



**Missouri Department of
Natural Resources
Administrative Policies and Procedures**

Chapter 7 Financial Management/Purchasing

Revenue Collection and Cash Receipts Policy

Effective date

Revised

Number: 7.05

December 1, 2015

The Department of Natural Resources (DNR) is heavily dependent upon a fee-based revenue structure and federal grant revenue. Strong internal controls in the areas of cash receipts and accounts receivable are imperative to ensure proper control over revenues and sound financial management practices. Proper controls prevent the mishandling of cash receipts, aid in the collection of accounts receivable, and protect staff from allegations of inappropriate handling of revenue by defining responsibilities in the revenue process.

All DNR organizations receiving revenue will comply with this policy. In addition, DNR organizations are responsible for development, documentation, maintenance, and implementation of internal control plans and organization-specific cash receipts/accounts receivable procedures, including procedures to ensure that all revenue due to the department is received.

References

[RSMo Chapter 33.080 - State Financial Administration/Receipts deposited when...](#)

[SAM II Policies and Procedures](#)

- Cash Management/Cash Receipts
- Cash Management/ACH & Wire Transfer Receipts
- Cash Management/Credit Card Receipts
- Accounts Receivable/External Receivable

[SAM II Chart of Accounts/Revenue Source](#)

[Government Finance Office Association Best Practices/Revenue Control and Management Policy](#)

Related DNR policies

- [DNR Financial Reporting and Cost Accounting Policy 7.10](#)
- [DNR Cost Recovery Policy 7.11](#)

Related DNR resources

- [DNR Revenue Accounting Training Manual](#)
- [DNR Central Receipt Log Procedures](#)
- [DNR Collector Solutions, Inc. Procedures](#)



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Definitions

Accounts Receivable: Amounts due when revenue has been earned but not received or the department has rights to an asset that has not been received.

Cash Receipts: Money in the form of US coins and currency, checks, or money orders received from any source, including, but not limited to, grant awards and payments for permits, fees, merchandise, and services provided.

Cost Recovery: All money recovered/received from others for costs incurred by the state, or to be incurred by the state.

Electronic Receipts: Money received via credit/debit cards, e-checks, Automated Clearing House (ACH) transfers, wire transfers, and other electronic means from any source, including, but not limited to, grant awards and payments for permits, fees, merchandise, and services provided.

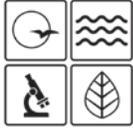
Full Cost: The total cost of providing a service or good; the sum of both direct and indirect costs including direct expense and equipment (E&E) expenditures, direct personal service (PS) expenditures, fringe benefits costs, leave allocation, and application of an indirect rate on all PS and E&E expenditures with the exception of equipment purchases greater than \$1,000, program specific distributions (PSD), and capital improvement (CI) expenditures.

Funding Agreement: An agreement for receipt of financial assistance, including cooperative agreements, grants, purchase orders, Memorandums of Understanding, cost-reimbursement contracts, and other assistance documents.

Internal Controls: Processes designed to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Invoice: An itemized written record of goods or services provided or fees, interest and penalties assessed, and the amount owed, sent to a customer or other entity as a request for payment.

Organization: A division, program, district office, regional office, state park, or historic site within the Department of Natural Resources.



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Restrictive Endorsement: An endorsement which limits further negotiability of a negotiable instrument. For example, the words “for deposit only” on the back of a check block its cashing over the counter and endorsement to another party.

Revenue: Increases in fund financial resources other than from interfund transfers and debt issue proceeds.

General Provisions

Payments will be accepted in the form of US coins and currency, checks, money orders, and, where feasible, electronically via debit/credit cards, e-checks, ACH transfers, and wire transfers.

The State’s accounting system (SAM II) is the official record for accounting and reporting of all revenue received by the department.

DNR’s Fee Tracking System (FTS) was developed by Office of Administration/ Information and Technology Services Division (OA/ITSD) and DNR staff with the goal of meeting the department’s revenue tracking and invoicing requirements. Air Pollution Control Program emission fees and Water Protection Program permit fees are being tracked and invoiced using this system. Expanded use of the FTS to include additional types of revenue is anticipated as OA/ITSD resources become available. Substantial OA/ITSD assistance is required when a revenue type is added to FTS, including modifications for specific types of revenue and data conversion from legacy systems.

Revenue source codes are used in SAM II to identify the nature of revenue. Sub-revenue source codes can be used to further define the nature of revenue as needed. DNR’s Accounting Program coordinates the establishment of revenue source codes and sub-revenue source codes in SAM II to adequately track DNR revenue.

Revenue from grants and most other funding agreements will be requested and receipted by DNR’s Accounting Program. Grant and other funding agreement revenue is generally requested based on expenditures up to limits established by the applicable letter of credit or award document. There may be limited instances when revenue of this type is requested on an advance basis.

DNR’s Accounting Program will provide periodic training in the area of revenue processing as necessary.



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Cash Receipts

Cash receipt processing procedures must include the following internal controls to ensure that receipts are properly safeguarded, deposited, and recorded in SAM II:

- ❑ All checks and money orders must be restrictively endorsed immediately upon receipt, or as soon as practical thereafter, unless they are made out to a third party. For example, Administrative Order on Consent checks made payable to county school funds should not be restrictively endorsed.
- ❑ All cash receipts must be logged in or interfaced to DNR’s Central Receipt Log (CRL).
- ❑ Physical safeguards must exist over all cash receipts. All cash receipts shall be stored in a secure location (a safe or locked file drawer) when not being actively processed.
- ❑ Cash receipts must be transmitted to the Department of Revenue/Investment and Cash Management Office (DOR/ICMO) or deposited to a depository bank account at a local bank in a timely manner. Accumulated amounts over \$100 must be transmitted/deposited daily, with lesser amounts being deposited weekly at a minimum. Deposited daily does not mean that all cash receipts must be deposited the same day they are received. It means that each day, excluding weekends and holidays, all receipts that can be deposited should be deposited. Typically, cash receipts will be deposited the next business day after they are received.

Remote locations with limited staff, where the distance from the facility to the local bank is prohibitive, may increase the daily deposit threshold up to a maximum of \$1,000 and may increase the minimum frequency of deposits of less than \$100 to monthly instead of weekly. Other special circumstances where a \$100 daily deposit threshold is not feasible or practical will also be considered for an increased daily deposit threshold.

Facilities meeting the criteria for the higher deposit threshold (amount or frequency) must be identified and documentation regarding their eligibility for the higher threshold must be submitted to DNR’s Accounting Program for approval. Eligibility documentation should include distance to the bank, staff available at the facility, and any other factors that would support the need for the higher threshold.



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- ❑ Segregation of duties is required in the processing of cash receipts. To the extent possible, the functions of logging, depositing, and reconciling should be segregated with only one function assigned to an individual. When lack of staff prevents total segregation of these functions, the organization should develop and document other procedures and safeguards to ensure adequate control.
- ❑ All deposits must be verified by reconciling the bank-validated deposit ticket, or bank email verification, to the Central Receipt Log or other system/records to ensure the appropriate disposition of all cash receipts.

A CR document must be entered in, or interfaced to, SAM II for each deposit delivered to DOR/ICMO. The CR document must be approved to PEND5 status in SAM II before the deposit is delivered to DOR/ICMO.

A CRQ document must be entered in, or interfaced to, SAM II for each deposit delivered to a local bank. The Missouri State Treasurer’s Office (STO) encourages entry or interface of CRQ documents as soon as possible after the deposit. The STO receives a monthly bank statement for each depository bank account and will follow up on local bank deposits for which a CRQ document has not been accepted in SAM II.

The STO is responsible for establishing state depository bank accounts outside of Jefferson City.

Electronic Receipts

The majority of DNR’s electronic receipts are received as ACH transfers via the Automated Clearing House. Credit/debit card and e-check receipts, as well as most revenue related to grants and other funding agreements, are received as ACH transfers. DNR staff with security can view amounts posting to DNR’s ACH bank account online using the Missouri State Treasurer’s Office Electronic Banking Site.

The department also receives a limited number of wire transfer receipts. All wire transfer receipts for the State of Missouri post to one bank account and the STO is notified of each receipt by the bank. These notices are forwarded via email to DOR/ICMO, who relays the information to the appropriate agency.

A CR document must be entered in, or interfaced to, SAM II for each ACH or wire transfer receipt. DOR/ICMO requests that CR documents for ACH or wire transfer receipt be approved to PEND5 status in SAM II within two working days of the bank



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receipt date. If the necessary information is not available to have the CR entered within two working days, the CR should be entered as soon as possible. A CR must be entered no later than one week from the date of the ACH or wire receipt.

Accounts Receivable

Revenue owed to the department must be accurately computed and invoiced in a timely manner. Efforts should be made to ensure the timely collection of all revenue owed to the department.

Accounts receivable can be recorded in SAM II on either a detail transaction or summary basis. Accounts receivable not tracked in SAM II must be reported at the end of the fiscal year for inclusion in the State's Comprehensive Annual Financial Report (CAFR).

Accounts receivable not tracked in detail in SAM II and invoiced amounts that do not meet the definition of a receivable (e.g., renewal notices for licenses/permits and other fees that cannot be recognized as revenue until they are received) should be tracked in the Fee Tracking System (FTS). A comparable tracking system may be used for fees that have not yet been converted to FTS.

When possible, the FTS should be used to produce a standardized DNR invoice. A sample FTS invoice is included in [Attachment 1](#). Any invoice not generated by the FTS must clearly indicate that the document is a Department of Natural Resources invoice and must include the invoice attributes listed in [Attachment 1](#).

Accounts receivable procedures must include internal controls to ensure the accurate recording and collection of receivables:

- ❑ Accounts receivable should be recorded and invoices generated as soon as possible after the provision of the product or service, within 30 days if possible, or based on the frequency previously agreed to in an agreement.
- ❑ Segregation of duties is required. To the extent possible, the functions of billing, collection and posting of payments and approval of write-offs should be segregated with only one of these functions assigned to an individual. When lack of staff prevents total segregation of these functions, the program management staff should develop and document other procedures and safeguards to ensure adequate control.



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- ❑ When receivables are tracked in SAM II on a summary basis, monthly reconciliation of the summary receivable balance in the system to the detail transaction information is required.
- ❑ Procedures for collection and posting of payments against accounts receivable must incorporate the internal controls for cash receipt processing cited earlier in this policy.

Non-Sufficient Fund Checks

Deposits made in Jefferson City

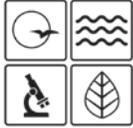
- ❑ DOR/ICMO is the liaison between the bank and state agencies regarding checks returned for non-sufficient funds. The bank sends a copy of any checks returned for non-sufficient funds to DOR/ICMO who provides a copy to the agency.
- ❑ A decreasing CR document for the amount of the bad check must be entered using the revenue accounting distribution used on the original CR document. Document numbers for negative CR documents entered for non-sufficient funds checks will include a “BC” prefix and a number assigned by the bank (for example 780 BC000123456).

Deposits made to local banks outside of Jefferson City

- ❑ STO is the liaison between the local banks and the state agencies regarding checks returned for non-sufficient funds. The bank sends a copy of any checks returned for non-sufficient funds to STO who provides a copy to the agency.
- ❑ A decreasing CRQ document for the amount of the bad check must be entered using the revenue accounting distribution used on the original CRQ document. Document numbers for negative CRQ documents entered for non-sufficient funds checks will include a “LBBC” prefix followed by the date of the original bank deposit (mm/dd) and a three digit sequential number (for example 780 LBBC0525001).

The organization within the agency originally receiving the check is responsible for pursuing collection.

If a check returned for non-sufficient funds was related to the payment of a receivable in SAM II, the correction is made with a Non-Sufficient Funds (NF) document rather than a correcting CR/CRQ document.



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Cost Recovery

DNR organizations shall make all reasonable efforts to recover funds expended when cost reimbursement has been negotiated or cost recovery is authorized by statute or regulation. Amounts recovered shall be deposited to the fund from which the expenditure was made or as otherwise directed by statute or regulation.

Cost recovery amounts will be based on previously negotiated agreements and/or relevant statutes and regulations. Cost recovery actions will be based on consistently determined full cost unless the enabling statutes and/or regulations require otherwise. See DNR's Cost Recovery Policy (7.11) for additional information.

Cost recovery amounts should be recorded as accounts receivable in SAM II only if the amount to be recovered can be accurately determined and recovery is likely. Amounts meeting these criteria should be recorded in SAM II as soon as reasonably possible after the related costs have been incurred and within any specified legal timeframes or statute of limitations.

Delinquent Accounts

DNR organizations are responsible for ensuring that all revenues owed are identified and collected. Efforts should be made to pursue the timely collection of delinquent accounts, with past-due notices provided to customers in a timely manner. Other actions, including enforcement actions as appropriate, should be taken to ensure collection of revenue owed the department.

Accounts receivable that are over 180 days old should be reviewed prior to fiscal year-end for possible write-off. A receivable shall automatically be considered uncollectible if one or more of the following conditions are met:

- The receivable has been discharged in bankruptcy.
- The debtor has died without sufficient assets to pay the department.
- The debtor is a corporation that has been dissolved and has no assets to pay the department.



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If the criteria above do not apply, a receivable is considered uncollectible and shall be written off when the following conditions are met and agreed upon by DNR and the Office of Administration/Division of Accounting:

- The receivable is determined to be uncollectible.
- The amount of the bad debt is known or can be reasonably estimated.
- The cost of future collection efforts would exceed the amount of the receivable.