



Minnesota Management & Budget Statewide Operating Policy

Minnesota Management and Budget, General Accounting
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Recording and Depositing Receipts

Objective

To ensure all state receipts are properly safeguarded, promptly deposited, and accounted for and reported in accordance with Generally Accepted Accounting Principles (GAAP), Minnesota Statutes including [M.S. 16A.275, Agency Receipts; Deposit, Report, Credit](https://www.revisor.mn.gov/statutes/?id=16A.275) (<https://www.revisor.mn.gov/statutes/?id=16A.275>) and other state and federal laws and reporting requirements.

Policy

All state agencies should establish policies and procedures to ensure all receipts are properly safeguarded, deposited in a timely manner, and recorded completely and accurately in the state's accounting system, Statewide Integrated Financial Tools (SWIFT). Revenue must always be recognized in accordance with GAAP, unless otherwise established by law.

Agency Policies and Procedures

Agencies must develop internal policies and procedures to ensure that receipts are properly safeguarded, deposited and recorded in the state's accounting system, Statewide Integrated Financial Tools (SWIFT), and that adequate separation of duties exists. These duties must be separated as much as possible or other mitigating controls must be in place to ensure that receipts are properly safeguarded.

Agencies policies and procedures should address, at a minimum, the following internal controls:

- The same employee should not establish and obtain receipts, maintain accounts receivable records, prepare deposits for the bank, enter receipts into SWIFT, perform the receipts reconciliation, and maintain physical custody of the receipts.
- Agencies should maintain a receipt log or similar documentation which includes sufficient information to ensure all receipts received are deposited and, if the need arises, the ability to reconstruct a deposit, i.e. check lost in transit or by the bank.
- Receipts should be deposited intact as received; receipts are not to be used for making change or for petty cash.
- An employee separated from the receipting and receipts entry process should review and approve the daily deposits before the bank deposit is made.
- An employee separated from the receipting, depositing, and receipts entry should reconcile the deposits to SWIFT on a minimum of a monthly basis to ensure receipts have been deposited completely and accurately in SWIFT.
- All receipts should be restrictively endorsed as soon as received.
- Receipts should be physically safeguarded in a proper manner until deposited.
- When funds are received throughout the day, the agency should establish a cut-off time for the daily deposit. All funds received after the designated cut-off time must be included in the following

day's deposit. For example, all funds received by 1:00 p.m. are deposited the same business day. Funds received after 1:00 p.m. are deposited the next business day and must be properly physically safeguarded until deposited.

Daily Deposits

In accordance with Minnesota Statute 16A.275, all state agencies must deposit receipts totaling \$1,000 or more in state depository bank accounts established by the Minnesota Management and Budget (MMB) Cash Management on a daily basis unless a waiver has been granted by MMB. MMB will grant a waiver to the daily deposit requirement in limited situations where there is a minimal risk and the cost of making the deposit exceeds the lost interest. Daily deposit waivers must be renewed biennially.

Agencies are responsible for accurately recording the following information in SWIFT which includes, but is not limited, to the following:

- Receipt deposits should be recorded in SWIFT on the same business day the bank deposit occurs to ensure the deposit is posted on the correct day. This process enables the state to effectively manage short-term investments, avoid potential overdrafts, and assist MMB in completing daily reconciliations.
- Receipts should be deposited using the correct dates:
 - ACCOUNTING DATE – Defaults to the current date and should not be changed. The accounting date represents the accounting period that the transaction will post to in the General Ledger.
 - Exception: Deposit entries processed between July 1 and the system hardclose. The accounting date must be changed to facilitate accurate fiscal year end reporting.
 - Example: If you receive a check and deposit it at the bank on June 30, but do not enter it into the system until July 1, dates will be as follows: Accounting Date–June 30, Entry Date–July 1, Received Date–June 30
 - RECEIVED DATE – The date on which the receipt is deposited (“received”) at the bank; date must be changed if necessary.
 - ENTERED DATE – The date that the receipt was actually input into the SWIFT; defaults to the current date and must not be changed.
- Receipts should be deposited using the correct amount:
 - CONTROL TOTAL AMOUNT – Amount must reconcile to the bank deposit slip.
- All receipts should be deposited with a depository bank. For offices located on the capital complex, receipts should be deposited with the MMB Fiscal Services.
- Receipts should also be reviewed and reconciled to the bank on a minimum of a monthly basis.
- Complete and reconcile both the bank deposit to the SWIFT deposit entry. The reconciliation process should include the following:
 - The daily receipt log to actual receipts
 - The bank deposit slip to actual receipts
 - The bank deposit slip to the SWIFT deposit
- When a payment relates to a SWIFT Accounts Receivable module transaction, and the agency uses the ITEM(S), the accounts receivable item number, Customer ID and Business Unit must be entered as a worksheet or using Payment Predictor process to manage payment application for the receipt.
- When payment does not relate to a SWIFT transaction, the correct account string information must be entered as a Direct Journal Deposit Entry for the receipt.

Definitions

State depository bank (Bank)

Local bank used to deposit state funds; all depository banks must be approved by MMB in accordance with Statewide Operating Policy 0601-01 New Deposit Accounts.

Related Policies and Procedures

[MMB Statewide Operating Procedure 0602-01.1 Daily Deposit Wavier Exemption Request](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-6/0602-01-01-daily-deposit-waiver-procedure.pdf)

(<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-6/0602-01-01-daily-deposit-waiver-procedure.pdf>)

[MMB Statewide Operating Policy 0102-01 Internal Control](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-1/0102-01-internal-control-policy.pdf)

(<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-1/0102-01-internal-control-policy.pdf>)

[MMB Statewide Operating Policy 0501-01 Managing and Financial Reporting of Accounts Receivable](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-5/0501-01-managing-reporting-ar-policy.pdf)

(<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-5/0501-01-managing-reporting-ar-policy.pdf>)

[MMB Statewide Operating Policy 0601-01 New Deposit Accounts](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-6/0601-01-new-deposit-accounts-policy.pdf)

(<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-6/0601-01-new-deposit-accounts-policy.pdf>)

See also

[Accounts Receivable Quick Reference Guides](https://mn.gov/mmb/accounting/swift/training-support/reference-guides/accounts-receivable.jsp) (<https://mn.gov/mmb/accounting/swift/training-support/reference-guides/accounts-receivable.jsp>)