

Separation of Duties for Cash Receipts

The proper segregation of duties ensures that no single employee controls all aspects of a financial transaction, reducing the risk of fraud or errors. Below is a breakdown of responsibilities for managing cash receipts in a typical Illinois school district office.

Roles and Responsibilities

Receiving Revenue

- **Role:** Office Secretary or Receptionist
- **Responsibilities:**
 - Open mail and receive payments (cash, checks, or money orders).
 - Issue pre-numbered receipts for in-person payments.
 - Record payments in a receipt log (manual or electronic).
 - Prepare a listing of all revenue received (e.g., daily cash log).
 - Secure funds in a locked drawer or safe until deposit.

Verifying and Authorizing Deposits

- **Role:** Fiscal Officer or Business Manager
- **Responsibilities:**
 - Verify the total funds recorded in the receipt log against physical cash and checks.
 - Approve the deposit by signing the deposit slip and the receipt log.
 - Monitor that funds are deposited promptly (daily or according to policy).

Preparing Deposits

- **Role:** Bookkeeper or Accountant
- **Responsibilities:**
 - Prepare the bank deposit slip based on the verified receipt log.
 - Ensure that the deposit slip matches the funds recorded in the accounting system.

Making Deposits

- **Role:** Designated Courier or Administrative Staff (Not Involved in Other Steps)
- **Responsibilities:**
 - Physically deliver funds to the bank.
 - Obtain a bank deposit receipt and return it to the fiscal officer or bookkeeper.

Recording Transactions

- **Role:** Bookkeeper or Accountant
- **Responsibilities:**
 - Record deposits into the accounting system (e.g., general ledger or accounts receivable module).
 - Ensure all transactions are accurately coded to the correct accounts.

Reconciling Accounts

- **Role:** Fiscal Officer or Independent Employee (e.g., Internal Auditor)
- **Responsibilities:**
 - Reconcile the bank statement with the accounting records monthly.
 - Investigate and resolve discrepancies promptly.
 - Review and sign off on the reconciliation.

Reviewing Reports and Oversight

- **Role:** Superintendent or School Board Member
 - **Responsibilities:**
 - Review monthly cash receipts reports prepared by the fiscal officer.
 - Monitor adherence to internal control policies.
 - Provide final approval of reconciliations or adjustments as needed.
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Illustrative Example of Segregation of Duties

Scenario: Tuition Payment Received by Mail

1. **Receiving:**
 - The office secretary opens the mail and records the check in a daily receipt log.
 - The check is stamped "For Deposit Only" and stored securely.
2. **Verifying:**
 - The fiscal officer reviews the receipt log and confirms that the total matches the physical checks.
3. **Preparing Deposit:**
 - The bookkeeper prepares the bank deposit slip using the verified receipt log.
4. **Making Deposit:**
 - A designated administrative assistant delivers the deposit to the bank and returns with a deposit receipt.
5. **Recording:**
 - The bookkeeper records the deposit in the accounting system, assigning it to the tuition revenue account.
6. **Reconciling:**
 - At the end of the month, the fiscal officer reconciles the receipt log, deposit slips, and bank statement.

Addressing Limited Staff Scenarios

In smaller school district offices, where staffing may be limited:

- Rotate responsibilities among staff to ensure segregation (e.g., alternate who prepares deposits and who delivers them).
- Use school board members or external auditors for periodic reviews of cash receipt processes.
- Require dual control for critical steps, such as cash counts and reconciliations.

Example:

- The secretary and fiscal officer count cash together.
- The secretary prepares the deposit, and the fiscal officer reviews and approves it before a third party deposits the funds.