

Office of the State Controller

Self-Assessment of Internal Controls

Cash Receipts Cycle

Objectives and Risks

Agency _____

Year-End _____

Objectives

All collections are properly identified, control totals developed, and collections promptly deposited intact.

All bank accounts and cash on hand are subject to effective custodial accountability procedures and physical safeguards.

All transactions are promptly and accurately recorded in adequate detail records and appropriate reports are issued.

All transactions are properly accumulated, correctly classified and summarized in the general ledger balances are properly and timely reconciled with bank statement balances.

Risks

- Failure to record cash receipts; withholding or delaying the recording of cash receipts; diverting cash receipts after recording non-compliance with the Cash Management Act.
- Misappropriated cash or petty cash funds; diverted cash receipts; unauthorized cash disbursements; loss of funds.
- Covering unauthorized transactions by substituting unsupported credits or fictitious expenditures to cover misappropriated collections; underfooting or overfooting cash or receivables.
- Misstating cash balances; covering unauthorized transactions by falsifying bank reconciliation.

Office of the State Controller

Self-Assessment of Internal Controls

Cash Receipts Cycle

Control Policies and Procedures:

Agency _____

Year-End _____

A. Control Activities / Information and Communication:

Yes No N/A

- ___ ___ ___ 1. Is there a formal organizational chart defining responsibilities for processing and recording cash transactions?
- ___ ___ ___ 2. If annual payments are involved, do procedures exist to ensure that previous years' records are properly updated for new registrants and withdrawals?
- ___ ___ ___ 3. Do control procedures exist regarding the collection, timely deposit, and recording of collections in the accounting records at each collection location?
- ___ ___ ___ 4. Are checks identified on the deposit slip by maker and amount?
- ___ ___ ___ 5. Is the sequence number for the CMCS Certification of Deposit noted on the deposit ticket to confirm certification has been done in the system?
- ___ ___ ___ 6. Does the deposit slips used have an official depository bank number preprinted on the document?
- ___ ___ ___ 7. Are procedures in place to establish a proper cut-off of cash receipts at the end of the fiscal year?
- ___ ___ ___ 8. Are license and permit issuances reconciled to the cash receipts journal or bank deposits?
- ___ ___ ___ 9. Is a mail receipts log maintained for mail receipts?
- ___ ___ ___ 10. Is the mail receipts log reconciled to:
 - ___ ___ ___ a. The cash receipts journal?
 - ___ ___ ___ b. Validation certification of deposit/deposit slips?
- ___ ___ ___ 11. If payments are made in person (seminars, workshops, etc.), are receipts for payment used and accounted for and balanced to deposits?

- ___ ___ ___ 12. Are pre-numbered receipts issued for all cash collections and are numbers of all receipts accounted for?
- ___ ___ ___ 13. Are logs of receipt book issuances maintained?
- ___ ___ ___ 14. Are petty cash/change funds at the minimum effective amount?
- ___ ___ ___ 15. Are all petty cash funds maintained on an imprest basis?
- ___ ___ ___ 16. Are unauthorized advances from petty cash funds to employees prohibited?
- ___ ___ ___ 17. Are all petty cash checks cashed promptly at the banks?
- ___ ___ ___ 18. Are petty cash vouchers or bills required for all petty cash disbursements and are they pre-numbered?
 - ___ ___ ___ a. Are they signed by persons receiving cash?
 - ___ ___ ___ b. Are they approved in writing by department head or other responsible official?
 - ___ ___ ___ c. Are they properly supported by vendor receipts?
 - ___ ___ ___ d. Are they typewritten or written in ink to preclude alterations?
- ___ ___ ___ 19. Are letters accompanying gifts, grants, donations, etc., retained as part of the permanent records?
- ___ ___ ___ 20. Are the authorization records of the depository banks up to date?
- ___ ___ ___ 21. Are receipts deposited as often as required by General Statutes?
- ___ ___ ___ 22. Are the following duties generally performed by different people:
 - ___ ___ ___ a. Custodian of the fund, reconciliation of the fund and access to cash receipts?
 - ___ ___ ___ b. Filling out the disbursement receipts, disbursement, and reconciliation?
 - ___ ___ ___ c. Making a deposit, billing, making General Ledger entries and collecting?
 - ___ ___ ___ d. Collecting cash, placing a restrictive endorsement on the checks, balancing cash, closing cash registers, making a deposit, maintaining Accounts Receivable records and making General Ledger entries?
 - ___ ___ ___ e. Collecting of licenses, fines, and inspections and making General Ledger entries?
 - ___ ___ ___ f. Collecting cash and reconciling the bank account?

- ___ ___ ___ g. Closing cash registers daily by a person not involved in cash collection?
- ___ ___ ___ 23. Are current year receipts compared to those for prior years and budgeted receipts, and are explanations of variations reviewed by senior officials?
- ___ ___ ___ 24. Is account distribution indicated on expense vouchers reviewed for reasonableness by accounting personnel?
- ___ ___ ___ 25. Are licenses and permits sequentially numbered and satisfactorily accounted for?
- ___ ___ ___ 26. Is there adequate physical security surrounding cashiering areas?
- ___ ___ ___ 27. Are employees prohibited from cashing personal checks at cashiering areas?
- ___ ___ ___ 28. Is cash receiving centralized to the maximum extent possible?
- ___ ___ ___ 29. Are all employees handling cash receipts adequately bonded?
- ___ ___ ___ 30. Are "audit tapes" retained for cash registers?
- ___ ___ ___ 31. Is a restrictive endorsement placed on incoming checks as soon as received?
- ___ ___ ___ 32. Are unused portions of receipt books required to be returned to the issuance location?
- ___ ___ ___ 33. Are petty cash vouchers effectively canceled at the time of reimbursement to the fund by an individual other than the custodian?
- ___ ___ ___ 34. Is a system of pre-numbered receipts with adequately controlled copies in use wherever practicable?
- ___ ___ ___ 35. Are cash receipts controlled at the earliest point of receipt?
- ___ ___ ___ 36. Are cash registers used in locations making sales of goods?
- ___ ___ ___ 37. Is petty cash kept in a locked place, where only the custodian has access?
- ___ ___ ___ 38. Are petty cash funds segregated from other cash?
- ___ ___ ___ 39. When funds cannot be deposited daily, are the funds transported to a centralized location at the end of the workday and secured overnight?

B. Monitoring:

- ___ ___ ___ 40. Do you have an OSC approved Cash Management Plan on file?

- ___ ___ ___ 41. Do you have an OSC approved Delegation of Disbursing Authority on file?
- ___ ___ ___ 42. Is effective control maintained over receipts of gifts, grants, donations, etc. and is a follow-up made by a responsible official to see that they have been classified and recorded properly?
- ___ ___ ___ 43. Are funds periodically counted by a person other than the custodian at unannounced times?
- ___ ___ ___ 44. Does management approve or spot check reconciliations?
- ___ ___ ___ 45. Are policies documented for changes in a new system or method for accounting for cash?
- ___ ___ ___ 46. Are timely corrective actions taken in cash discrepancies?