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Cash Recognition and Reconciliation Policy

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Executive Summary

A department must deposit all cash receipts in a bank account designated by the Office of the State Treasurer (TRE) daily. Receipts may include cash, checks, and credit cards, and represent accounts receivable or over-the-counter transactions.

Considerations

The statewide financial accounting and financial reporting system ("the system"; "Mosaic") is the official record of the Commonwealth for receivable and customer information. Departments must take special care to ensure that the information entered into Mosaic for any receivable is accurate and complete.

Policy

Cash Receipts Deposited with the Treasury

All cash receipts must be deposited within a designated and authorized Treasury location, within one business day of receipt. Departments shall accept all methods of payment approved and authorized by TRE. This may include checks, credit cards, and cash. Adequate internal controls must exist to ensure the safeguarding of cash. All checks must be endorsed "For Deposit Only" and be made payable to the relevant department or to the Commonwealth of Massachusetts. Checks payable to individuals are not acceptable. All credit card payments must be directed to the relevant department or to the Commonwealth of Massachusetts. See the CTR Electronic Payments Data Collection Security Policy.

Exceptions to the Daily Remittance of Cash Receipts

Except as otherwise expressly provided, all fees or other money received on account of the Commonwealth shall be paid daily into Treasury. See M.G.L. c. 30 § 27. However, the Executive Office for Administration and Finance and Treasury may determine it is in the interest of the Commonwealth to allow payments to be made weekly, in accordance with such rules and regulations as Treasury may prescribe.

Exceptions to Cash Receipts Deposited with the Treasury

Some departments (e.g., approved institutions of higher education) are not required to deposit certain trust fund revenues with the Treasury.

Non-Sufficient Fund (NSF) Checks

Payments received for both over-the-counter and accounts receivable transactions, which are returned due to non-sufficient funds (NSF), must be documented and reinstated as accounts receivable. In addition, an NSF charge can be added to the total amount of the reinstated receivable. The dollar value of the NSF charge is the amount entered on the System Options Table (SOPT).

Refund and Credit Processing

When a customer makes a payment greater than the debt, the system will post a customer credit automatically to a reserved credit balance account. The department and customer may decide to apply this credit balance to another open receivable within the department or generate a revenue refund which must reference the reserved credit balance credit line.

Revenue Refund Processing

A refund can only be processed if the amount paid, the source of the revenue, and the reason for the refund are substantiated. A refund must be issued within forty-five days of the receipt of overpayment or notification from the customer. All refunds must be properly authorized. Refunds can be disallowed or pro-rated, based on certain types of revenue. Interest will not be paid on any refunds unless requested by a customer and/or mandated by statute.

Revenue Refund Minimum Amount

A revenue refund can only be made for an amount equal to or greater than $5.00, unless mandated by statute. A department head may waive this $5.00 restriction for documented hardship cases (e.g. students, patients, etc.).

Reconciliation of Cash Receipts

Daily system assurance must be performed by departments to ensure that there is a matching deposit for each cash transaction. This process involves comparing the results from all sources that produce or contain payments and deposit information, and ensuring that they match. These information sources should include any delegated system reports, all relevant Mosaic tables and/or reports, and Information Warehouse reports. Departments needing assistance in establishing system assurance procedures should contact CTR's Non-Tax Revenue Team.

Records Management

The department is the record keeper of the official record copy of all receivable information. Mosaic is the official record of the receivables entered by the department and will supersede any paper copies of the same information. The department must maintain any supporting or back up documentation related to a receivable entered in Mosaic. A department is responsible for retaining and archiving receivable records in accordance with the disposal schedules issued by the Secretary of State Records Conservation Board.

Information Sources

Related Policies

- CTR Department Head Signature Authorization Policy
- CTR Vendor / Customer File And Form W-9 Policy
- CTR Receivable Recognition and Reconciliation Policy
- CTR Electronic Payments Data Security Policy

Legal Authority

- M.G.L. c. 7A
- M.G.L. c. 29
- M.G.L. c. 30 § 27
- M.G.L. c. 10 § 17B
- M.G.L. c. 29 § 29D
- M.G.L. c. 7A § 3
- Massachusetts Constitution Article LXIII Section 1
- 815 CMR 9.00
- M.G.L. c. 7A § 18

Contacts

- CTR Solution Desk