



## GFOA Recommended Practice

### **Revenue Control and Management Policy: Cash Receipts Controls (2003 and 2007) (CASH)**

**Background.** To ensure sound financial management practices, the proper controls over revenues are imperative in determining budget, forecasting, reconciliations and general oversight over the various revenues collected. As part of performing governmental services, management must provide for appropriate mechanisms, both automated and manual, to collect all funds legally due to the entity and ensure that proper controls exist over all receipts.

**Recommendation.** The Government Finance Officers Association (GFOA) recommends the inclusion of documented cash receipts controls as part of a revenue control and management policy. When formulating cash receipts controls, it is imperative that such controls abide by generally accepted accounting procedures (GAAP), local ordinances and state laws.

The following factors, as applicable, should be considered in the development of cash receipts controls in a revenue control and management policy:

- Internal Controls - All aspects of cash receipts should be subject to proper internal controls with standard controls. Management should establish standard internal controls that are properly documented and followed by affected department(s) performing cash receipting functions;
- Deposits - There should be timely recognition and depositing of revenue collected;
- Returned Checks - There should be established procedures for processing and collection of returned checks;
- Escrowed Funds – There should be established procedures regulating deposit and return of escrowed funds;
- Budgetary Review – There should be timely monitoring of actual revenue collections to budgeted or projected revenue throughout the fiscal period. Compliance of revenue with all federal, state, and local laws and/or regulations should be monitored continuously.

#### **References:**

- GFOA Recommended Practice, *Revenue Control and Management Policy: Accounts Receivable Controls*, [www.GFOA.org](http://www.GFOA.org)
- GFOA Recommended Practice, *Revenue Control and Management Policy*, [www.GFOA.org](http://www.GFOA.org)
- GFOA Recommended Practice, *Adoption of Financial Policies*, [www.GFOA.org](http://www.GFOA.org)
- *Evaluating Internal Controls: A Local Government Manager's Guide*, GFOA.
- *Revenue Collection Administration: A Guide for Smaller Governments*, GFOA.

Approved by the GFOA's Executive Board, October 19, 2007.