

3. ACCOUNTING

3.6 Revenues

3.6.1 Cash Receipting

3.6.1.10 Cash receipting is a very important function of all governments. Listed below are requirements for deposits and receipt forms.

3.6.1.20 Deposits

1. Every public officer and employee, whose duty it is to collect and receive payments should deposit receipts with the treasurer of the local government at least once every 24 hours. The treasurer of the local government may grant an exception where such daily transfers would not be administratively practical or feasible ([RCW 43.09.240](#)).

2. Deposits must be made intact, meaning all payments received must be deposited without substitution. This is evidenced by the composition of checks and cash listed on the deposit slip matched to related receipt records.

3. Checks must be restrictively endorsed *For Deposit Only* immediately upon receipt.

4. Separate bank accounts may be used to receipt funds and transfer to a master account in order to facilitate timely collection of cash in remote areas or as part of the government's banking structure. These accounts (which may be referred to as zero-balance, clearing, transmittal or depository accounts), should be swept at least monthly and be independently reconciled the same as all other bank accounts.

3.6.1.30 Receipt Forms (manual or automated)

1. Receipts should be pre-numbered and imprinted with the name of the local government.

2. Receipts must include the following information:

- Identification of payor.
- Amount received.
- Mode of payment (cash, check, credit card, other).
- Purpose of payment.
- Identification of employee who prepares receipt.

3. Generic receipt forms should not be used (e.g., Rediform, etc.).

4. In instances where cash is received at decentralized locations (e.g., police department, parks department, etc.), the local government treasurer may combine those receipts onto one treasurer's receipt. The treasurer's receipt should indicate the total amount received from each location as well as the appropriate account codes.

5. If a receipt is voided, the original and any copies of that receipt must be retained.

3.6.1.40 Internal Control

See the BARS manual 3.1.3, [Internal Control](#) for general guidance on internal controls. The following are minimum expected controls for cash receipting:

1. More than one employee should open the daily mail and prepare a list of cash and checks received (remittance list). If dual custody is not feasible, the government should consider compensating controls such as having mail opened in an area observable by other employees or stronger monitoring controls over revenues.
 2. Deposits may be prepared by the person who received the payment. The government should implement a system of supervisory review of the remittance list and bank deposits to ensure deposits are made intact.
 3. Checks received in the mail should be briefly reviewed for accuracy (e.g., proper payee, date, signature of payor, etc.). Checks with obvious inaccuracies should not be included in the deposit. In such a case, the entity should contact the payor and request that the payment be corrected or reissued.
 4. The daily remittance list should be compared (reconciled) to daily deposit slips and to the cash receipts journal (or check register) on a regular basis. This should be performed by someone other than the employee who prepared the remittance list. Any shortage should be resolved.
 5. A duplicate copy of the bank-validated deposit slip showing the composition of receipts should be retained by someone other than the employee making up the deposit.
 6. The bank statement reconciliation should be performed by a person who does not have custody of or access to cash during any point in the receipting and depositing process. This reconciliation should include comparing deposits per bank to recorded receipting transactions in the general ledger.
 7. Deposits should be physically safeguarded using bank bags with locks or other tamper-proof devices.
 8. Receipts should be physically safeguarded during the operating day and secured in a safe or vault overnight. Access to the cashing area should be appropriately restricted whenever possible.
 9. Access to the safe or vault should be limited and combination should be changed periodically.
- In addition, the safe and vault combination should be changed after employees terminate employment.
10. If the government utilizes cash registers, there should be one change fund and one cash register (or drawer) per cashier. This enables assignment of responsibility for cash to a specific individual at all times.
 11. Policies should contain instructions for identifying cash receipts and for dating cash receipts journal entries for that day's receipts.

3.6.1.50 Receiving Payment through Third Party Vendors

Local governments should establish contractual agreements for all arrangements where a third party vendor is directed to accept payments on behalf of the local government. The contract should include details of the payment remittance process to support compliance with state law ([RCW 43.09.240](#)). Funds should be remitted through direct card settlement or EFT from the vendor to the local government's depository account.

The local government should adopt contracting policies that implement effective internal controls over funds collected through a third party vendor including safeguards to protect the funds from loss and contractual responsibilities for protecting credit card numbers and transactions.

Refer to the Local Government Performance Center, [Third Party Receipting](#) for additional guidance.

3.6.1.60 Accounting and Reporting

For accounting purposes, the method or process of receipt and deposit should not affect when funds are considered received by the government. For example, receipt by a third party on behalf of a government or deposit in a transmittal account should be recognized the same as receipt and deposit at the government's main location.

See the BARS manual 3.6.11, [Suspense Funds](#) for additional guidance on use of suspense funds to temporarily hold unclassified transactions.