

What are cash receipts?

Cash receipts can be coins, currency, money orders, checks, and credit card payments coming in from outside the tribal entity. They can be presented in person, by mail, and electronically. Cash receipts, like property, inventory, vehicles, investments, and bank accounts are considered an asset of a tribal entity.

Why have a cash receipts policy?

- ◆ Provides clear separation of duties for maintaining internal controls, which protect the assets of the tribal entity. A separation of duties is the concept of having more than one person involved in a process, such as cash receipts. This is intended to prevent fraud and error.
- ◆ Determines how cash receipts come into the entity and how they are processed.
- ◆ Defines what type of cash receipts are accepted by the entity. For example, the entity will accept Visa credit cards but not American Express.

What are some cash receipts process issues to consider?

- ◆ How are cash receipts kept physically secure until they are deposited into a bank account?
 - ◆ Example: Checks and cash are kept in a secure/locked box or cabinet until they are deposited. Checks are endorsed immediately upon receipt.
- ◆ How often are bank account deposits made?
 - ◆ Example: Bank deposits are made weekly or when the deposit amount reaches \$500.
- ◆ What is the internal process for handling cash receipts that come through the mail?
 - ◆ Example: The person who logs in cash received through the mail is different than the person who is responsible for depositing cash receipts into the bank.
- ◆ What is the internal process for handling cash receipts at enterprises or fundraising events?
 - ◆ Example: Two people are required to count and verify the cash.
- ◆ How are receipts for cash handled?
 - ◆ Example: They are entered on pre-numbered receipts in a bound cash receipts book. Each receipt has three copies: one stays with the cash, one goes to the payer, and one remains in the receipt book.
- ◆ Who enters cash receipts (funds coming both through the mail, in person, and via electronic deposit) into the accounting system?
 - ◆ For separation of duties, the person entering the cash receipts is different than the person reconciling the bank account.
- ◆ How is the cash receipts book reconciled to the accounting system?
 - ◆ Reconciliation compares the amounts entered into the journal with the amounts entered into the accounting system, and explaining any difference, on a specified date, between the two amounts.

Sample Cash Receipts Accounting Procedure

Person Responsible	Task
Staff A	Open mail and endorse checks
Staff B	Make bank deposit
Staff A	Enter cash receipts into the cash journal
Board Treasurer	Reconcile bank statements and verify deposit amounts to the cash journal

Resources

- ◆ OVC TFMC Internal Controls/Separation of Duties Guide Sheet



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Feedback Requested

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