CASH HANDLING PROCEDURES

Introduction

Departmental personnel often have questions regarding what the university expects when processing cash payments or deposits. Although each revenue-producing department has their own way of processing "cash" transactions, there are common procedures each area should be performing to be in compliance with State Accounting Procedures and the Business Office procedures. These fundamental procedures, outlined below, will provide a quick reference for personnel review or training.

Authorization of Fees

According to State Statute under Act 1927, No. 26, subsection 80-2604, the University of Central Arkansas Board of Trustees is empowered to authorize **all** university fees. Therefore, any initial charges to students, employees or other customers must be Board approved. Board approval is also mandated for increases or decreases to existing fees.

Internal Control

All departments are responsible for maintaining internal control through the segregation of duties. This means that the functions of: (1) authorizing the disbursement of cash funds; (2) handling of the cash and checks; and (3) receipting or posting of the cash and check items are not performed by the same individual. Some departments will not be able to fully adopt the above-recommended system of internal control due to staffing limitations; however, each department should strive to maintain proper segregation of duties. [Attachment A]

Check Log

For monies received daily through the mail, a check log is required. The log should state at a minimum the date received, name of the payee, check number, amount, receipt number and the initials of the employee logging the check. As an internal control measure, the initials of the employee who assumes the responsibility of the cash funds <u>after</u> they have been logged should be added. The two initials allow a manager to trace the responsibility of the funds from the person who logged the check to the person who receipts the funds within the department. [Attachment B]

Check Endorsement

Endorse all checks as you receive them. The stamped endorsement should read **"University of Central Arkansas (department name) for deposit only**." The endorsement on the back of the check provides a safeguard against unauthorized cashing of the instrument should it become lost or stolen.

Issuing Receipts

All transactions, whether received through the mail or over the counter, must be receipted. Receipts must be issued regardless of the dollar amount received. Further, the receipts must be completed in a timely manner. If a department is not equipped with a computerized receipting system, a manual receipt should be issued. Manual receipt books are available in the UCA Supply Storeroom. All other types of manual receipts are unauthorized. Each completed receipt should contain the following information:

- Current date
- Amount receipted
- Person from whom money was received
- Purpose of payment
- Fund to which receipt is to be credited if working with more than one fund
- Type of transaction: cash, check or credit card
- Signature of the person writing the receipt

The original manual (white copy) or computerized receipt should be given to the party making the payment. A duplicate manual receipt shall be maintained in numerical order in the receipt book. If the receipt is computer generated it should be filed in numerical order.

Voiding Receipts

Voided receipts should be clearly marked **"void**" on the original receipt and its corresponding copies. The original, voided receipt (white copy) along with its copies should remain intact in the receipt book. If the original receipt is torn out of the book, it should be stapled to its copies. A voided, computer-generated receipt and its copies should be stapled together and filed in its numerical place along with the other receipted copies.

The receipt number, receipt date and the receiving clerk's initials should be noted on any source document that supports the payment. Example: remittance forms or applications.

Cash Balancing Form

Departments that make either regular or seasonal deposits should maintain cash balancing forms to assist them in balancing and documenting the receipted cash funds. [Attachment C]

Prepare deposit by completing a cash balancing form. This includes:

- Preparing two calculator tapes on the checks received. These tapes should be attached to the stack of checks via a rubber band or paper clip.

- Posting the amount of money collected to the proper categories on the cash balancing form. Calculate total monies collected and post on the form.

- Comparing actual monies collected to source documents and/or computerized receipting summary. These are the total monies that should have been collected as per:

    1. Applications received
    2. Contracts
    3. Total tickets available for sale less tickets on hand X price
    4. Cash register daily total tape

- If any difference is found between the total that should have been collected and the actual amount of money on hand, then the funds are considered **"out of balance."** This difference is to be posted on the cash balancing sheet and the Cash Over/Short Account line of the Business Office deposit slip.

- Bring any "out of balance" amounts to the attention of the department accountant and the departmental supervisor.

- If an "out of balance" situation is encountered and there is not enough time to complete the department's deposit, then the money should be placed in a security bank bag, locked and stored in the Business Office vault before 4:30 p.m. The department's bag will be available for pickup the next business day.

- The person completing the form should sign the cash-balancing sheet.

Business Office Deposit Slip

The Business Office Deposit Slip has been designed to allow the departmental employees making the deposit and the Business Office cashiers to document their agreement of the amount of funds deposited and the posting of these monies to the correct account. It is extremely important that the deposit slip be filled out accurately before arriving at the Business Office. [Attachment D]

The deposit slip has two parts: the original for the cashiers and the copy for the department**.** **The Business Office cashiers will not accept an altered deposit slip**. Therefore, all revisions require a new deposit slip.

The Business Office Deposit slip must be completed in **ink**. The deposit slip should contain the following information:

- Name of the department making the deposit
- Date of the deposit
- Account number that **must contain the four digit object code**
- Subcodes
- Amount for each sub-code
- Receipt number(s) **must be on the deposit slip**
- Total amount of the deposit (be sure to utilize the over/short account)

You must complete the remark section of the Business Office Deposit Slip if you want a written note to appear on the bottom of the Business Office receipt. These notes can be especially helpful because they provide a record for future references, which are sometimes needed when trying to reconstruct a transaction's history.

Business Office Deposit Slip's financial information should be completed as follows:

- Record the exact amount of monies per source documents.
  This is the amount that is posted to the department's revenue account.

- Record any amount of overage/shortage on the designated space.

- An overage is to be added to the amount of revenues and a shortage is to be subtracted in order to arrive at the total amount to be deposited. The resulting figure must agree with your actual cash on hand.

All monies received must be **deposited intact**. This means that monies collected cannot be used for direct purchases of goods, services or refunds. Written requests for refunds will be directed to the Assistant Controller in the Accounts Payable Office. Direct purchase of supplies should be facilitated through the reimbursement method from the UCA Petty Cash Fund located in the Purchasing Office.

There should be no personal use of State/university equipment by the students, faculty or staff. However, reimbursement is required if personal usage cannot be avoided. Reimbursements received for the use of the fax machine, non coin operated copy machines and long distance phone charges will be deposited against the department's expenditures. If the service is for copy or fax machine usage, 3001 subcode would be used to the right of the department's account number. If the department is being reimbursed for long distance phone calls, subcode 3026 would be used.

Monies must be deposited with the Business Office within 24 hours of receiving the funds in the department.

For internal control purposes, Business Office Cashiers must verify each department's deposit in the presence of a department's representative. Therefore, the department employee must not leave the deposit with the cashiers in order to complete other business. The cashiers have been instructed not to process a deposit without someone from the department present. The Business Office requests that all departments make their deposits from 8:00 to 11:00 a.m. and from 1:00 to 3:00 p.m.

Once the deposit's count has been verified to be the same amount as stated on the deposit slip, the cashier will initial the deposit slip and the department's representative will sign the Business Office Deposit Slip in agreement. The cashier will then print a Business Office receipt.

Accepting Checks and Credit Cards

In the past, there have been many improperly completed checks received at the Business Office. These include, but are not limited to: checks without signatures and the numeric amount not in agreement with the written amount. The improperly, completed checks are returned by the bank. They result in more work for the Business Office personnel and the depositing department. Returned checks can be greatly reduced by:

- Checking to make sure the check is signed;
- Verifying that the numerical amount in the box is the same as the written amount on the line (the bank will pay the written amount if a conflict is found between the two amounts);
- Checking the date for correctness **(do not accept postdated checks)**;
- Refusing all credit card checks (i.e. Discover checks); and
- Insuring that all checks received from students contain the student's I.D. plus the student's drivers license number, if possible.

Employees' and students' personal checks must be cashed through the Business Office or the Bookstore. These two areas are the only authorized cashiering change funds on campus. Individual loans or IOUs are prohibited transactions.

Currently, the university only accepts Visa, MasterCard or Discover Card. We do not have the authority to accept any other type. When accepting a credit card the employee is responsible for making sure that the card is still active; the card's expiration date should be a future date. The student's ID number should be placed on the sales slip. Please write legibly on the credit card slips.

Temporary Cashiering Change Funds

Temporary cashiering change funds are provided to departments for campus events, where currency is needed to make change for sales transactions. The Temporary Change Fund Request Forms are available from the Assistant Controller in the Accounts Payable Office. After the form is completed and approved, a check will be issued to the requesting party. Accounts Payable processes checks for issuance on Wednesdays only. Therefore, the form must be in the Accounts Payable Office no later than the close of business on Tuesdays. [Attachment E]

The Business Office Cashiers may be able to cash the change fund check if they have adequate funds on hand. If not, either the Business Office can cash the check at the bank in the denominations requested or the party receiving the temporary change fund may take the check to the bank to be cashed.

The temporary change fund is deposited back with the Business Office Cashiers. A copy of the Temporary Change Fund Request Form must accompany the deposit. The cashiers will issue two (2) receipts to the department returning the funds. This department is responsible for taking one (1) of the receipts to the Assistant Controller in the Accounts Payable Office. The receipt will inform the Assistant Controller that the temporary change fund has been returned.

Permanent Cashiering Change Funds

Some university departments require a permanent cashiering change fund to help transact sales on an on going-basis. These change funds are to be requested through the Assistant Controller in the Accounts Payable Office, which will forward the request to the Arkansas State Department of Finance and Administration in Little Rock, Arkansas. A permanent fund request requires approximately two weeks to process. Therefore, a temporary change fund may be used until the approval is granted.

Coin Operated Machines

Several university departments receive revenues from coin-operated machines. The coins received from these machines must be counted under dual control and deposited periodically with the Business Office. A record or log should be kept to record the machines beginning and ending count. This count is then multiplied by the price per item. The resulting dollar figure is the department's revenues, which is then written on the department's account line of the Business Office Deposit Slip. The difference between the actual money counted and the machine's revenues belong on the Overage/Shortage Account line of the deposit slip.

Each department is required to count all coins before depositing the coins with the Business Office.

Security Bank Bags

Lockable, security bank bags are required for storing the cash and checks received during the day and for transporting the daily deposit to the Business Office. All items should be kept in a secured file cabinet or drawer until time of the deposit. An additional option is that all cash funds not receipted and/or not deposited should be brought each afternoon to the UCA Business Office.

These security bank bags are available from the Business Office. There could be a small charge from the bank for additional bags.

Police Escort

University Police are available for escorting employees to the Business Office cashiers to deposit monies for a special event or to make the department's normal deposit. Therefore, if the responsible employee feels uncomfortable with the amount of funds to be transported or if they feel at risk because of their surroundings, the university encourages the employee to call the University Police at 43111 and request an escort.

University Police Night Storage

The University Police Department is available to store security bank bags after working hours. The police requests that the responsible party bring the **locked** bag to the department. The officer in charge will issue a receipt for the bank bag that is identified by its number. The person bringing the bag will keep both of the bag's keys. The bag may be signed for and picked up the next working day.

Theft

Suspected theft of cash or cash items (checks, tickets, gift certificates etc.) must be reported immediately to the Internal Audit Office and the University Police. The sooner a suspected theft is reported to the proper officials the better the chance for a successful outcome to the investigation.

Accounts Receivable

An accounts receivable is an account used to record the amount of money which a person or entity owes the university. The basic premise supporting an accounts receivable is that its use allows a department's corresponding revenue account to be correctly stated when not all monies owed the department have been received. Each department needing an accounts receivable should request an account number and a cashiering subcode from the Assistant Controller in the Accounts Payable Office. An accounts receivable report listing all person's/entity's balance owed the university as of the last working day of the month is required to be sent to the Assistant Controller in the Accounts Payable Office by the third working day of the following month. The report's balance should agree with the general ledger accounts receivable total kept by the Assistant Controller.

An accounts receivable increases with a debit and decreases with a credit. In contrast, each department's revenue account increases with a credit and decreases with a debit. For example, a single account's transactions are as follows:

> Continuing Education operates a camp for students. Each participant is charged $100.00. Students are allowed to pay in installments prior to the camp's first day with any outstanding balance being due the first day of camp. Continuing Education collects the partial payments and records each camp participant's balance in an accounts receivable set up for this purpose.
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> Sallie is a camp participant. On May 1 she pays Continuing Education $25.00 which leaves an outstanding balance of $75.00. The Continuing Education's accountant records the transaction in the department's subsidiary ledger by writing the participant's name, the cost of the camp, the amount paid, and the amount due.
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> To complete the Business Office Deposit Slip, the accountant writes the department's revenue account number, subcode and the account name in the spaces provided on the form. She posts $100.00 to the revenue account. Next, the accountant writes the accounts receivable account number and subcode in the spaces provided and posts the $75.00 due. The $75.00 accounts receivable is subtracted from the $100.00 revenue. The resulting $25.00 is written on the "Total Deposit" line. [Attachment F]
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> On May 5, Sallie pays $50.00. The accountant records the $50.00 payment in the department's subsidiary ledger and calculates Sallie's balance due to be $25.00. Second, she deposits the $50.00 using the Business Office Deposit Slip. The accountant writes the accounts receivable account number and subcode and the accounts receivable name in the spaces provided on the deposit slip. Next, she writes $50.00 on the amount line. This is a credit to the accounts receivable and has the effect of reducing the account's balance. [Attachment G]
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> At the end of the month, the accountant will give a copy of her accounts receivable subsidiary ledger to the Assistant Controller in the Accounts Payable Office. The total amount due as of the last working day of the month should match the general ledger amount kept by the Assistant Controller.

University departments who utilize an accounts receivable must adhere to the *Accounting State Procedures Manual, Chapter Twenty-One, Uncollectible Monies Charge-Off Procedures*. Under the sub-title *Determination of Uncollectibility*, the State outlines four (4) steps in the collection process. Each of the four (4) steps are outlined below and are followed by the university's interpretation. [Attachment H]

1. *"Contacting the debtor by phone or letter within a reasonable time after an account is deemed delinquent; or"*

   University Standard: The department shall contact the debtor immediately after the account becomes "delinquent," which is defined as an account past due more than 30 days.

2. *"Referring an account to a licensed collection agency or an attorney for collection….; or"*

   University Standard: Once the department has exhausted its own collection efforts, delinquent accounts are referred to the University Legal Counsel for further collection efforts.

3. *"Pursuing setoff of debt against income tax refunds…; or"*

   University Standard: The Assistant Controller in the Business Office is responsible for processing debt setoff against State tax refunds. After items one and two above have been exhausted by the department, then all debt accounts shall be reported to the Assistant Controller by September 15 of each year. This report should include the basis of the claim, date of debt, debtor's name, address and Social Security/federal identification number.

4. *"Pursuing all other available means of collection if deemed feasible and economically justifiable by the state agency."*

   University Standard: All other available means of collection should be approved through the Vice President for Financial and Administrative Services.

University Cash Funds

The university's funds received, other than state appropriations, are considered by statute to be cash funds of the State. These monies include but are not limited to: (1) Board of Trustees approved fees and rates for sales and services rendered; (2) cash funds derived from the production of works for instructional, public service, or administrative use which was produced using university resources, personnel and/or students; and (3) exceptional circumstances where funds are received as reimbursement for departmental expenses. All cash funds are the earnings of the university and must be deposited at the Business Office.

The university's cash funds must not be transferred to the UCA Foundation, Inc. The foundation is a private corporation whose sole mission is to lend support to the university. The foundation's revenue producing activities are sanctioned by its board and clearly set forth in its solicitation literature.

If you are in doubt whether or not the monies your department receives are the cash funds of the university or belong to the UCA Foundation, Inc., please contact the Associate Vice President for Financial Services for assistance (phone 450-3184).