



RECEIPTING ACTIVITIES

A system of internal control may be implemented in many different ways. Because political subdivisions vary in purpose, size and complexity, no single method of internal control is universally applicable. However, the five internal control components should be present and functioning in all political subdivisions.

Questions have been accumulated for all five internal control components. This document includes questions pertaining to various noncompliance issues regarding receipting activities. These questions can be used to aid in designing a proper system of internal control over receipting activities that will allow deficiencies in receipting activities to be prevented or detected and corrected. It is not necessary to address all questions in this document. These are only suggestions and ultimately it is up to the unit on how they implement it. The internal control system as a whole has to be designed and implemented appropriately in order to allow errors and deficiencies in receipting activities to be prevented or detected and corrected.

Control Environment

The questions in this section are divided by questions that pertain to the governing board and management.

Governing Board:

	YES	NO
1) Does the governing board oversee the unit's internal control system over receipting activities		
2) Are there written policies documenting internal control procedures over receipting activities? If yes, do these written policies outline the authority and responsibility for receipting activities within the unit?		
3) If credit cards are an acceptable form of payment for the unit, did the governing board approve policies on the handling credit card transactions and deposits, procedures for another acceptable form of payment when a credit card is declined and a refund policy?		

Management:

1) What procedures did management put in place for receipting activities?		
a. Does management assign responsibility, and delegate authority to achieve proper receipting activities?		
2) Does management emphasize meeting the budget and/or financial and operating goals?		
3) Is management willing to adjust the financial statements for misstatements that approach a material amount?		

Risk Assessment

	YES	NO
1) Does management identify, analyze and respond to risks over receipting activities?		
a. What areas have been identified regarding receipting activities that may be exposed to fraud risk?		
b. How has management analyzed and responded to identified risks? For example, management may accept the risk and take no action, choose to eliminate certain processes to avoid the risk and institute proper internal controls.		
2) How does management prevent fraud and errors in the accounting records, which are used to record receipts? For example, are important internal control procedures in place such as approvals, regular preparation or review of reconciliations, review of supporting schedules or reports, etc.?		
3) What procedures are in place to ensure that collections received were properly reflected in the accounting records?		

Control Activities

	YES	NO
1) Is there a system of checks and balances (segregation of duties) to ensure the proper collection and reporting of receipts?		
a. Are responsibilities for collecting money and issuing receipts segregated from those preparing the bank deposit?		
b. Are responsibilities for collecting money and issuing receipts segregated from those posting the records?		
c. Are responsibilities for making bank deposits segregated from those preparing the monthly bank reconciliations?		
d. Is a reconciliation between the receipts ledger and the credits to the bank account completed periodically by an individual separate of the receipting process?		
e. Are responsibilities for making bank deposits segregated from those posting the records?		
f. Are responsibilities for issuing receipts segregated from those who open the mail?		
g. Are responsibilities for billing segregated from those who mail the bills?		
h. Are responsibilities for customer billings segregated from those involved in the receipting process?		
i. Are responsibilities for maintaining accounts receivable records segregated from those involved in the billing process?		



	YES	NO
j. Are responsibilities for receipting activities segregated from those involved in disbursing activities?		
k. Are non-sufficient funds checks delivered to an individual independent of those processing and recording collections?		
l. Are responsibilities for processing credit card payments segregated from those involved in processing voided credit card transactions?		
m. Are responsibilities for processing credits or refunds segregated from those involved in the payment processing function?		
n. Are responsibilities for reconciling credit card payments segregated from those processing payments, voids, credits and refunds?		
o. Are reviews made of deposit slips by someone outside the receipting process to verify all deposit slips are accounted for?		
2) Are collections received by mail?		
a. Is the mail opened by two people?		
b. Are all remittances collected by mail documented on a list of receipts at the time the mail is opened? If yes, is the list prepared by an individual other than those opening the mail? If remittances collected by mail are documented on a list of receipts, are copies of the listing forwarded, along with the money, to the cashier or depositor?		
c. Does an individual who does not open the mail and is not the cashier or depositor compare the list with the deposit?		
d. When opening mail, are checks endorsed or stamped "For Deposit Only"?		
e. Are other copies attached to collections received through the mail as supporting documentation to the accounting transaction? If yes, are these documents enclosed with the currency, are the documents machine date stamped or dated and initialed by the individual opening the mail?		
3) Are deposits of all receipts made according to state statute?		
4) Are receipts issued timely for electronic deposits? What procedures are in place for identifying and issuing receipts for electronic deposits?		
5) Are there established procedures for follow-up of non-sufficient funds checks?		
6) Are pre-numbered duplicate receipts issued for all money collected?		
7) Are duplicate receipts retained?		
8) Is an approved or prescribed receipt form used? If no, are other receipt books used in place of an approved or prescribed receipt?		
9) Are receipts issued at the time of collection?		
10) If you are using any software to issue receipts, is there a backup system for issuing receipts when the system is down and not accessible?		
11) Do voided receipts require review and authorization by management?		
12) Are voided receipts with supporting documentation retained?		
13) Are separate cash drawers used for each individual collecting money? If yes, is access limited to the individual responsible and assigned to that cash drawer?		
14) Are collections stored in a secure location?		
15) Are collections reconciled to receipts issued (or other cash reports) by someone other than the individual collecting the money? If no, are these reconciliations reviewed and approved by management? If yes, is this review documented as evidenced by initials, tick marks, etc. indicating procedures performed?		
16) Are collections accounted for and balanced to receipts issued or other collection records daily?		
17) Is monitoring performed on all cash longs and shorts?		
18) Are collections promptly and accurately recorded in the records?		
19) Are collections deposited in the form originally received? Do receipts indicate the type of payment received (cash, check, etc) and is this reconciled to the make-up of the bank deposit (cash, check, etc)?		
20) Are delay of deposits avoided by making sure fund distribution are immediately determinable?		
21) Are there comparisons of deposit amounts and dates with cash receipt postings?		
22) Are adjustments to customer accounts properly documented and reviewed by an individual independent of the billing and accounts receivable processes?		
23) Are receivable amounts aged monthly? If yes, is the aging of monthly receivables reviewed by an authorized individual?		
24) Does the governing board approve bad debt write offs?		
25) Are procedures provided for executing all possible legal remedies to collect charged-off or non-collectable accounts?		
26) Do accounts receivable record-keeping procedures include reconciling the aggregate collections and balance of the accounts receivable control against postings to individual accounts receivable accounts?		
27) Are periodic reviews made of receivable accounts with credit balances?		
28) Are overpayments subsequently refunded and underpayments collected?		



	YES	NO
29) Is access to receipt applications appropriately controlled by user logins and passwords? Do individuals involved in receipting activities share their user id and password?		
30) Are there procedures for authorizing and recording inter-bank and inter-fund transfers and providing for proper accounting for those transactions?		
31) Are investigations made of unusual journal entries?		
32) Are credit cards an allowable form of payment? (See Long Version for Receipting Activities Question #34, #35, #36, #37).		
33) Does the unit have separate cash collection points?		
a. Are there proper controls at each collection point to assure timely deposits and accurate recording of collections?		
b. Are there timely notices of receipts collected at separate collection points given to a central accounting department?		
c. Are collections received at separate collection points transmitted to the central accounting department through the banking system?		
d. Are daily reported receipts at separate collection points compared to records of the accounting department?		
34) If the unit bills for services, are the following procedures in place?		
a. Are billings of service fees and taxes billed timely?		
b. Do procedures include providing for an independent verification of quantities, prices, and clerical accuracy of billing statements?		
c. Are statements of account balances mailed on a timely basis?		
d. Are penalties and interest assessed on delinquent payments where allowable by law?		
e. Do procedures prompt investigation of disputes with billing amounts, reported by taxpayers or customers, by an individual independent of the accounts receivable record keeping process?		
f. Do procedures include providing for identification and investigation of unusual billing patterns?		

Information and Communication

	YES	NO
1) Are procedures established to ensure that proper communication and documentation exists for internal communications between offices, departments, management and the governing board regarding receipting activities?		
a. How does the unit internally communicate information regarding receipting activities to employees, including objectives and responsibilities for internal control? Are records maintained to document this communication?		
b. Are procedures established to ensure that the communication requirements are being followed and necessary information is being communicated properly?		
2) What procedures are in place to collect the information needed to ensure proper receipting activities?		
a. Does management use the most current information available to ensure receipting activities are working properly?		

Monitoring

	YES	NO
1) Are procedures in place to ensure that appropriate personnel perform their required duties sufficiently and adequately follow the policies and procedures of the unit regarding receipting activities?		
2) Are internal control procedures over receipting activities evaluated and adjusted on a regular basis? For example, personnel changes, newly elected officials, etc.		
a. What follow-up action is taken for identified problems or weaknesses in internal controls over receipting activities?		
3) Are monthly reports detailing receipts of the funds provided to the appropriate department to review for accuracy and reasonableness?		
4) Are monthly reports detailing receipts of the funds provided to management to review for accuracy and reasonableness?		
5) Are monthly receipt reports provided to the governing board to review?		
6) Does a confidential reporting system exist so that individuals may report suspected fraud and abuse of the unit's policies?		
7) Is there a comparison by the appropriate level of management or another designated individual of actual receipts to budgeted and prior receipts? If yes, are investigations performed for all variances noted?		
8) Are unannounced cash counts performed?		