



Policy Number	Section Name	Policy Name	Effective Date	Version
CM-100009	Cash Management	Cash Receipts		

## I. Purpose/Scope

This section provides guidelines to assist all agencies in developing procedures to properly safeguard, promptly deposit, and accurately record all receipts in the PeopleSoft Financial System; to shorten the period of movement from cash collection to investment; and to provide sound internal controls over cash.

## II. Background

Agency cash receipts are received from different sources. All funds received must be deposited into the State Depository accounts. Various sources are listed below:

1. Taxes, fees, and assessments
2. State allotments
3. Grants and other forms of financial aid
4. Licenses and permits
5. Sales of goods and services
6. Penalties and court fines
7. Other

Outlined below are business process changes related to cash receipts for Streamlined Banking agencies. Non-Streamlined Banking agencies shall enforce the listed internal controls policies, but continue to follow current business processes relevant to their cash receipt activities.

(1) Agencies on Streamlined Banking will automatically have their deposits swept into the Office of Treasury and Fiscal Services cash concentration account daily. It is critical that agencies make their deposits at the depository institution and record those deposits into PeopleSoft on the same day. This will ensure that the funds deposited are reconciled to the agencies' GL cash account. Agencies can determine their available funds based on the Budget Comparison report and the general ledger cash account balance.

(2) State revenue collection figures will be calculated based on the State Revenue Funding Source Code and entered by agencies on PeopleSoft, therefore Streamlined Banking agencies will not need to remit state revenue collection to the Office of Treasury and Fiscal Services monthly.

(3) Agencies will not have to request state allotment transfers to their bank accounts, but agencies must draw down federal grants into their main depository accounts, if applicable.

All agencies shall continually explore and improve techniques and procedures for receiving, depositing, and moving monies in their control and custody that are designed to maximize cash investment while minimizing idle cash balances. Collection mechanisms should be considered in the following order of preference: Automated Clearing House (ACH), wire, credit card collection, lockbox, check or other negotiable instruments.

### **III. Policy**

- A. The State Accounting Office requires state agencies to deposit all cash receipts in bank accounts approved by the Office of Treasury and Fiscal Services daily, unless total receipts are less than \$500.00 or a waiver has been granted by the State Accounting Office. All receipts (exclusive of change accounts), must be deposited by month end.
- B. State agencies are responsible for properly securing, depositing, and recording all funds received. Bank deposits and PeopleSoft Accounts Receivable deposit entries must be processed on the same business day, whenever feasible.
- C. State agencies must develop internal policies and procedures to ensure compliance with Georgia Law and the Statewide Cash Management Policies.
- D. The State Accounting Office encourages agencies to utilize the PeopleSoft Accounts Receivable module whenever possible to keep track of cash receipts and account receivables; limiting the use of subsystems to situations where PeopleSoft does not meet agencies' management need. Agencies must transfer cash collection activity record from their subsystems to PeopleSoft on a daily basis when practical, but no less frequently than monthly.
- E. Federal grants received for major federal assistance programs, which are governed by the Cash Management Improvement Act of 1990, must be drawn in accordance with the current State/Federal Agreement. Federal funds should be drawn on a timely basis.

### **IV. Internal Controls**

All agencies are required to follow the minimum internal control guidelines listed below. Agencies are further authorized to develop their own internal control policies and procedures over cash receipts to suit their particular needs by addressing segregation of duties, review and authorization, proper documentation and safeguard of cash. Agencies are not authorized to set more lenient procedures than those authorized by the State Accounting Office.

Minimum internal controls include:

- a. The same employee should not complete the following duties: establish and maintain accounts receivable records, open mail and receive cash or checks, prepare deposits for the bank, or enter receipts into the PeopleSoft system.

- b. All cash received must be controlled with pre-numbered cash receipts, cash register tape, or equivalent methods.
- c. Cash must be properly safeguarded and access to cash must be limited to as few employees as possible.
- d. All receipts must be restrictively endorsed upon receipt.
- e. Agencies must maintain a check log or similar documentation which includes sufficient information to ensure all receipts received are deposited and, if the need arises, the ability to reconstruct a deposit (i.e. check lost in transit or by the bank.)
- f. Mail receipts must be deposited intact as received. Receipts are not to be used for making change or using for petty cash.
- g. Cash collections must be reconciled to totals recorded for cash receipts by someone who has no access to cash. If this not feasible due to personnel constraints, the reconciliation should be reviewed by someone who has no access to cash.
- h. An independent employee must review and approve the daily deposits before making the bank deposit.
- i. Agencies must provide documentation for all deposits to establish proper audit trail.
- j. The approval of adjustments to cash related transactions shall be administratively controlled.
- k. Cash held outside the Office of Treasury and Fiscal Services shall be maintained at the minimum amount needed to cover current operations. (*Non-Streamlined Banking Agencies Only*)
- l. If the agency has a licensing system, the agency must ensure that procedures are in place to prevent issuing licenses without the correct payment amount.
- m. Receipts should be properly safeguarded until deposited.

## **V. Procedure/Guidelines**

Agencies must ensure that receipts are properly deposited and recorded in PeopleSoft. As part of that process, agencies must follow the below procedures:

1. Properly record (e.g. use mail log, register tape, prenumbered receipt form, etc.) and safeguard all funds upon receipt, restrictively endorse all checks upon receipt, and stamp receipt date on the accompanying document such as a check or money order.
2. Reconcile daily receipts log to actual receipts.
3. Prepare bank deposit slip, reconcile it with actual receipts and make deposit.
4. Provide validated deposit slips and other supporting documents to the Accounts Receivable staff.
5. The Accounts Receivable staff shall utilize the Cash Receipt Journal in Document Direct to verify transactions were recorded correctly in the Accounts Receivable module.

For Accounting entries:

- a. Refer to the state chart of accounts for revenue and cash accounts. General ledger account, 102400, is designated as the Streamlined Banking agencies' main depository account. Cash account, 101005, tracks all of the agency's cash transactions and balances automatically throughout the day. (Refer to [SB Transition Session 4 or 5](#) for detailed deposit accounting entries).

- b. Refer to the [State Revenue Collection Funding Source Code](#) for correct funding source codes for state revenue collection.
  - c. Consult Accounts Payable staff for payment refund for original Accounts Payable Chartfield coding.
7. Another accounting employee must review the accuracy of the completed Cash Receipt Entry Form.
8. The Accounts Receivable staff must use PeopleSoft Accounts Receivable Direct Journal Entry method to book deposit transactions without referencing to Accounts Receivables.
9. The Accounts Receivable staff must use Accounts Receivable Express Deposit method to apply payments to specific outstanding receivables.
9. For Streamlined Banking agencies, agencies shall manually book local account deposit transactions and next day ACH sweep transactions. Agencies must also book main bank account deposits with general ledger Cash Account (102400).
10. Enter the following information into the PeopleSoft module after funds are deposited on the same day.
  - a. Deposit ID: use pre-encoded number on the deposit slip as deposit ID, (applicable only to Streamlined Banking agencies); non Streamlined Banking agencies may find that using the deposit date may expedite their bank reconciliation.
  - b. Accounting Date: use the appropriate accounting period
  - c. Deposit Date: the date the deposit is made.
  - d. Control Total: enter the total number from the Cash Receipt entry form.
  - e. Budget Date: use default date or prior year end date.
11. Agencies should retain a copy of the bank deposit ticket, Cash Receipt Entry Form, and other supporting documents for audit purposes.
12. A nightly process will run in PeopleSoft to record activity in the agency's cash account.
13. Complete the following reconciliations daily:
  - a. Reconcile the previous day's bank deposit slips to the mail log to ensure that monies received were deposited
  - b. Reconcile prior day deposits entered in PeopleSoft with posted journal entries on the Cash Receipt Report Daily to ensure deposit journal entries were posted. Also refer to the Accounts Receivable Budget Exception Report for un-posted deposit transactions that failed the budget check. Analyze them and take prompt action to post them.
  - c. Automatic deposit reconciliation is run daily for all the main depository accounts for all Streamlined Banking agencies. These agencies shall run the Agency Depository Exception Report, analyze deposit exceptions daily, and take appropriate action.
  - d. Bank Reconciliations should be completed monthly.

***Waivers:***

The State Accounting Office has authority to grant waivers of the daily deposit requirements. When an agency believes there is clear justification for an exemption, the agency's executive financial officer must submit a written request to the State Accounting Office Director. (See Policy CM-100012 , [Deposit Waiver](#))

## VI. Definitions

**Accounts Receivable-** Amounts payable to the state by individuals, governmental units and other entities.

**Accounting system-** Systems used by agencies not on PeopleSoft.

**Cash** – Currency, coin, or other negotiable instruments.

**Cash Receipt (CR) Entry Form-** A form which contains PeopleSoft Chartfields combination (also called coding) information of deposit to facilitate Accounts Receivable booking.

**Cash Receipts-** Cash receipts are any monies (e.g., checks, cash, warrants, credit or debit card amounts, or Electronic Funds Transfers) received by the state.

**Check-** A written order drawn on a bank to pay on demand a specified sum of money to a named party.

**Deposit-** Money or securities held in a bank or other financial institution. In the context of required note disclosures, deposits include cash and near cash items placed on account with a financial institution or fiscal agent.

**Disbursement Account-** Bank account used exclusively to disburse funds by any method.

**Federal Drawdown** - Process whereby a state requests and receives federal funds via Fed Wire drawdown from specified bank accounts.

**Internal Control-** An integrated set of policies and procedures designed to assist management in assuring that policies and procedures are within compliance.

**Local Depository Account-** Any other depository account not at Bank of America for agency's remote collection point. The balance will be swept daily into the agency's main depository account.

**Main Depository Account** – Depository bank accounts at Bank of America used by each Streamlined Banking agencies as an operating cash account with the general ledger cash account number (102400-Cash in Bank-Depository Account).

**Petty Cash Accounts-** Account used to make payments when issuing a check is not practical or timely.

**Record of cash receipts-** Receipts may be a pre-numbered receipts form; a summary of pre-numbered license tickets or permits issued; a cash register tape; a mail room log; or some other remittance advice, depending on the type of agency and the nature of its

revenues. Some agencies use a validation machine to assign control numbers to documents.

**State Bank Account-** Bank accounts that are owned, held, or administered by a state agency, regardless of the source of the funds. This includes all types of depository, checking, or savings accounts maintained in any type of financial institution.

**See Also:**

- [CM- Bank Reconciliation](#)
- [CM- Deposit Waivers](#)

**VI. Approval**

Statewide Accounting	
Financial Systems	
State Accounting Officer	

**VII. Revision History**

Version	Date
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