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CASH RECOGNITION AND RECONCILIATION

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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

MMARS is the official record of the Commonwealth for receivable and customer information. Departments must take special care to ensure that the information entered into MMARS 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 [Electronic Payments Data Collection Security](#).

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 MMARS tables and/or reports, and Information Warehouse reports. Departments needing assistance in establishing system assurance procedures should contact CTR's Revenue Bureau.

Electronic signature and Department Head Authorization of MMARS documents

Electronic signatures are limited to MMARS documents. **Electronic signatures can not yet be used for contracts, amendments or underlying supporting documentation.** With the implementation of the MMARS accounting system the Office of the Comptroller is aligning Electronic Security with Department Head Signature Authorization (DHSA) in fiscal year 2005 in order to take advantage of electronic signatures for MMARS processing. Every MMARS action must be confirmed/authorized by the department head or an authorized signatory. Department head authorization can be accomplished in one of two ways:

Administrator Security With DHSA.

If the employee (Administrator - system processor) who submits a document to final status is a department head authorized signatory, the data in the MMARS system will be sufficient documentation. What appears in MMARS will be the record copy of the document.

- **Recording Doc Id on all supporting documentation.** Since there is no paper copy required for the MMARS document the department will be required to include the MMARS

Document Identification number (Doc ID) on all supporting documentation to “match” the supporting documentation with the electronic record of the MMARS document which will reside on MMARS. Recording the Doc ID on all supporting documentation can be accomplished by entry of the MMARS doc id on the first page of the supporting documentation, or by entering the Doc ID on a [MMARS Document Records Management / Signature Authorization Form](#) which will act as the cover sheet to the supporting documentation for records management purposes.

Administrator Security Without DHSA.

If the employee (Administrator - system processor) who will be submitting a document to final status is not a department head authorized signatory, the Administrator must obtain a live (“wet”) signature from an authorized signatory approving the document **PRIOR** to submitting the document to final status in MMARS.

- **Review of document and supporting documentation.** Since a department head is required to authorize the official record of a MMARS document, which is what **actually appears in the MMARS system**, departments must ensure that whoever authorizes the document has reviewed the document and related supporting documentation prior to authorization.
- **Written authorization.** The written authorization may appear on a screenprint of the document as entered and validated, but prior to final submission, or on a [MMARS Document Records Management / Signature Authorization Form](#) prescribed by CTR, to capture the prior authorization for documents.
- **Filing of authorization with supporting documentation.** Authorization documentation must be kept on file at the department along with the record copy of other supporting documentation related to the MMARS document. See Records Management below.

What does electronic signature of a MMARS document mean?

When a department electronically submits a document to final status in MMARS, the department head is certifying to the Comptroller that the individual, on behalf of the department head, understands that their UAID (universal access identification) is being recorded for any entries made in the MMARS system **and that** that individual certifies under the pains and penalties of perjury that:

- it is their intent to attach an electronic signature approval and date to the MMARS document, and **that**
- they are either an authorized signatory of the department head who is authorized to approve the MMARS document as part of the department Internal Control Plan, **OR**
- that the document they are processing and any supporting documentation have been approved by an authorized signatory of the department head, secretariat and any other required prior approval (including secretariat signoff if required) and a copy of these approvals are available at the department referencing the MMARS document number, **and that**
- any expenditure or other obligation is supported by sufficient available legislatively authorized funds and is in accordance with the department’s enabling legislation and funding authority; **and that**
- the MMARS document and any underlying supporting documentation are accurate and complete and comply with all applicable general and special laws, regulations and policies including public record intention and disposal requirements.

Records Management

The department is the record keeper of the official record copy of all receivable information. MMARS 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 MMARS. 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.

Internal Controls

Under Construction.

Information Sources

- Related Procedures
- Related Policies
 - [Department Head Signature Authorization and Electronic Signatures for MMARS Transactions Policy](#)
 - [Vendor / Customer File And W-9s Policy](#)
 - [Receivable Recognition and Reconciliation Policy](#)
 - [Lockbox Policy](#)
 - [Electronic Payments Data Security Policy](#)
 - [Invoice Statements Policy](#)
 - [Third Party and Multiple Third Party Billing 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](#)
 - [Collection of Debts](#)
 - [M.G.L. c. 7A § 18](#)
- Attachments – None
- Links – None
- Contacts – [CTR Solution Desk](#)