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Responsible Official: Assistant Vice President, Finance

Responsible Office: University & Student Business Services

BFGuide

Purpose

This guideline identifies responsibilities and directives to collect money for the University.

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Procedures

Authorizing Bank Accounts All University funds are required to be deposited through authorized University bank accounts facilitated by the USBS Office. University departments should never open an account with a bank, credit union or any financial institution without written authorization from the Vice President of Business and Finance.

Sharing Responsibility for Cash Handling The collection and control of cash at the University of Memphis are very important. Ideally, from a control perspective, the collection and control of cash should be centralized in one location (USBS Office); however, this is not always possible or practical. As a result, under certain situations, the collection of money is in part decentralized, but only with prior approval from the USBS.

Departments authorized by the USBS Office to handle cash must maintain proper controls and recognize the shared responsibility associated with the collection of state money. The mishandling of money, either intentional or not, results in critical reviews of cash handling operations and parties involved. The outcome may mean the removal of cash collections at the department level. Departments handling cash must be familiar with all cash handling guidelines and forms, plus attend required training to fully understand the responsibilities.

Requesting Authorization from USBS to Collect Money Many details must be considered before requesting and authorizing a cash handling site. After evaluating a request, it may be concluded that the USBS Office should collect the cash. The USBS Office is already set up to handle cash. Departments requesting a cash handling site must recognize that the cost in both labor and facilities may be prohibitive for such action. The USBS Office will provide the department or activity not authorized to handle cash with adequate information to still achieve its mission.

The USBS Office's written approval must be received before the collection of cash. The process includes:

1. Submission and Approval of the New Fee/Change in Amount Fee Request Form;
2. Submission of the Cash Collection Request (many of the items required on the form are discussed in the cash handling guidelines);
3. Notification of approval or disapproval from the Bursar;
4. Completion of required training.

Complying with Regulatory Entities

Many of the processes required by the USBS Office are due to compliant issues from the University, the Board of Trustees, State, Federal and other regulatory entities. Areas receiving money from state or federal grants are generally subject to more restrictions. Anyone considering handling cash for the University should be familiar with these regulations and any other relative regulations.

Implementing Standard Cash Controls

The handling of cash funds requires that certain basic procedures be followed precisely. Procedures for the handling of cash receipts are designed to provide accountability for funds received in accordance with accepted standards of internal control. Implementation of the following controls is essential to any cash handling unit:

1. Individual responsibility and accountability should always exist in handling University cash. Specific person(s) should be delegated the authority to receive cash. There must be a continuous audit trail until the funds are officially deposited.
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 or marketplace. The method of recording funds must be approved by the USBS Office. Checks must be made payable to the University of Memphis and should be restrictively endorsed immediately upon receipt. All transfers of cash must be

documented so that accountability is maintained.

Cash funds must be properly balanced and reconciled. Cash handling units must provide written examples of their cash balancing procedures. Each cashier should balance their business at the end of their shift. Cash management system reports will dictate the frequency and method of balancing collections with deposits. Proper separation of duties must be documented.

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.

Cash funds must be deposited in a timely manner. Deposits should be made daily, or as directed by the USBS Office, to maximize cash flow and safeguard assets. Collections should be deposited intact (no expenditures should ever be made from a collection).

Management must monitor cash operations. Management should perform monthly unannounced cash counts and perform periodic reviews of the internal controls in place to determine that the controls are:

1. sufficient to safeguard cash collected,
2. understood by staff, and
3. carefully, followed by all staff.

Departments are subject to periodic verification of cash receipts and proper controls by the USBS Office and Audit Staff.

Developing Departmental Guidelines

Departments that handle cash must write their own detailed guidelines using the major functions for receipting cash. The amount and type of cash handled should be indicative of the details needed in the department's guidelines. The USBS Office must have access to these guidelines.

Cash Receipting Major Functions

- Recording Transactions
- Balancing Transactions
- Depositing Transactions
- Transporting Cash for Deposit
- Reconciling Cash Receipts
- Monitoring Cash Handling Activities

At a minimum, the department's guidelines should address:

- Designing an adequate separation of duties in cash handling;
- Developing a method of accounting for cash as it is received;
- Providing adequate safeguards for storing cash;
- Establishing procedures for balancing and promptly depositing cash receipts;
- Describing method for transporting receipts;
- Reconciling validated deposit forms to the supporting documentation and to the general ledger (statement of account);
- Approving any voided receipts properly;
- Designing system to file and retrieve support documentation;
- Submitting fees for goods or services for approval;
- Informing the USBS Office of any changes in cash handling staff or operations;
- Complying with existing policies, procedures and guidelines.

Maintaining Supporting Documentation

A department's supporting documentation must be appropriate for the cash collection activities in which it is engaged. These source documents should be organized in a manner that will facilitate the preparation of reports to ease the reconciliation by an independent source. The supporting documentation must be maintained for three years unless audit, federal or state guidelines require a longer retention period. Some grants may require longer retention periods. Departments that do not maintain adequate support documentation may be fined and reprimanded. Intentional disregard of support documentation could result in legal action. Support documentation may contain privileged information that must be restricted and properly disposed at the end of the retention period.

Securing and Storing Cash

It is the responsibility of each department to make whatever provisions are necessary to properly safeguard the cash receipts in their area. The department is responsible for safeguarding assets from the time of receipt to deposit. These are some standards to observe to minimize loss of funds.

- Cash and cash items should be physically protected through the use of vaults, locked cash drawers, cash registers, locked metal boxes, etc. The cash facility should be located in low traffic areas, locked when not in use or unattended, bolted to the floor when possible, and fire resistant.
- Funds held overnight should be minimized.
- Cash and cash items should not be retained in desk drawers. In addition to the risk of loss or theft, items may be forgotten and deposits not made in accordance with requirements.
- Access to cash should be restricted at all times to the person accountable for the funds. This person should be provided a locked, secure storage facility to which only he/she has access. This could be a lockable cash drawer, safe, compartment within a safe, or filing cabinet. The degree of security provided by the storage facility should be commensurate with the amounts being stored.
- Combinations or keys to safes and other cash storage facilities should be restricted to the custodian of the cash and a designated backup. Combinations or locks should be changed as necessary, and whenever a person with the combination or key is no longer responsible for cash handling.

Identifying Sales and Unrelated Business Income Taxes

University departments or related entities should be aware that the sale of certain goods or services may be subject to State sales tax and/or Federal Unrelated Business Income Taxes (UBIT). Concerns or questions regarding tax issues should be addressed to the Accounting Office.

Using Proper Accounts

The proper establishment of account numbers is imperative before receiving cash and questions should be addressed to the Accounting Office. Once the Cash Handling Request form has been approved by the USBS Office, Accounting will establish or approve existing account numbers to be used. If refunds are permitted, this should be discussed to establish the proper reporting process for refunds.

Approving University Fees/Charges The University will assess and collect fees and charges as established or approved by the Board of Trustees. The fee approval process is conducted each year before budget submission and is facilitated by the USBS Office. Fees and charges must be approved prior to any collection of funds or advertising. Any questions regarding fees should be addressed to the USBS Office.

These guidelines should be followed when publishing authorized University fees or charges.

- All statements which include a University fee/charge amount should be complete and specific enough to prevent any misunderstanding by the readers.
- Whenever a University fee/charge is quoted or specified, the refund status should also be stated. If there are qualifying conditions for a fee refund, these conditions should also be stated.
- Where applicable, specific dates related to the payment of University fees and associated fee refunds should be stated.
- It should be specified that any payment of University fees should be Made Payable to the University of Memphis and an exact mailing address should be provided if payments by mail can reasonably be expected.
- A copy or link to the notification should be sent to the USBS Office prior to publication.

Billing For Fees or Services The billing format should be approved by the USBS Office before departments or activities send notices to clients for authorized fees or charges. Many of the same requirements for publishing fees/charges should be considered when sending billings for one-time events. Invariably, some of these accounts turn into receivables, requiring additional handling by the USBS staff.

Training Human Resources has annual online Cash Handling Training available. The training is required to be completed annually to be approved to handle cash for the University. It is important that all the people involved in cash receipting attend the training and develop unique procedures for their operations. This is part of the privilege of handling cash for the University.

Links

University Cash Handling Policy <https://memphis.policytech.com/docview/?docid=636&public=true>

Contacts

Bursar's Office <https://www.memphis.edu/usbs/staff.php>

Revision Dates

May 2021