

CHAPTER 10

CASH MANAGEMENT REVIEWS

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CHATER 10**CASH MANAGEMENT REVIEWS****1001 OVERVIEW**

100101. This chapter sets out the criteria to be used for Cash Management Reviews. In order to assure that cash is handled according to the policies included in this Volume the Office of Headquarters Chief Financial Officer (CFO) requires Center CFOs to conduct annual Cash Management Reviews. Such reviews shall be conducted to encompass all areas of the cash management function, at a level that will support a decision by the reviewer as to whether or not the function is being administered in accordance with the policies and procedures set forth in relevant laws and regulations and the Financial Management Requirement (FMR). These reviews are intended not only to provide assurance of compliance, but also to provide Center management with information to facilitate improvements in cash management operations. Center reviewer(s) shall be independent of the activity under review. The Center CFOs shall supply an evaluation of the reviews to the Headquarters Office of CFO and keep a copy of review.

100102. Authority and References.

1. Treasury Financial Manual, Volume I TFM 6-8000, Cash Management. <http://www.fms.treas.gov/tfm/vol1/index.html#Part%204>

1002 GENERAL

100201. General. Annual reviews shall be conducted which encompass all areas of the cash management function, at a level that will support a decision by the reviewer as to whether or not the function is being administered in accordance with the policies and procedures set forth in relevant laws and regulations and the FMR. These reviews are intended not only to provide assurance of compliance, but also to provide Center management with information to facilitate improvements in cash management operations. Center reviewer(s) shall be independent of the activity under review.

100202. Samples, reviews, and verifications to be conducted are described below. Other areas of cash management activity may be reviewed as appropriate to ensure compliance, seek process improvements, or provide other management information. Reviewers shall:

A. Conduct interviews with cognizant personnel to ensure that policies and procedures are readily accessible. Ascertain that adequate training has been provided to ensure that a level of competency exists to properly administer the function.

B. Examine Center internal control policies and actual practices in the various cash management functions to confirm that controls are effective and processes are efficient. This examination shall include, at a minimum, assessments as to whether:

1. Duties are appropriately segregated, including obligating funds and processing and certifying payments.

2. The level of employees' access to computer systems is appropriate in relation to their assigned duties.

3. Periodic reconciliations of cash receipt logs to deposits are performed to minimize the risk of cash receipts being misdirected or misappropriated and whether the reconciliations are performed by someone without access to the receipts at any point in the process.

4. Check receipts are restrictively endorsed as soon as they are received.

C. Sample bills rendered at various times during the period covered by the review to ensure the requirements of Volume 15, Chapter 4 Billings and Collections were met. See the Billings Worksheet to be completed in accordance with instructions.

D. Sample delinquent accounts receivable at various times during the period covered by the review to determine whether policies and procedures required by Volume 15, Chapter 4 Billings and Collections, are met. See the Delinquent Receivables Worksheet to be completed in accordance with instructions. Determine whether the Center is referring delinquent debts to the Department of the Treasury on a timely basis, in accordance with the requirements of Volume 15, Chapter 5 Deposits.

E. Sample bank deposits made at various times during the period covered by the review to ascertain whether deposits meet the requirements of Volume 15, Chapter 5 Deposits. See Bank Deposits Worksheet to be completed in accordance with instructions.

F. Statistically sample invoice payments using the following parameters to determine if invoices were paid in a timely manner. Include in your report if the extent and dollar amount the sample indicates that invoices were paid on time and the extent and dollar amount the sample indicates of interest payments made due to late payment.

Population: Center's invoices for the six months preceding the review:

Confidence Level: 95 percent

Expected Error Rate: 5 percent

Precision: +/-4.9 percent

- G. Review a sample of contract financing payments.
- H. Assess the Center's compliance with the electronic funds transfer provisions of the Debt Collection Improvement Act of 1996.
- J. Center CFOs shall review the Office of Quality Assurance's internal control reviews and shall:
 - 1. Provide comments supported by reason and evidence as to agreement or disagreement of the finding to the Agency Deputy CFO;
 - 2. List actions and estimated effective date of any corrections or improvements in the report to the Agency Deputy CFO and:
 - 3. Report to the Agency Deputy CFO when corrections or improvements are implemented.