



Policy Title: BF4021 - Cash Handling

Subject Area: Finance

Responsible Official(s): Executive Vice President and Chief Operating and Financial Officer

Responsible Office(s): University and Student Business Services

Policy Statement

University & Student Business Services (hereinafter referred to as USBS) is responsible for the collection and control of cash at the University. To accommodate University customers, USBS may delegate this responsibility to other areas. Only those departments with approved activities are authorized to collect or receive money from sales, services, gifts or other sources and/or to operate a change/petty cash fund. Departments which are not authorized to receive cash should direct the payer to USBS. The use of an unauthorized checking or other account for depositing University cash is strictly prohibited.

Definitions

Cash – Represents paper currency, coin, checks/echecks, credit card transactions, and electronic funds transfer (EFT). Cash and funds may be used interchangeably.

Cash Handling Operations – Represents departments assigned a petty cash/change fund as well as authorized activities collecting or receiving money from sales, services, gifts or other sources.

Cash Receipts – Represents all University-owned cash maintained for a specific operational purpose and consists of the value of the cash change fund as well as the value of cash and negotiable items received in the course of business that have not been deposited. Examples of cash receipts may be items in cash bags, cash drawers, vaults/safes, and parking meters.

Change Fund – Represents an established fund approved by USBS and issued to departments/activities to assist approved cash receipting departments activities with making change while handling cash receipting activities.

Petty Cash Fund – Represents an established fund consisting of a small amount of cash issued to departments' assigned cash custodian to process small payments to suppliers. This type of fund is only approved in rare circumstances.

PCI (Payment Card Industry) DSS – The PCI Data Security Standard represents a common set of industry tools and measurements to help ensure the safe handling of sensitive information, including preventing, detecting and reacting to security incidents. For more information, see [BF4023 - Payment Card Industry \(PCI\) Compliance](#).

Procedures

Overview

The handling of University funds requires that certain basic procedures be followed precisely. Procedures for the handling of University funds are designed to protect both employees and the University, and to provide accountability for University funds in accordance with accepted standards of internal control. Departments wishing to collect money on behalf of the University or obtain a change fund or petty cash fund must submit their request in writing, signed by the appropriate department head. The completion of the [Cash Handling Process](#) will **explain the need to handle cash, name the individuals responsible for the activity and describe the environment for cash handling.**

USBS will evaluate the requesters for proper cash handling controls. Cash handling controls are extremely important to the University, the cash handling area and the cash handler (employee). They protect each and assist them in being more effective and efficient in both performance and evaluation of economic activities. The loss of public confidence can be averted through a common understanding and practice of proper cash handling controls. USBS will evaluate the request and notify the requester of the status of request. If approved, detail cash handling procedures for the department must be submitted to USBS for approval and staff online cash training must be completed prior to the department accepting payment.

It is the responsibility of management to develop, practice and monitor efficient and effective internal cash handling controls for its operation. The basic goal of designing proper controls for any area is to separate authorization, custody and accounting. It is recognized that no one control model fits the needs of all cash handling areas at the University. Also, because the cost of controls may be significant, and the risk of loss varies according to the value of cash handled, some control procedures should be applied based on reasonable factors associated with each operation.

Specific procedures must be followed for reporting overages and shortages. Cash handling employees are subject to the Performance Improvement Process, and employees both in the probationary period and afterward, are subject to immediate dismissal in accordance with applicable policies and procedures if certain infractions should occur. More detailed explanations and guidelines of procedures and controls expected to be established and adhered

to at each cash collection area may be found in the [Cash Handling](#) procedures available on USBS website.

No cash receipting department should acquire a cash receipting system and/or online payment system for their departmental use without prior review and approval of USBS. It is expected that the contracted cashiering system used University-wide is to be used for most cashiering transactions.

Standard Cash Controls

1. Individual responsibility and accountability should always exist in handling University cash. Specific person(s) should be delegated the authority to receive cash and / or operate a petty cash fund. An accounting record should be established immediately upon receipt of cash. Cash handlers and applicable department management must take online training and testing annually in order to maintain cash handling operations.
2. All cash transactions must be established through proper documentation. All cash should be immediately recorded upon receipt. The recordings must be made using one of the following University approved methods: cash receipting system, cash register, pre-numbered receipt forms/tickets, or on a hand-written log. Checks should be made payable to the University of Memphis and should be restrictively endorsed immediately upon receipt. All transfers of cash accountability should be documented. Documentation should include amount transferred, date, and cash custodian signatures.
3. Cash funds must be properly balanced and reconciled. Cash handling units must maintain written cash balancing procedures. Each cashier should balance their business at the end of their shift by comparing cash receipting records to funds on hand, as described in the Cash Handling Guide Procedures. Monthly balancing is accomplished by comparing monthly reports from Accounting to deposits.
4. Cash handlers must operate in a secure environment at all times. Access to cash should be restricted at all times to the person accountable for the funds. The degree of security provided by the storage facility should be commensurate with the amounts being stored.
5. Cash funds must be deposited in a timely manner. Deposits should be made daily to maximize cash flow and safeguard assets. University policy [BF4011 - Bank Accounts](#) allows, at a minimum, weekly deposits in the case of collections of less than \$500. Collections should be deposited intact (no expenditures should ever be made from a collection).
6. Management should monitor cash operations. Management should perform monthly unannounced cash counts and do a periodic review of the internal controls in place to determine that these controls are:
 - a. Sufficient to safeguard cash collected;
 - b. Understood by staff;
 - c. Carefully followed by all staff.

USBS provides and monitors required annual online cash handling training and testing. Internal Audit should complete periodic reviews.

Cash Shortages \$500 or Over

Departments/activities are required to report cash shortages equal to or greater than \$500 and submit a cash shortage form immediately to the Office of Internal Audit and USBS. The Office of Internal Audit will prepare the Notification of Loss Report and send to the Tennessee Comptroller's Office and will proceed with an investigation of the loss of funds. Objective reviews must be completed to eliminate misconduct and provide assurance that controls are effective.

Cash Handling Activities

These procedures address three cash handling situations:

1. Activities using cash issued to the department/activity for a petty cash fund;
2. Activities collecting money that have access to a change fund issued to the department/activity; and
3. Activities authorized to collect money without the use of a permanent change fund. The last two examples are similar and specific to procedures that will be discussed in the Cash Receipts section.

The fund (change or petty cash) may never be used for both a change and a petty cash fund. Separate funds should be requested if both types of cash funds are warranted.

Departments requesting an EFT/wire transfer to a University bank account must notify the USBS office in advance of each expected transfer and provide the amount and account number to be credited.

Petty Cash Fund

A petty cash fund is a set amount of cash approved by USBS for frequent small dollar purchases. With the availability of the University's Purchasing Card, the need for a petty cash fund is rare. Therefore, the requester should only apply for a petty cash fund if their needs cannot be satisfied with a University issued purchasing card. See *Cash Handling Guide Part 8 - Managing a Petty Cash Fund* for additional information.

USBS has also made provisions to reimburse departments directly for authorized expenses. The individual requesting reimbursement should not have access to a petty cash fund or the University's Purchasing Card. The procedures for these transactions are outlined in the Reimbursements of Personal Funds for Authorized University-Related Expenses section below. Meals, food, food-related items, flowers, travel, personal services, contractor services, gifts and

dues or subscriptions cannot be reimbursed by the department's petty cash fund or directly by USBS.

Reimbursement of Personal Funds for Authorized University Related Expenses

Reimbursements for personal expenditures of low cost items (less than \$250) where no disbursement fund exists are available through USBS. The claimant should complete a Request for Cash Reimbursement and take it with appropriate vendor documentation to USBS cashier windows for reimbursement. The claimant should present his/her University identification card to the window teller when requesting the reimbursement. The form requires an explanation of purchase, account number to be charged, signature and date. Requester must attach the detailed receipt or paid invoice for the purchase and obtain the designated supervisor or dean approval. Sales tax is not reimbursed to claimant.

Cash Receipts

Departments wishing to receipt money must complete a Cash Handling Authorization form. The requester may have to provide more detailed procedures, depending on the volume of funds and complexity of operations. Under no circumstances should a department accept funds without approval from USBS. Fees to be collected by departments must be approved in advance in accordance with [BF4030 - Student Fees and Enrollment](#) policy. Generally there are three methods of receipting funds remitted to the University. The first method is a manual receipting process utilizing the University official pre-numbered receipt books, pre-numbered tickets, cash registers or other devices to establish accountability for money received. The second method is the University-approved cash receipting system for departments with higher volume of receipting. As a third alternative, USBS may recommend the use of the University's online storefront payment application in cases where money is being receipted for activities such as conferences, seminars and events. The complexity of the operations and needs of the users define which method will work best. It is the responsibility of the requester with the assistance of USBS to develop, implement and monitor proper receipting activities.

All cash receipting personnel and supervisors must take online cashiering training annually, which is provided by USBS. USBS credit card handling policy requires that each unit be certified as a credit card processing site and the method of processing credit transactions must be approved by USBS. This certification will include, but is not limited to, the site becoming PCI compliant, the secure handling of charge card numbers, data collection, system security, physical security, disaster recovery, reporting, reconciliation, privacy policies and continuing audit results.

If the department is not PCI compliant, they will not be able to accept credit card payments until compliance has been established or restored.

The privilege to handle University funds will be removed from any area that does not adhere to the policies, procedures and guidelines.

Related Documents, Policies and Forms

[BF Guide to Cash Handling](#)

[BF4011 - Bank Accounts](#)

[Procurement Services Website](#)

[PCI Security Standards](#)

[BF4023 - Payment Card Industry \(PCI\) Compliance](#)

[BF4030 - Student Fees and Enrollment](#)

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