

TOPIC	INTERNAL CONTROL	SUB-SECTION 30.30.32
SECTION	COMPONENTS	ISSUANCE DATE JUNE 30, 2008
SUB-SECTION	CONTROL ACTIVITIES - CASH RECEIPTS	REVISED - 2018

**CONTROL ACTIVITIES - CASH RECEIPTS**

**OBJECTIVES**

The general objectives of an internal control system as it relates to cash receipts are as follows:

Stewardship - To ensure that all monies due the agency are received.

Reporting - To ensure the proper and prompt recording of all receipts.

Stewardship - To ensure the proper and prompt deposits of all receipts with the State Treasurer.

**CONTROL ACTIVITIES**

Control activities are the policies and procedures that help ensure that necessary actions are taken to minimize risks that would inhibit an agency from the achievement of its objectives. In order to ensure that cash receipts objectives are met, agency management must identify control activities. When establishing controls, management must determine the level of risk it is willing to assume based on such factors as agency size, the number of personnel available, and cost versus benefits. Examples of control activities are:

<u>Control Activity</u>	<u>Example</u>	<u>Control Objective</u>
Segregation of Duties	Collection and deposit of cash should be separate from recording receipts and entries in the financial records.	To ensure that all receipts are properly and promptly recorded  To ensure that all receipts are properly and promptly deposited with the State Treasurer.
Segregation of Duties	Cash receipting should be separate from cash disbursing.	To ensure that all receipts are properly and promptly recorded
Authorization	Receipts should be deposited intact and timely in accordance with State statute.	To ensure that all receipts are properly and promptly deposited with the State Treasurer.
Reconciliation	Receipts are balanced to collections on a timely basis.	To ensure that all monies due the agency are received.
Physical Security over Assets	Mail is opened and cash is counted in a central location, which can be observed by other employees.	To ensure that all monies due the agency are received.
Physical Security over Assets	Checks are restrictively endorsed immediately upon receipt.	To ensure that all receipts are properly and promptly recorded in the State's financial records.