

Issued: Jun-11-2010

Responsible Official: Assistant Vice President, Finance

Responsible Office: University & Student Business Services

BFGuide

Purpose

This guideline establishes processes, procedures and controls for the receiving, recording, balancing and depositing of cash collections.

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Procedures

Receiving Payments

Customers of the University may use several forms of payment: cash, check, **debit**/credit card, web payment services, or Tiger Fund\$, but a cash handling site may be restricted to certain payment methods. Not all sites have the capability or need to process credit cards or Tiger Fund\$. The USBS Office will identify the restrictions with the cash handling unit. The cashier must always be attentive to certain requirements during the processing of payments to reduce loss of funds.

Cash

- Cash should be accepted only when the payer can be provided an official receipt at the time of payment. If a receipt cannot be provided, then the payer should be directed to the USBS Office with a completed Customer Payment Notification form.
- Care must be taken when accepting cash. Once the customer has left the payment location the transaction is complete and there is no recourse if the payment is short.
- Cashiers should talk through the transaction with the customer.
- Time should be taken when counting cash and large amounts should be double counted. Whenever possible, two people should count large payments.
- Money should be counted back to the customer when change is given.
- Money received should be kept out of your cash drawer until the transaction is complete.
- Two transactions should not be made at once, i.e. change should not be made in the middle of taking a payment, even for the same customer.
- Cash should be immediately placed in a secured area as soon as the transaction is complete. At a minimum, a cash box should be used.
- Large bills should be inspected closely (\$50 and \$100) to ensure they are not counterfeit. (Counterfeit detection pens are also suggested as a tool.)

Checks

- Checks must always be made payable to The University of Memphis. Advertisements or promotions permitting payment by check must include “Make check payable to The University of Memphis”.
- The following questions should be asked when examining a check tendered for payment:
 - Has it been altered?
 - Is it signed?
 - Does it include the payer’s local contact information and account identification number?
 - Does preprinted name agree with the signature?
 - Does the numbered amount agree with the written amount?
 - Is the check post-dated? **DO NOT ACCEPT A POST-DATED CHECK!**

- The check should be restrictively endorsed as soon as it is received. This protects the check if lost or stolen. Proper endorsement should read:

For Deposit Only

The University of Memphis

(Bank Account Number)

The USBS Office will issue endorsement stamp upon approval as a cash receipting unit. The Federal Reserve regulates check endorsements. All depositors' endorsements are limited to the top 1.5 inches on the backside of the check, at the trailing edge of the check. The endorsement area is directly behind where "Pay to the Order of" is printed. Any marks below the 1.5 inches on the check may obscure the bank routing number, cause delays in returning checks, and forfeit the University's right to recovery.

- The cash handling site should be identified on the check as instructed by the USBS Office.
- No cash handling sites are authorized to cash checks for convenience from University funds.
- Payer must show some form of photo ID, preferably the University campus card, but a State Issued ID is acceptable.
- Receipts must be given for in-person payments made by check.

Payment by Check in Mail

Checks received through the mail should be receipted, photocopied or logged and restrictively endorsed at the earliest point in the collection process. These logs should subsequently be reconciled with the cash management system reports. A standard Mail Log may be used or customized as needed.

Checks Returned to Issuer

- There will be several situations where checks will be received by the University when the University does not require remittance. It may be administratively simpler for the University to hold and return the original check, rather than to deposit the check and subsequently process a refund.

- The USBS Office or Assistant Vice President for Finance in these situations may approve the use of procedures outlined below, which will avoid the necessity of negotiating the check and issuing a University refund.

In cases where this procedure is approved, a rubber stamp with the following wording should be secured.

**CANCELLED
RETURN TO ISSUER
PAYMENT NOT DUE TO
THE UNIVERSITY OF
MEMPHIS**

The face of the check should be clearly and distinctly stamped so as to prevent the check being negotiated.

1. All checks returned to the remitting party should be recorded in an Incoming Check Register. The register should include at least the following information: the date the check was received, the name of the remitting party, the check amount, an adequate explanation of why the check was returned and the date the check was returned.
2. In no case may cash be returned. Generally, travelers' checks/money orders should not be returned since the difficulty of obtaining a refund would be more complicated for the individual than for the University to deposit the travelers' checks and issue a refund to the issuer.
3. Usually, the department or activity canceling and returning the check to the issuer should include with the check a notation as to the reason the payment was not due and why it is being returned. In all cases, these checks must be returned to the issuer.

Credit Card Services

Departments, upon approval by the USBS Office, may accept Discover, MasterCard, American Express, and VISA. The department/activity accepting credit cards will be charged the monthly credit card fees associated with their card transactions.

Departments processing credit cards using the web, mail, telephone, fax or walk-in must be aware of several issues distinct to this type of payment. Some of these issues include authentication, security, retention, and PCI/DSS compliance. Departments not complying in any of these areas will forfeit their right to process credit cards.

The USBS Office and all cash handling sites processing debit/credit cards must comply with the Payment Card Industry Data Security Standards (PCI/DSS). These standards include requirements for security management, policies, procedures, network architecture, software design, and other critical protective measures. University units processing credit card transactions have contractual obligations to fulfill the data security standards established by the payment card industry which include yearly questionnaires and quarterly vulnerability scans.

Because of the volume of credit card transactions and regulations imposed by external agencies, more detailed information is provided in the Credit Card Merchants Guide. Please note that the Payment Card Industry (PCI) Security Standards change periodically. Departments that are approved to accept credit cards will be required to complete annual PCI compliance training.

Tiger Fund\$

- Tiger Fund\$ represent money deposited with the USBS Office by students and staff which can be used for payment of selected goods or services. The USBS Office must approve the acceptance of payments using Tiger Fund\$.
- The official University ID card must be presented at the time of the transaction.
- The cashier should always verify the identification card photograph by comparing it to the individual requesting the Tiger Fund\$ payment option. If unsure about the verification of the individual to the ID card photograph, the cashier should request additional identification prior to completing the transaction.
- An individual reporting a lost or stolen U of M identification card with a Tiger Fund\$ account should have his/her Tiger Fund\$ invalidated immediately by visiting <https://www.memphis.edu/campuscard/>

- Receipts must be given for all Tiger Fund\$ payments.

Recording Cash Transactions

All money should be immediately recorded upon receipt. The recording may be made on a cash register, a data entry terminal, university cash receipting system and by means of official university receipt books. Some areas may use more than one of the recording devices. For example, areas receiving large volumes of checks by mail may use a mail log and computer generated receipts. The process for recording receipts must include the balancing of receipts. Each cash receipt should be identified and controlled by a unique, sequential transaction number, such as a cash register ring number or official university cash receipt or system generated receipt number.

Generally, the cash receipt records should provide the following information:

- Name of department receiving cash;
- Name of person or organization from whom cash was received;
- Amount received and mode of payment (cash, check, charge);
- Check amount and check number;
- Date;
- Identification of person receiving cash;
- Transaction number, cash register ring number, or receipt form number.

The cashier should never store receipt forms and transaction records with the currency and coins (receipts). Retention of the records and receipts separately would allow for reconstruction of monetary loss, if the need occurred.

Computer Generated Receipts

If not using the university cash receipting system, the USBS Office must approve other computer generated receipts to ensure sufficient information is included on the receipts and accountability is established at all times.

Pre-numbered Receipts

The USBS Office is responsible for ordering and issuing all official University of Memphis receipt books. Once receipt books are issued, the responsibility for them transfers to the collection site to which they are assigned. Once the receipt book is completed or no longer needed, it must be returned to the Bursar's Office. Instructions for using pre-numbered receipts include the following:

- Receipt forms must be issued in a minimum of two copies: one for the payer and one to be retained by the issuing agent with all required information completed.
- Receipts should not be issued for a zero amount or for a negative net amount.
- Under no circumstances should a pre-numbered receipt form be altered. If any type of change is necessary, both copies of the form in question must be clearly marked "Void" and a new one issued. All voided receipt forms must be filed with the file copies of all issued receipts. Management must approve voided receipts (initial and date). The voided receipt number should be listed on the appropriate transmittal.
- Cash Transmittal Sheet must be prepared properly for depositing receipts with the USBS Office accounts for issued receipts.

Cash Registers

Where cash is received in a variety of small and large amounts, frequently and directly from the customers, a cash register could be used. Sales should be rung up in the presence of the customer.

The amounts being rung up should be clearly visible to the customer. The customer should be provided with a printed receipt showing the amount. The name of the University of Memphis should be clearly imprinted on the receipt. Strict supervisory approval should be required for all voids, cancellations or other alterations to cash register tapes. Each cashier should start their day's business with a new beginning

cash register number and their own cash drawer (cash drawers should never be shared).

Ticket Sales

In some cases, pre-numbered tickets, such as to an athletic event, may not require the issuance of a separate receipt when accountability for the ticket itself can be substituted. In these cases, controls over the printing of tickets to the final reconciliation will be documented and practiced by the collection site.

All ticketed events use only pre-numbered, pre-printed tickets and maintain a manifest that lists the types of tickets (ex. regular, discounted and complimentary), prices, numbers of tickets, and starting ticket number.

Ticket issuers sign for the block(s) of tickets for the event. The ticket issuers confirm the starting ticket number with the manifest for each type of ticket.

When ticket sales are completed, the ticket issuer prepares the manifest reconciliation report. The reconciliation includes the ending ticket number, beginning ticket number, and sales price of each ticket. The sales are computed and compared to actual cash receipts. Discrepancies are noted and corrective action taken according to management policy. Generally, the completed report, any unused tickets and the sold ticket stubs are turned in to the supervisor at the end of the event.

Mail Receipt Logs

Mail Logs (manual or automated) provide controls for departments to assure all funds received have been deposited. The log should be verified to the deposit and to the accounting transactions. Logs provide a monitoring tool for management to determine the length of time from receipt to deposit. Mail receipt logs must be maintained in areas where checks are received in several departments but transferred to another area for depositing. The process must maintain accountability with each employee involved in the handling. With the help of the USBS Office the logs maybe customized to facilitate the operation.

Pay Stations (Vending, Parking, Copying Machines)

All departments that collect cash from pay stations or coin-operated machines must maintain a control log of machine usage by recording the reading of the machine meter, e.g. photocopy meter, at regular intervals as agreed upon with the USBS Office.

The control logs of meter readings must be reconciled to cash deposit for each machine. The reconciliation should be performed by someone who does not handle cash. A copy of the reconciliation should be sent to management for approval and retention.

Printed or Published Material Sales

Departments or activities that sell printed or recorded items will be responsible for reconciling receipt forms to the inventory.

- A detailed inventory must be maintained of all material sold.
- All material must be kept in a secure, locked place under the control of a responsible person.
- A reconciliation of inventory to the cash receipts by someone who does not handle cash must be done for every deposit or upon an agreed upon time frame.
- A copy of the reconciliation should be sent to management for approval and retention.

Voided Transaction

All voided transactions should be supported by documentation stating the reason for the void, the signature or initials of the person recording the void, and the signature or initials of a supervisor responsible for reviewing voids. All voids should become part of daily balancing reports.

Balancing Receipts

Each activity is responsible for establishing the steps for balancing receipts. The steps should start with the recording of cash transactions and end with the depositing of money received. Existing forms or forms designed by the activity should be used to facilitate the balancing process and approved by the USBS Office. These forms must capture the critical

information for verifying and managing the financial activity by management. The frequency of balancing receipts is determined by several factors and must be approved by the USBS Office.

Establish Accountability for Cash Collections

The total of cash and cash items available for deposit must be compared with the method used to establish accountability for money received such as totals from a cash register, or generated receipts. If these amounts do not equal, the reason must be identified and the numbers verified to be correct. If the amounts still do not equal, an overage or shortage exists and guidelines for the Report of Cash Overage/Shortage must be followed.

All receipt or transaction numbers must be accounted for. For pre-numbered receipts, the beginning receipt or transaction number must be verified to be the next number after the previous day's ending receipt or transaction number.

Complete the Required Forms

A form or record must be produced each time receipts are balanced. If balanced receipts are combined before depositing, the transfer of funds to the person making the deposit must be verified and clearly documented.

The Cash Transmittal form will be used by cash handling sites to balance receipts. Some sites have been permitted to use a different form to handle their unique operation with USBS Office approval of the form. The form must be signed by the preparer, and the form must be approved and deposit reviewed/verified by an appropriate designee/reviewer.

Frequency of Balancing Receipts

The timing and balancing of cash collected depends on several factors, including the following:

- The USBS Office requires daily balancing and depositing of cash receipts, but if large sums of money are on hand, more frequent balancing may be warranted.
- The cash handling unit must maintain individual accountability for each cash handler's receipts that may require more frequent balancing and depositing of receipts.

- Because of security issues, more frequent deposits may be required.

Depositing Cash Collections This is typically the last step for the cash custodian, obtaining an official receipt for the deposit. Deposits must be kept in a locked secure environment.

The USBS Office requires daily deposits when \$500 in receipts has been accumulated. If receipts do not exceed \$500, deposits must be made at least once each work week (Monday-Friday).

Generally, the method that deposits are transported to the USBS Office will determine the type of forms needed. Most cash handling sites use Police Services to transport deposits to the USBS Office.

A completed Cash Transmittal is required for all deposits. Some deposits will also require the completion of a three part bank deposit slip. The USBS Office provides the cash handling sites bank deposit slips. If a bank deposit slip is used, the cash handling unit must use an approved deposit container and request the services of Police Services to transport deposits to the USBS Office.

Contacts

USBS Office <https://www.memphis.edu/usbs/staff.php>

Revision Dates

May 2021