Cash Management – Transaction Management  
C3.1: Receipting

Statement of Intent

Cash inflows of public money and money held in trust should be recorded, secured and banked in a complete, accurate and efficient manner. This section provides the minimum requirements relating to receipting of cash.

| Main Features  Section 38 of the Financial Management Act requires every Accountable Officer and every employee of an agency to comply with the Treasurer’s Directions.  Receipts   * Receipts are inflows of cash assets received by an agency including those cash receipts relating to trust money and contributions by Government.   Recording and Banking of Receipts   * Cash assets received by an Agency are to be recorded according to their nature or type in the classes provided by the Standard Classifications and are to be secured and deposited into an official bank account on a timely basis. * Any receipts for which a Standard Classification code is unclear are to be credited to the Cash Receipts Clearing Account (CRCA) until an appropriate Standard Classification code is identified. * An official receipt is to be issued for cash transactions and on request for other receipts.   Receipting Procedures and Controls   * Receipts of cash assets are to be subject to appropriate management, accountability and control arrangements.   For authoritative instruction and guidance, reference should be made to related Treasurer's Directions and associated commentary. |
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Authorities

Sections 5 and 6 Financial Management Act

References

Related Treasurer’s Directions:

F2.2 Framework – Working for Outcomes: Central Holding Authority

A1.3 Accounting – Introduction: Standard Classification Codes

A2.6 Accounting – Assets: Cash

A5.2 Accounting – Income: Territory Income

A5.3 Accounting – Income: Agency Income

C2.2 Cash Management – Banking: Bank Accounts

What are Receipts?

| C3.1.1  Receipts are inflows of cash assets received by an Agency including those cash receipts relating to trust money and contributions by Government. |
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1. Receipts of cash assets include cash and cash equivalents such as:
   * cheques and other negotiable instruments;
   * credit card transactions;
   * electronic funds transfer (EFT);
   * direct credits; and
   * ledger transfers.
2. Under section 6 of the Financial Management Act, all agency receipts are to be paid into the agency’s Operating Account or nominated agency specific account. Agency receipts typically involve extinguishment of accounts receivable related to amounts owed by debtors, but will also include:
   * cash receipts from the sale of goods and services;
   * appropriation funding;
   * intra-sector receipts;
   * specific purpose payments; and
   * proceeds from the disposal of agency assets.
3. An agency may also manage, on behalf of the Government, the receipt of Territory income (revenue and gains) that it does not control. Section 5 of the Financial Management Act requires all Territory receipts (except agency receipts and Accountable Officer’s Trust Account receipts) to be credited to the Central Holding Authority (CHA). Examples of Territory income include:
   * Australian Government general purpose funding;
   * Territory taxes and royalties;
   * statutory fees and charges; and
   * fines and penalties.
4. Receipts do not include barter transactions or the extinguishment of a debt through the provision of services or by other non-cash means, as these transactions do not produce an inflow of cash assets.
5. Treasurer’s Directions A2.6, A5.2, A5.3 and F2.2 provide further instruction and guidance in relation to cash assets, agency income, Territory income and the recording of Territory income in the CHA.

Recording and Banking of Receipts

| C3.1.2  Agency cash receipts are to be paid into the agency’s Operating Account or nominated Agency specific account and are to be:   * recorded according to their nature or type and, as a minimum, under the classes provided by the Standard Classifications; and * secured and deposited into an official bank account on a timely basis. |
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1. Cash is to be recorded upon receipt. To ensure consistency across agencies, the Standard Classifications provide minimum classification requirements for Agency and Territory receipts. Treasurer’s Direction A1.3 provides instruction and guidance in relation to the Standard Classification codes.
2. Examples of appropriate security, until funds are deposited into an official bank account, include the use of a safe, lock box or a secure room with restricted access. Treasurer’s Direction C2.2 provides instruction and guidance in relation to bank accounts.

| C3.1.3  Any receipts for which a Standard Classification code is unclear are to be credited to the CRCA until an appropriate Standard Classification code is identified. |
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1. Receipts cannot be accurately recorded in an agency’s accounts unless an appropriate account classification is known. Holding the remittance in the CRCA avoids adjustments to income amounts and highlights the deposit for further investigation. Every effort should be made to clear remittances held in the CRCA in a timely manner.

| C3.1.4  An official receipt is to be issued for cash transactions and on request for other receipts. |
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1. Official receipts are required for cash transactions and, where requested, for mail and credit card transactions. An official receipt may take the form of pre-printed receipt forms, licences, permits, tax invoices, cash register imprints or computerised printouts.
2. A record of all official receipts should be maintained, detailing at a minimum, the official receipt number, amount and date. Once prepared, an official receipt is not to be altered. Where a correction to an official receipt is required, the original receipt is to be cancelled (and retained) and a new receipt prepared.
3. Where money is received electronically by direct credit to an Agency’s bank account, the record shown on the bank statement provides evidence of the transaction and the preparation and issue of an official receipt may not be required.

Receipting Procedures and Controls

| C3.1.5  Receipts of cash assets are subject to appropriate management, accountability and control arrangements. |
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1. Agency internal procedures and controls should have regard to the inherent risks associated with the collection, recording, security and banking of cash receipts. For example, cash receipting procedures and controls should meet the control objectives of completeness, validity, accuracy, safeguarding and subsequent accountability.
2. Specific control strategies for agency and Territory cash receipts include:
   * adequate monitoring procedures for opening mail and managing and monitoring the use of cash registers;
   * internal verification procedures to ensure all cash receipts have been completely and accurately classified, recorded and comply with legislative requirements and accounting standards;
   * appropriate segregation of duties between handling cash and record keeping;
   * independent monitoring to ensure cash receipts are banked regularly and cash on hand is kept in a secure place until banked;
   * periodic independent cash counts to compare cash on hand with the recorded cash balance;
   * internal verification to compare the validated deposit slips with daily cash summaries; and
   * preparation and independent monitoring of monthly bank reconciliations.
3. Specific control strategies for the receipt of cheques, money orders, credit card receipts and other negotiable instruments include procedures to ensure:
   * appropriate mail procedures that provide adequate security of mail receipts, including immediate endorsement and recording;
   * cheques and money orders are crossed and marked ‘Not Negotiable’ when received;
   * post-dated cheques are not accepted, unless approved by the accountable officer (or delegate);
   * credit card receipts are valid and should be authorised where the amount exceeds a threshold; and
   * cash change will not be given where the amount tendered on a cheque or credit card exceeds the amount due to be paid (in this circumstance, the excess may be credited against future charges).