

Chapter 85 – Accounting Procedures

85.20 Revenue and Cash Receipts

85.20.10	Introduction	July 1, 2010
85.20.20	Collection and deposit of receipts	July 1, 2010
85.20.30	Non-revenue receipts	July 1, 2010
85.20.40	Proceeds from sale of property	July 1, 2010
85.20.50	Undistributed receipts / Suspense	July 1, 2010
85.20.60	Suspense items	July 1, 2010
85.20.70	Refunds of revenue	July 1, 2010
85.20.80	Subsidiary records	July 1, 2010
85.20.90	Deposit interest distribution	July 1, 2010

85.20

Revenue and Cash Receipts

85.20.10 Introduction

To ensure strong fiscal management practices, the proper controls over revenues is imperative in determining budget, forecasting, reconciliations, accounts receivable management and general oversight over the various revenues the State of Maine collects.

85.20.20 Collection and deposit of receipts

85.20.20a Departmental collections – In accordance with 5MSRA, §131:

Every department and agency of the State, whether located at the Capitol or not, collecting or receiving public money, or money from any source whatsoever, belonging to or for the use of the State, or for the use of any state department or agency, shall pay the same immediately into the State Treasury...

In order to achieve compliance with 5MSRA, §131 and to improve internal controls over an inherently risky area of operations, we are requiring agencies to adhere to the following policies:

- Accumulated cash receipts totaling more than \$300 must be deposited daily.
- No cash receipts should be held for more than three days regardless of amount.

85.20.20b Documents

Cash Receipt Documents (CR, CRCC, CREF) are used to record money collected. The Department processes the Cash receipt document and prints the deposit ticket or completes a manual deposit ticket. A copy of the deposit ticket is routed to the Office of the State Treasurer. Once the funds are deposited at the bank the Department uses the bank receipt to complete the Cash Receipt Document. Departments use the date of deposit on the bank receipt as the transaction date in the system. Cash, checks, credit cards, and EFT funds are processed using the various Cash Receipt documents codes (CR, CRCC and CREF).

Once approved, the Cash Receipt records the money and allocates it to the proper fund accounting string. All Cash Receipt documents are final once approved by the Department except for wire transfers (CREF). All wire transfers (CREF) documents workflow to OST for confirmation of receipt and final approval.

For Additional information, please reference the Advantage training documents located on the Office of the State Controller's web page.

85.20.20c

Prudent collection processes

Agencies must exercise prudent cash management in the handling of cash receipts. Agency receipting policies should ensure the most efficient and timely collection possible, ensure adequate internal controls are in place, and minimize the cost of collection. Agencies can use various receipt mechanisms to collect amounts due the state; journal, electronic fund transfers and, with approval from the Office of the State Treasurer and the Office of the State Controller, lock box systems, credit and debit cards.

There should be adequate physical facilities (i.e., fire proof safes, locking file cabinets, etc.) for the safeguarding of cash prior to deposit.

85.20.20d

Record of Cash Receipts

Agencies are to maintain daily cash receipt records reflecting all daily receipts by account and source. Where cash registers or automated cashiering systems are used, this could be the machine generated control tape.

85.20.20e

Reconciliation of Cash Receipts

On a daily basis, collections are to be counted and reconciled with cash receipt records and local account deposit slips. Any differences between the deposits and records of receipts are to be investigated and resolved.

85.20.30

Non-revenue receipts

Agencies may receive monies that represent non-revenue items such as recovery of expenditures, refunds of forgeries, State Employees Insurance premium refunds, undistributed receipts, and interagency reimbursements for various expenses. These amounts are to be classified and recorded as non-revenue receipts in the General Ledger.

Receipts for recoveries of authorized current appropriation expenditures represent an offset to current appropriation allotment charges and are recorded as a credit against the current appropriation expenditure that was originally charged.

Receipts for recovery of an expenditure charged against a prior appropriation are recorded with a credit to GL Code 0390 "Profit and Loss" for non – carrying accounts.

85.20.40 Proceeds from sale of property

The proceeds realized from the sale of property may be remitted to the agency holding title to the property or be required to be deposited to General Fund Undedicated Revenue. In either case, the amount is to be deposited by the agency to the account from which such property was purchased or if such account no longer exists, into the General Fund. The following procedures apply to the recording of these proceeds:

In governmental fund type accounts, unless specifically budgeted, the proceeds realized from the sale of surplus property are **not** to be used to reduce the expenditures related to current acquisitions. Absent specific inclusion in the budget, the net proceeds realized from the sale of surplus property are to be recorded as Revenue Source Codes 2801 through 2821 "Sale of"

In proprietary and trust fund type accounts, the net of the sale proceeds and the removal of the capital asset and related accumulated depreciation is recorded as GL Code 0390 "Profit and Loss" using Revenue Source Code 2836 "Profit or Loss on Sale of Asset."

85.20.50 Undistributed receipts/Suspense

Deposit of money is not to be delayed because of difficulty in determining account and source. Receipts not immediately identifiable are to be deposited to the appropriate General Ledger Suspense Account 0204 through 0206.

At a subsequent date when receipts deposited in the Suspense Account are identified as to the source and account, a Journal Transaction (JV or ABSJ) is to be submitted to the Office of the State Controller, transferring these funds from Suspense, to the proper account and revenue source code. The journal transaction is to be restricted to information pertaining to transfer of amounts from Suspense to the proper account and not commingled with other transfer transactions.

85.20.60 Suspense items

If the daily receipts are identifiable by account, but cannot be immediately allocated to a specific revenue source code, the transaction is to be credited to the applicable account and classified as a Suspense item. As soon as a determination can be made of the proper revenue source code(s), the agency is to clear the Suspense Account. Agencies should attempt to clear all Suspense transactions by the close of the fiscal year.

Receipts which are to be applied or refunded at a later date or money contingent on an unknown final disposition are to be transmitted to the State Treasurer via a CR and deposited in the State Treasury by a credit to the appropriate Suspense Account.

Refunds of erroneous or excessive payments such as tax refunds or payments of certain claims authorized by law are to be made from treasury accounts without the need of an appropriation.

As soon as a determination can be made of the proper account or accounts to charge or credit for items placed in suspense, the agency is to clear the item(s) in the Suspense account. The Suspense account is to be reviewed periodically during the year and, if possible, should have a zero balance at the end of the fiscal year. For those Suspense accounts that have balances at the end of the fiscal year, please report to the Office of the State Controller in accordance with year-end procedures as detailed in the Aging Memo.

85.20.70 Refunds of revenue

In the event fees or other payments are collected and deposited by an agency that are subsequently determined to be erroneous or excessive, the agency may refund the overpayment. . Refunds may be made when there has been an error with respect to:

- The amount of fee or payment collected;
- The necessity of making or securing a permit, filing, examination or inspection;
- The sufficiency of the credentials of the applicant;
- The eligibility of the applicant for any other reason; and/or

- The necessity for payment.

Unless an appropriation exists for such a refund, it is to be accounted for as a reduction of the revenue initially credited upon receipt of the overpayment.

85.20.80 Subsidiary records

Subsidiary records are to be used to record actual and estimated revenues by account and revenue source. In some cases, however, to allow for proper financial control and analysis, reporting revenues at a lower level may be required. Subsidiary records are to balance with general ledger control accounts.

85.20.90 Deposit interest distribution

The State Treasurer reports all interest earned on cash balances in the cash pool for all participating accounts. The distribution of deposit interest is recorded in Revenue Source Code 2105, "Earnings on Investments". The administering agency will receive, upon request, a copy of the Treasurer's Journal Voucher indicating the interest earnings distributed to the administering agency's account(s).