



**Waganakising Odawak  
Little Traverse Bay Band of Odawa Indians  
Accounting Department**

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**Policy and Procedures for Accounts Receivable and Receipt of Funds**

- I. **Introduction:** This policy establishes the Accounts Receivable (AR) and the Receipt of Funds Policy and Procedures for the Little Traverse Bay Bands of Odawa Indians Tribal Government (LTBB). Sound policies and internal controls are necessary to:
  - A. Protect the assets of LTBB by reducing the risk of exposure to fraud, loss, theft and misappropriation of funds.
  - B. Ensure LTBB puts forth a good faith effort to collect all funds due in a reasonable manner and minimize collection float so funds are available timely once received.
  - C. Ensure LTBB is legally entitled to funds received.
  - D. Ensure funds are used solely for authorized purposes.
  - E. Ensure adherence to Generally Accepted Accounting Principles (GAAP) as prescribed by the Generally Accounting Standards Board (GASB); regulations as outlined in the *Code of Federal Regulations, Title 2; Subtitle A Chapter 2 Part 200 OMB Uniform Guidance: Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR 200)*; the LTBB Administrative Procedures Statute and any other applicable Federal, Tribal or Granting Agency rules, regulations and procedures.
  
- II. **Definitions:**
  - A. Personnel, Staff or Employee: For purposes of this document, unless otherwise stated, the words personnel, staff or employee mean any person compensated through the payroll office, including but not limited to enterprise employees falling under Executive oversight, Tribal Councilors, Tribal Chairperson, Tribal Vice-Chairperson, Commissioners, Board Members, Election Board Members and regular governmental employees, temporary workers and interns of all branches.
  - B. Standard Workweek: For purposes of this document the term standard workweek is defined as Monday through Friday, from 8:00 a.m. to 5:00 p.m., with an hour for lunch.
  - C. Clients: Any funder through a legal document; or any business, organization or individual (including employees) who owes a balance for services rendered, items purchased, rents due, overpayments of benefits or any related activity.
  - D. Accounts Receivable: Any funds due to LTBB from clients as defined above.
  - E. Invoice: A form generated by LTBB with the client's name, address, and items purchased or services performed. Invoices will have invoice numbers, amounts due and due dates, and will include, if applicable, late fees or other charges.
  
- III. **Applicability:** This policy is applicable to all Branches, Divisions and Departments of the Little Traverse Bay Band of Odawa Indians Tribal Government, referred to as LTBB in this document. This procedure applies to all payments received or due to LTBB and processed by Accounting as defined above.

IV. **Consistency:** To maintain consistency in standards for effective controls and accountability as required in 2 CFR 200, this Accounts Receivable and Receipts of Funds Policy and Procedures will apply for all funds received by LTBB regardless of funding source.

V. **Policy:**

- A. All funds booked as an Account Receivable must meet the following guidelines:
  - 1. LTBB must have a legal right to funds due.
  - 2. No efforts will be made to collect funds that are the legal assets of another person or organization unless authorized under a LTBB Governmental program or required by law.
- B. Receipt of Funds includes but is not limited to:
  - 1. Any cash or checks received in a department for payments of products purchased, services received, fines and fees paid, licenses or permits issues, rents or deposits, or any other activity that results in funds received.
  - 2. Any cash or checks received by a committee member of an LTBB sponsored event for payments of products purchased, rentals or services received.
  - 3. Any cash or checks received in person or via mail as a donation to a department or LTBB sponsored event.
  - 4. Any cash or checks from the sale of property, equipment, supplies or scrap.
- C. All funds received by departments must be properly tracked and documented, including recording client name, date received, and description of funds received.
- D. Checks may not be written for more than the amount due; no change can be given. Departments that receive checks must verify the identification of the person writing the check by comparing the individual and the signature with a legal, current photo-identification card.
- E. When the Chief Financial Officer (CFO), in consultation with appropriate personnel, agencies and established accounting standards, has determined the balance of an Account Receivable is unlikely to be collected, the balance due shall be removed from Accounts Receivable and documented as an uncollectible fund. Efforts to collect may still continue if deemed worthwhile. Should collection occur after transferring debt, the appropriate accounting actions shall be taken.

VI. **Procedures:**

- A. Tribal-Wide Accounts Receivable Procedures:
  - 1. Departments are responsible for monitoring and collecting Accounts Receivable resulting from programmatic transactions, such as rents, fines and fees due.
  - 2. Departments are responsible for informing the CFO or Controller when they incur a programmatic receivable.
- B. Tribal-Wide Receipt of Funds Procedures:
  - 1. Issuance of Receipts: Department Staff must use a pre-numbered triplicate receipt book to issue receipts to clients for cash and checks received. The receipt must include the client name or case number if applicable and necessary, the date, the amount received, the method of payment, and if known, the fund number and line item the funds should post to. The receipt must be signed by the department staff member. The top copy/original receipt must be given to the client immediately upon receiving funds. A duplicate copy must be submitted to Accounting with the cash and checks. The third copy must be retained in the Department for eighteen months. If for some

- reason this receipt procedure cannot be implemented, an alternate documented procedure must be approved by the CFO or the Controller.
2. Security of Funds Received: When funds have been receipted in they should immediately be placed in a locked box or drawer. Departments should document their internal policy of who is responsible for receipting funds and who has access to those funds prior to their required delivery to Accounting.
  3. Transferring Funds to Accounting: Funds must be hand-delivered, with a copy of the receipt as detailed above, to an Accounting staff member who does not have an apparent conflict of interest as determined below. The Accounting staff should count the funds in front of the Department staff and issue a receipt. Funds must be delivered to Accounting whenever cash on hand exceeds \$75 or at a minimum of weekly, whichever comes first. Certain events, such as Pow Wow, may require an alternate documented procedure. Such procedures must be specifically approved by the CFO or the Controller.
  4. Protection of personally identifiable information: Reasonable measures must be taken by all employees in the receipt process to safeguard any protected, personally identifiable information, as defined in *OMB Circular Uniform Guidance*. Such measures may include but are not limited to, keeping photocopies of checks and receipt data secure, privatize the process of receiving payments from clients as much as possible, and following the proper procedures for payment submissions. Departments should document their internal controls for protecting such information and make sure such documentation is available for immediate review as requested during internal and external audits.
- C. Non-Sufficient Funds Procedures: Any checks returned against a closed account or an account with insufficient funds is in violation of civil law and in certain situations criminal law.
1. Such items shall be assessed an NSF fee of \$30. In the case of rent payments, mortgage payments and court fines and fees, LTBB considers a returned item as a non-payment, and thereby the rent, mortgage or fines and fees shall be considered unpaid and outstanding until good payment and the NSF fee are received.
  2. LTBB retains the right to refuse to accept checks from individuals with a history of two or more returned checks within the last three years.
  3. Upon receipt of the returned item Accounting shall immediately notify the department who received the payment. Department Directors are responsible for taking any necessary actions, such as posting delinquent rent notices, informing probation officers of past due fines, etc. Departments are responsible for trying to collect funds. They may ask Accounting, in writing, to send official letters to the client.
  4. If funds remain outstanding for 30 days the Department shall meet with their Staff Accountant to request official collection action. Accounting will send a letter, via certified mail to the client, listing the item returned, the amount of the fee assessed, the acceptable methods of repayment and where to remit payment to. If no response is received within 30 days of mailing the returned item shall be forwarded to the Prosecuting Attorney for further action.
- D. Accounting Department Accounts Receivable Procedures:
1. When an Accounts Receivable is recognized Staff Accountants record the receivable and related transactions for the appropriate date.
  2. On a scheduled basis Staff Accountants will monitor the receivable for aging, collectability and changes in client information.

3. Staff Accountants record payments when received. When an Account Receivable becomes past due Staff Accountants will notify the CFO who will determine if additional actions are needed for collection.
- E. Accounting Department Receipt of Funds Procedures: The Accounting Department is responsible for depositing funds received into the appropriate LTBB bank account and recording the deposit into the accounting system under the appropriate fund number, following all established applicable Federal, Tribal or Granting Agency rules, regulations and procedures.
1. Accounting Department staff must immediately deliver cash and checks received by others to the Accounting Assistant, or an assigned staff member if the Assistant is out. A copy of the receipt issued to the client from the department must be included with the funds. The Accounting Assistant will count the funds in front of the staff member. If there is a discrepancy between the copy of the client receipt and the funds submitted, the Chief Financial Officer or the Controller must be alerted immediately.
  2. Once funds are received the Accounting Assistant must immediately issue the department staff a receipt, either electronically issued from the Accounting software, or a handwritten receipt from a pre-numbered receipt book. The receipt must show the Department name, the fund number, the line item (if known), the date, the amount received, a description of the funds received and the name of the Accounting staff member.
- F. Accounting Department Internal Controls:
1. The Accounting Assistant asks a second staff member to verify any cash and the cash, checks and a copy of the receipt received are put in an envelope and dropped into a locked drop box.
  2. Deposits are prepared and made on a regular schedule to LTBB bank accounts. Separate staff from those recording receipts prepare the deposit.
  3. The bank deposit is reviewed by a Staff Accountant and compared to the bank receipt before posting. Another Staff Accountant reconciles the bank statement.

VII. **Conflicts of Interest:** When recording receivables, receiving funds for payments or determining collectability of assets, no employee, as defined above, may participate in the process of receiving funds or the administration of accounts receivable if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, any member of his or her immediate family, his or her partner or an organization which employs any of the above has a financial or other interest, or could appear to receive a tangible personal benefit from the transaction. Failure to adhere to this conflict of interest policy may result in disciplinary action per the employee handbook. Potential conflicts of interest shall be disclosed to funding agencies when required.

VIII. **Internal Control Standards:** To comply with 2 CFR 200.303, Internal Controls, LTBB follows the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by COSO. This document lists five standards of Internal Control: Control Environment, Risk Assessment, Control Activities, Information and Communications, and Monitoring. To ensure compliance with the Risk Assessment Standard and the related continual changes in regulatory and operating conditions, the CFO will review this policy no less than annually and update as needed.