



## Policy: Cash Receipts & Deposit

**ChildNet Number: CN 010.038**

**Original Approved Date: March 19, 2010**

**Policy Revised Date(s): May 20, 2010**

**Policy Sunset Date:**

**COA Standard(s): FIN 2, 4, 7.03, 7.04 RPM 5.03**

### Statement of Policy:

ChildNet policy is to establish sound cash management practices that ensures efficient utilization of cash in a manner consistent with the overall strategic goals of ChildNet. ChildNet's cash receipt policy is implemented to properly safeguard, promptly deposit, and accurately record all receipts in the integrated, modular accounting system; to shorten the period of movement from cash collection to deposits; and to provide sound internal controls over cash.

### Scope:

Efficient cash management strategies, techniques, and procedures are used to increase the productivity of cash flows while achieving the following objectives:

- a. Liquidity – maintaining the ability to pay obligations when they become due.
- b. Cash Optimization – establishing systems and procedures that help minimize investment in non-earning cash resources while providing adequate liquidity.
- c. Financing – obtaining both short- and long-term borrowed funds in a timely manner at an acceptable cost.
- d. Coordination - ensuring that cash management goals are communicated and integrated with the strategic objectives and policy decisions of other areas of ChildNet that have an impact on cash.

**Board Chair's Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_



## Procedure: Cash Receipts and Deposits

**ChildNet Number: CN 010.038**

**Original Approved Date: March 19, 2010**

**Procedure Revised Date(s): May 20, 2010, August 22, 2014, February 21, 2018, October 19, 2022**

**Procedure Sunset Date:**

**COA Standard(s): FIN 2, 4, 7.03, 7.04 RPM 5.03**

### Definitions:

Integrated modular accounting system - records and processes various accounting transactions relating to accounts payable, accounts receivable, payroll, trial balance and reconciliations.

### Statement of Procedure:

#### Accounts Receivable

Due to the nature of ChildNet's business, accounts receivable deposits are comprised of pre-negotiated contract amounts at the beginning of each month as well as the reimbursement for expenses incurred during a given month.

- a. For deposits received at the beginning of the month, which primarily consist of funds from the Department of Children and Families (DCF), the Controller or designee records funds received in advance to deferred revenue.
- b. During the month in which the funds are expended, a journal entry is prepared reclassing the amount from deferred revenue to revenue.
- c. An invoice is then prepared based on total funds expended and forwarded to DCF on a monthly basis.
- d. For reimbursable based contracts, accounts receivable is recorded by the Controller or designee for the amount of expenses incurred during the corresponding month.

#### Bank Deposits

##### Receipt of Funds

- a. Cash is not accepted. Anyone attempting to provide cash is directed to submit the funds via a check, money order, or cashier's check.



- b. Checks received by ChildNet, either externally or from internal departments such as Community Engagement, are logged upon receipt by the AA responsible for such in each county.
- c. Checks and backup are scanned by the Controller or designee and the support is maintained electronically.
- d. Checks are then batched and deposited into the appropriate ChildNet bank account by the Controller or designee via remote deposit capture machine to the bank's online application. The subsequent batches created are then reviewed, approved, and posted to the accounts via the banking online application by the Accounting Manager or designee.
- e. Deposit batch details are then entered into the Finance Department Cash Receipts log by the Controller or designee. The purpose of the payment is identified, and amounts are coded for entry into the accounting system.
- f. Upon receipt of the bank statement, deposits received via ACH are entered as a batch on the Finance Department Cash Receipts log by the Controller or designee and are identified and coded as noted above. All supporting documentation received for ACH payments is also maintained electronically.
- g. The Finance Department Cash Receipts log is the document used to enter deposit batches into the accounting system at month end, by the Controller or designee, and a separate individual reviews the entry against the Cash Receipts log, and then approves and posts the batch.
- h. Monthly, the logs of checks received by each county are reconciled against the Finance Department Cash Receipts log, by the Controller or designee, to ensure all items received were deposited.

### Insufficient Funds

- a. If a check is returned to ChildNet for insufficient funds, the Accounting Manager or designee will promptly make several attempts to contact the payor to negotiate collection of funds owed.
- b. If the payor cannot be reached or the negotiated terms are not being met within 30 days of the return, the Controller or designee prepares a journal entry to credit the appropriate general ledger cash account within the accounting system for the amount of the insufficient funds.

President's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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