

What are effective cash disbursement practices?

- ◆ The tribal entity has written policies and procedures for cash disbursement.
- ◆ The written policies and procedures are reviewed and revised regularly.
- ◆ Actual cash disbursement processes are consistent with written policies and procedures.

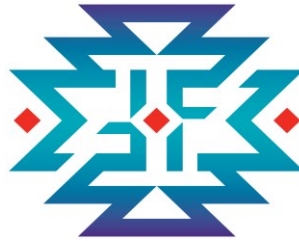
What is generally included in a cash disbursement policy?

- ◆ The Council/Board, by resolution, sets the spending and signing authority for the Council/Board, Tribal Administrator, Finance Director, and department managers which allows the authorized personnel to:
 - ◆ Procure products and services through requisitions, check requests, or credit card services
 - ◆ Sign contracts and change orders for an authorized amount
 - ◆ Receive grants
 - ◆ Sign checks (with two signatures required on each check over a set limit)
- ◆ Cash disbursement, except from approved petty cash funds, occurs only by preprinted checks which:
 - ◆ Bear the name and address of the tribal entity
 - ◆ Are pre-numbered and used in sequence (retaining and recording voided checks)
 - ◆ Are kept secure in a fireproof location
- ◆ All debts representing allowable and authorized costs, upon receipt of proper invoices/billing statements, are entered into accounts payable and paid promptly. No cash disbursement, except from petty cash, should be made for any items which have not been recorded in accounts payable.
- ◆ The tribal entity maintains a blanket bond which covers all employees handling cash.
- ◆ All bank accounts are reconciled immediately upon receipt of bank statements by the appropriate employee. The employee authorized to reconcile bank statements will not be the same individual who is responsible for preparing bank deposits. Bank statements are to be reconciled to the accounting system's "cash" general journal on a monthly basis.
- ◆ The tribal entity maintains adequate accounting records supported by source documents which are the basis for the accounting transactions entered into the accounting system. Examples include checks, invoices, copies of checks and receipts, timesheets, etc.
- ◆ Checks are never written for "cash."
- ◆ The Tribal Administrator may approve other forms of disbursement, such as tribal entity credit cards and wire or electronic funds transfers.

What are good cash disbursement control procedures?

- ◆ The concept of separation of duties is implemented to the greatest extent possible within the limitation of the size of the entity. This means:
 - ◆ Authorization functions for purchasing, signing checks, adjusting accounts, and extending credit are not performed by individuals who also perform recording functions such as disbursements and/or receipts, maintaining accounts receivable records, or cash handling functions such as receiving and depositing funds or preparing checks.

- ◆ Review and verification of funds, such as reconciliation of the bank statement to the record of cash receipts and disbursements, are not performed by individuals who also prepare checks, record checks, receive funds and prepare bank deposits, and/or record receipts.
- ◆ Employees initiate cash disbursement transactions by completing a “check request” form which is presented to the program budget manager for review and approval before being sent to accounting for payment. The request form includes enough narrative description to specifically identify the purpose of the payment and the account to which the cost is to be charged.
- ◆ Accounting ensures the check requests and supporting documentation are complete and accurate and enters the request into accounts payable.
- ◆ Check signers review each check carefully and ensure appropriate supporting documentation is provided for review.
- ◆ To the extent possible, no individual signs a check on which they are the payee.
- ◆ Signed checks are mailed/delivered by the accounting staff to the payee.
- ◆ Any discrepancies between accounting cash disbursements records and bank statement reconciliations are reported to the Tribal Administrator, investigated and resolved.
- ◆ Employee credit card use must be authorized by the Tribal Administrator prior to business expenses being paid by the company credit cards. Employees submit receipts for all expenses charged to company credit cards. Credit card statements are reconciled to receipts each month.
- ◆ Investments are only made in the name of the tribal entity and are maintained in a custodian or trust account. Investments are recorded in detail in an investment ledger, which shall reflect any and all interest earned, collected and/or disbursed. The investment ledger is reconciled every month to the account statement(s).



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Feedback Requested

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