>	<p>All checks must be fully completed before being inserted into the check-signing machine. Checks missing essential elements (e.g., the amount, payee or date) shall not be inserted into the machine.</p> <p>The manager shall be held accountable for any illegal, improper or unauthorized use of the checks, check-signing machine, signature plate or check-signing machine keys.</p>
<p>9. Maintaining the check stock control log and meter readings</p>	<p>Manager, custodians, OFS Business Security Unit</p>	<p>The signature plate custodian shall record the check number, amount of the check, payee's name, check date, employee requesting the emergency check, and meter reading before inserting the check into the check-signing machine. The signature plate and check-signing machine custodians will initial the information recorded on the log.</p> <p>Each month the manager will sign and date the log attesting to the accuracy of the information recorded and documentation supporting the issuance of the check. At a minimum the manager will verify the check-signing machine meter to the log to ensure all check numbers (including voided checks) have been recorded and the check numbers are sequential.</p> <p>The manager shall ensure that a copy of the signed and dated check log with the attached voided checks is mailed monthly to the Business Security Unit. The original check log will be maintained by the manager or designee.</p> <p>The Business Security Unit will initial the log confirming that the voided checks have been recorded and are attached.</p> <p>The copy and original check log, and voided or canceled checks will be retained in accordance with Oregon State Archive rules.</p>
<p>10. Safeguarding blank checks</p>	<p>Manager, custodian</p>	<p>Blank check stock must be safeguarded in a safe, vault, locking cabinet or other secure location that is separate from the check- signing machine, check-signing machine keys and signature plate.</p>

		<p>The custody of blank check stock shall not be assigned to an employee who has:</p> <ul style="list-style-type: none"> • Signature of authority on the checking account, • Controls the use of the signature plate, check-signing machine or keys that operate the check-signing machine. Or • Expenditure decision authority. <p>The blank check stock custodian is required to complete the DHS form 0249, <i>Stock Control Log</i> as blank check stock is removed from the secured location.</p>
<p>11. Blank check stock inventory</p>	<p>Manager, custodian, employees</p>	<p>The manager shall ensure that two employees conduct a monthly inventory of the blank check stock. The manager has discretion over the format of the inventory control log as long as the log sequentially identifies all check numbers and the date the inventory was taken.</p> <p>The employees will:</p> <ul style="list-style-type: none"> • Compare the inventory control log to the • stock control log • Sign and date the inventory control log, noting any discrepancies in the check numbering sequence and/or <i>stock control log</i> <p>The manager shall review, initial and date the inventory control log and initiate appropriate actions to investigate and remedy any discrepancies and to strengthen internal controls.</p>
<p>12. Returning the check-signing machine, keys, and blank check stock</p>	<p>Manager, custodians, Financial Services business security officer</p>	<p>Manager returning equipment:</p> <p>The manager shall:</p> <ul style="list-style-type: none"> • Send an e-mail notifying the Financial Services business security officer that the check-signing machine, keys and blank check stock will be returned; • Certify the accuracy of the final check log; • Ensure that the DHS form 294, <i>Revolving or Suspense Checking Account Closure</i> is completed in its entirety, signed and dated. <p>The unused check stock, signature plate, signature</p>

		<p>plate insertion key, check-signing machine activation key and final check log attached to any unspent voided or canceled checks must be enclosed with the completed form.</p> <p>The manager must retain a copy of the form for his/her files. The check-signing machine must be returned in a separate package. Both sealed packages must be delivered by UPS or FedEx to:</p> <p>Office of Financial Services Business Security Unit, E-85 500 Summer Street NE Salem, Oregon 97301-1090</p> <p>Business Security Unit:</p> <p>The business security officer or designee will immediately confirm by e-mail to the sending manager that the equipment, check log and blank checks have been received and the information has been verified against the <i>Checking Account Closure</i> form that was signed by the manager and custodians.</p> <p>The serial number of the check-signing machine will be recorded on the inventory log maintained by the unit. The business security officer or designee will immediately:</p> <ul style="list-style-type: none"> • Secure the check-signing machine, signature plate, keys and blank check stock in a separate safe, vault, locking cabinet or secure location; • Verify, sign, date and file the final check log.
<p>13. Certifying receipt of check-signing machine, signature plate, keys,</p>	<p>Financial Services business security officer</p>	<p>Within two business days, the Financial Services business security officer shall ensure that the <i>Check Destruction Affidavit</i>, DHS form 293 has been completed in its entirety, confirmed there are no discrepancies in the check number series on the <i>Check Destruction Affidavit</i> and <i>Checking Account Closure</i>. The manager shall sign and date the <i>Check Destruction Affidavit</i> certifying the destruction of the blank check stock.</p> <p>The business security officer will send a scanned copy of the <i>Check Destruction Affidavit</i> to the manager who returned the equipment.</p> <p>The <i>Check Destruction Affidavit</i> and the <i>Checking Account Closure</i> forms will be retained in accordance with Oregon State Archive rules.</p>
<p>14. Equipment</p>	<p>Manager</p>	<p>The manager or designee will contact the Office of Contracts and Procurement representative at 503-945-</p>

repair		6707 or 503-945- 6805 to arrange repair and maintenance of the check-signing equipment.
15. Audit	Manager, Custodians	The manager shall ensure that the check-signing equipment, logs, blank check stock and supporting documentation are complete and available for announced and unannounced audits at all times.

Policy that applies:

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

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

[DHS-040-011](#): Check-signing Machine Usage

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

Form(s) that apply:

DHS 0294, Revolving or Suspense Checking Account Closure [PDF](#) or [WORD](#)

DHS 0293, Check Destruction Affidavit [PDF](#) or [WORD](#)

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

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

Contact(s):

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Procedure History:

- **Version 1.0:**
 - 08/31/2012 Broken links repaired
 - 04/23/2010 Initial Release

Keywords:

(List keywords here that might be used by someone to search for this policy on the internet)