

Internal Controls:

Accounts Receivable and Cash Receipts



UNIVERSITY OF
GEORGIA

Center for Continuing Education
Carl Vinson Institute of Government

How to Contact Us:

Phone: +1-706-542-3537 or
800-811-6640 (toll free in the USA)

Email: questions@georgiacenter.uga.edu

Internal Controls: Accounts Receivable and Cash Receipts — Learning Objectives

Lesson 1 — Internal Control Review

In this first lesson we will examine the definition of internal control and consider the five components of an effective internal control system. Without a thorough understanding of the fundamentals of internal control, application of those controls over cash disbursements and accounts payable would be difficult.

Learning Objectives:

- Recall the definition internal control.
- Recognize the three categories of objectives and the five interrelated components of an effective internal control system.
- Recall how objectives and components work together to create an effective internal control system.

Lesson 2 — Importance of Internal Control

As resources to governmental entities become more and more scarce, internal controls become more and more important. Internal controls are the first line of defense in assuring that assets are safeguarded against fraud, waste and abuse.

Learning Objectives:

- Recall why internal controls are valuable to an organization.
- Recognize internal control within GAGAS and the Single Audit Act.
- Recall how internal controls are a deterrent to fraud.

Lesson 3 — Effective Internal Controls Over Cash Receipts

Cash receipts are simply the inflow of cash to an organization. But what is cash? How do we define cash in a governmental environment? However simplistic it might seem to define cash, we all need to understand exactly what we are discussing in this lesson.

Learning Objectives:

- Recall the definition of cash and cash receipts.
- Identify internal control objectives for cash and cash receipts.
- Recognize how fraud occurs in the cash receiving function.



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Lesson 4 — Effective Internal Controls Over Accounts Receivable

This lesson is about the effective internal controls that must exist over the Accounts Receivable. First, we need a good understanding of what accounts receivable is and how the entries are recorded in the general ledger before we discuss effective controls.

Learning Objectives:

- Identify internal control objectives for accounts receivable.
- Recognize how fraud occurs in the receivable function.

Lesson 5 — Segregation of Duties

Segregation of duties (SoD) means separating the record-keeping function from the operational responsibility of an activity and from those who exercise physical control over the records. SoD of duties is one of the key concepts of internal control and is the most difficult and sometimes the most costly one to achieve.

Learning Objectives:

- Recall the definition of segregation of duties.
- Identify duties that should be segregated for cash receipts/accounts receivable areas.
- Recall how to complete a segregation of duties evaluator for a sample government.

Lesson 6 — Internal Controls Deficiencies

Most states have laws that require governments to issue annual audited financial statements. Included in these annual audited financial statements is the requirement that internal controls be tested and the results of that testing be included in the audit report. This lesson examines the reporting of the internal control deficiencies found as a result of the testing performed by external auditors.

Learning Objectives:

- Recall internal control testing performed by external auditors.
- Recognize the components for reporting internal control deficiencies.
- Recognize the different types of internal control deficiencies.

Lesson 7 — Case Study in Developing Internal Controls for Cash Receipts/Accounts Receivable

Learning Objectives:

- Identify the internal controls missing by applying the knowledge acquired in this course.
- Recognize what duties should be properly segregated.

After completing the case study, all interactive lesson exercises, and the end-of-lesson quizzes, you will have access to the final exam.

Enroll Anytime. Register Now!

For more information about

Internal Controls: Accounts Receivable and Cash Receipts, contact us at questions@georgiacenter.uga.edu or by telephone at +1-706-542-3537.