

Cash Handling: Department Manual

Office: Business Services
Procedure Contact: Bursar
Related Policy or Policies: Bursar 200.100cd, State Cash Management Agency Manual #021801PO, State FIN 201: Collection and Deposit of Money(s)

Revision History

Revision Number:	Change:	Date:
001	Update content and format	05-16-18

A. Purpose

Provide departments with guidelines on collecting, securing, depositing and reporting funds received from sales activities and donations.

SOU seeks to ensure that the policies and procedures related to accounts receivable and collections are documented, communicated, clearly understood, and consistently applied.

B. Definitions

- One business day - deposits should be delivered to the Service Center by 4 p.m. of the following business day.
- Restrictive endorsement - a correctly formatted endorsement stamp in the first 1 ½ inches of a check, as measured from the trailing (or stub) end of the check.
- Automated Clearing House (ACH) - transfers payments electronically rather than by check. It takes a minimum of 2 banking days to receive funds.
- Electronic funds transfer (EFT) - any transfer of funds by non-paper means.
- Wire transfer - same-day transfer of funds through the Federal Reserve. Wire transfers typically are used when money must be transferred within one banking day.

C. Procedures

Department responsibilities:

Departments must deliver cash and checks to the Service Center no later than 4 pm the day after receipt.

The timely deposit of moneys received provides several benefits:

- Improved control of funds which reduces the risk of loss due to errors, carelessness, or theft
- Improved interest earnings
- Lowered risk of returned checks due to non-sufficient funds or closed accounts
- Responsive service to the payors (who would otherwise be uncertain whether or not their checks were received).

A reasonable, longer period—i.e., longer than one business day after receipt of funds—for the deposit of specific funds or categories of funds is permitted if a department or unit can justify a *valid business reason* for using a longer period

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between receipt of funds and deposit of funds. The period must be no longer than necessary to satisfy the business reason. Review business practices with the Bursar's office.

Examples of valid business reasons for not meeting the next-business-day deposit requirement include, but are not limited to, the following:

- Peak - volume of receipts is so great that existing staff cannot meet the next-business-day requirement.
- A department's staffing for coverage during office hours is severely limited
 - Small dollar volume of transactions

If a department cannot comply with the next-business-day deposit requirement due to unusual circumstances beyond its control, it is not necessary that the department head submit documentation explaining the circumstances causing late deposit. However, documenting the reasons for the occurrence in the department files is required and may prove beneficial to the department in the event of an audit or theft of funds.

If a department chooses to document a valid business reason for a reasonable, longer period than the requirement of next-business-day deposits, the department must ensure the following:

- Deposits to the Enrollment Service Center are made at least once a week.
- Checks are restrictively endorsed as soon as they are received by the department.
- Cash, checks, and other negotiable instruments are secured in a locking safe or file cabinet and access is limited.

Departments with frequent deposits of cash in excess of \$500 are required to use a locking bag for transportation on campus. Bags can be requested from the Bursar's Office.

All checks must be properly, clearly, and restrictively endorsed, using a university approved endorsement stamp and follow Federal Reserve mandates. Endorsement stamps are available through the Bursar's office.

Expenditures or refunds cannot be made from cash receipts.

Departments depositing gifts must include the form "Report of Gift Received by Department". See Appendix.

Deposit Procedures:

To deposit cash and checks

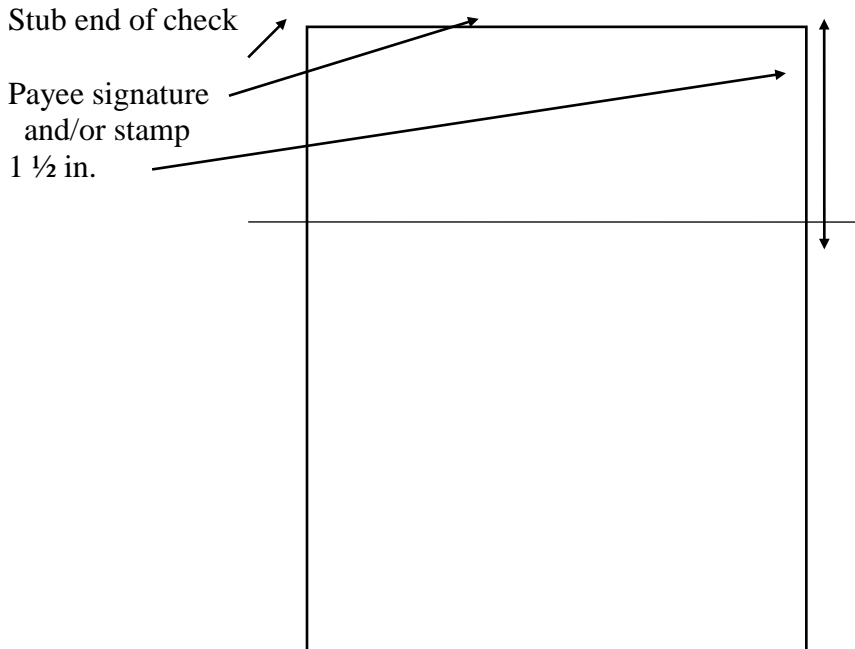
- Determine that all checks are properly endorsed. For security reasons, endorse the check as soon as it is received.
- Fill out the "Southern Oregon University Deposit Information Form. See Appendix.
- On the form, be certain to fill out the index and account codes or the fund and account codes.
- Bring the deposit and the "Deposit Information Form" to the Service Center.

To endorse checks properly

- Endorse all checks within the 1 ½-inch area measured from the stub end of the check.
- The remainder of the back of the check is reserved for bank endorsement. This requirement is mandated by the Federal Reserve. Failure to observe this guideline may cause delays in processing and may impair efforts to collect on returned checks.

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- Use the restrictive endorsement stamp provided by the Bursar's Office.



Donations:

A gift is a donation other than an endowment with no legal consideration imposed by the donor, i.e., nothing is expected by the donor in return for the gift.

Deposits to department gift accounts should consist of charitable donations made to the department. Payments for sales or services should be recorded as income or as an expense reimbursement and should be deposited to an appropriate non-gift index code.

Donations made to a department, even if for general department use, are considered restricted funds. This money should not be commingled with general fund or self-support funds. These funds are spent in accordance with university regulations and must not be overdrawn.

Normally, SOU encourages donors to route their contributions through the SOU Foundation <http://www.soufoundation.org/>. However, when this is not possible and contributions have been made directly to the university, the department must take the deposit to the Business Services cashier windows along with the form, "Report of Gift Received by Department."

Gift accounts are used to keep track of donations and their use. A department can have as many gift accounts as it needs. More than one account might be needed if the department receives donations with varying restrictions.

Contact the Accounting Manager at 2-6065 if a new donation index code is necessary. With the deposit, include the form "Report of Gift Received by Department". Be sure to include a copy of any correspondence from the donor(s) regarding the gift. A letter of acknowledgment is sent to the donor(s) by the Office of Development.

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Electronic Funds Transfers:

All incoming and outgoing electronic transfers for Southern Oregon University are processed through the Oregon State Treasury's Banking Services Department. It is the responsibility of campus departments to provide accurate information for incoming electronic funds transfers and to notify the Bursar's office with sufficient information to identify the funds to process the transfer. The Bursar's Office assists campus departments in sending or receiving electronic funds transfers.

Incoming electronic transfers (ACH and wires) that cannot be identified may be returned to the sender.

Cash Drawers:

See Bursar 200.100cd Department Cash Drawers for complete information regarding how to request and maintain.

Segregation of Duties:

Segregation of duties is an essential element of internal control that is used to ensure irregularities or errors in cash handling are prevented or detected in the normal course of business in a timely manner. The control provides benefits by making deliberate fraud more difficult, requiring an individual to solicit collusion of one or more employees. With adequate controls in place, errors are more easily uncovered, further eliminating the opportunity of transforming innocent mistakes into on-going fraudulent activities.

To provide basic safeguards, no one individual can have control over two or more elements of a transaction or operational process. The general categories involved are: reconciliation, authorization, custody and record keeping. Incompatible cash handling duties include receiving checks and approving write-offs or reconciling bank accounts while initiating deposits.

If duties exist that cannot be adequately segregated, additional procedures or mitigating controls, must be developed and in place to reduce risk. Mitigating controls may include but are not limited to, regular comprehensive review and documentation by a supervisor of integrated operational processes performed by one individual.

Basic cash handling controls include:

- timely deposits
- regular reconciliation of cash accounts
- surprise cash counts
- limited access to safes and cash funds.

Mitigating controls include monitoring individuals with physical custody of cash and who also perform:

- record keeping duties
- reconciliation duties

Specific duties that should never be performed by the same individual who has physical custody of cash:

- record keeping and reconciliations
- record keeping and monitoring
- essential monitoring controls

D. Appendix

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Department Deposit Information Form

Department _____ Date _____

Deposit Description _____

Deposit Summary:	Number of Items	Amount
Checks	_____	\$ _____
Cash		\$ _____
Credit Card		\$ _____
Total Deposit		\$ _____

Single code only needed for the deposit transaction:

Index Code _____ or Fund Code _____ or Detail Code _____ Account Code _____
 Code _____ Account Code _____ Activity Code _____

If the deposit must be split between multiple transaction codes, use the following:

Index/Account	<i>Amount</i>	Fund/Account	<i>Amount</i>	Detail/Activity	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
Index/Account	<i>Amount</i>	Fund/Account	<i>Amount</i>	Detail/Activity	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
Index/Account	<i>Amount</i>	Fund/Account	<i>Amount</i>	Detail/Activity	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
Index/Account	<i>Amount</i>	Fund/Account	<i>Amount</i>	Detail/Activity	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
Index/Account	<i>Amount</i>	Fund/Account	<i>Amount</i>	Detail/Activity	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
Index/Account	<i>Amount</i>	Fund/Account	<i>Amount</i>	Detail/Activity	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
Index/Account	<i>Amount</i>	Fund/Account	<i>Amount</i>	Detail/Activity	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____

Total \$ _____ **Total** \$ _____ **Total** \$ _____

Note: Combined itemized totals must equal the total deposit summary reported above. Use additional pages as needed to itemize the deposit.

Name of staff making deposit (Print) _____

Signature of staff making deposit _____ SOU phone no. _____

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Report of Gift Received by Department

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- This form must accompany all deposits for donations received directly by a department (not gifts made to the SOU Foundation). Return this form along with the donation to the cashier windows in Enrollment Services at Britt. Retain a copy for your own records.
- Cashiers, use detail code C004 and the donor's name (last name first) for the description.
- Forward completed report to Business Services.
- See page 2, for multiple donors.

Person submitting report/dept.: _____ **Date:** _____

Donor Name: _____

Donor Address: _____

Type of Donation: Cash Check VISA MasterCard In-kind or other noncash gift
Check # _____, Check Date _____

Amount of Donation: \$ _____ Charge Card # _____ Expiration _____

Purpose for the donation, as specified by the donor:

If the donor gives money to a department but does not give any restrictions on how the funds are to be used within the department, check the first choice below. In-kind or other non-cash donations should be accompanied by a letter from the donor, describing the donation and the valuation. Include a copy of any correspondence from the donor that elaborates on the purposes for which the funds are to be used.

- General Departmental Operational uses, no specific use within the department.
- General Departmental Scholarships, no specific scholarship fund listed.
- Specific Departmental Scholarship Fund (specify): _____
- Other (specify): _____

Gift index to be credited: _____ **Index Title:** _____

Donation Source Code to be used:

- 03611 Private Individual
- 03621 Commercial Businesses
- 03631 Foundation, Association, & Society (*excluding the SOU Foundation*)
- 03641 Non-OUS Institution of Higher Education

Acknowledgement of receipt of the donation:

A letter acknowledging the receipt of the donation will be issued by the Office of Development.

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Report of Gift Received by Department Multiple Donors Page 2 of 2

- Use this page when you have multiple donors.
- The front page of this form must accompany this addendum.
- Each donor and amount should be listed separately.
- If the specified use of the donation, index code, or donation source code is different from the front page of this form, you must use a separate front page for that donor.

Donor Name: _____

Donor Address: _____

Type of Donation: Cash Check VISA MasterCard In-kind or other non-cash gift.
Check # _____, Check Date _____

Amount of Donation: \$ _____ Charge Card # _____ Expiration _____

Donor Name: _____

Donor Address: _____

Type of Donation: Cash Check VISA MasterCard In-kind or other non-cash gift.
Check # _____, Check Date _____

Amount of Donation: \$ _____ Charge Card # _____ Expiration _____

Donor Name: _____

Donor Address: _____

Type of Donation: Cash Check VISA MasterCard In-kind or other non-cash gift.
Check # _____, Check Date _____

Amount of Donation: \$ _____ Charge Card # _____ Expiration _____

Donor Name: _____

Donor Address: _____

Type of Donation: Cash Check VISA MasterCard In-kind or other non-cash gift.
Check # _____, Check Date _____

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Amount of Donation: \$ _____ Charge Card # _____ Expiration _____

Segregation of Duties Check List:

Department _____

Duties performed by _____

Accounts Receivable (Yes/No)

Sets up Banner AR account	
Receipts in cash	
Prepares deposit	
Approves cash deposits	
Reconciles cash session to Banner AR	
Authorizes write off of account transactions	
Performs write off of account transactions	
Performs charge backs	
Prepares and mails bills	

Reconciliation/General Ledger

Reconciles bank account	
Reconciles general ledger cash/loan accounts	
Prepares and posts cash journal entries to the general ledger	
Approves cash journal entries in the general ledger	

Physical Custody

Maintains custody of cash fund	
Has access to safe or cash fund	

Accounts Payable

Issues vendor/AR refund checks	
Cancel vendor/AR refund checks	
Reviews check register	
Reviews write-off register	
Sets up vendor accounts	

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Cash Orders

Prepares fund order from bank or agency
Initiates/places order of funds from bank or agency
Receipts in funds from bank or agency to general ledger
Performs monitoring or oversight duties of cash handling

Cash Registers

Open/close register and cash drawers
Performs sales transactions
Balances cash drawers to close out reports
Monitors sales staff
Approves cash back transactions
Issues cash back transactions
Replenishes cash drawers