

University of Houston – C.T. Bauer College of Business

Cash Handling Procedures

Fiscal Year 2017

I. Purpose and Overview

In accordance with MAPP 05.01.01, Cash Handling, and all cash transactions involving the University, its colleges, or any discrepancies are subject to all applicable state laws and regulations and University policies and procedures, including University of Houston System Administrative Memoranda 03.A.01 – Gift Acceptance, and 03.F.04 – Cash Handling.

All University employees have a fiduciary responsibility to the University to handle cash properly. Procedure for the handling of cash receipts are designed to provide accountability for monies received in accordance with accepted standards of internal controls.

All employees of the College/ Division are responsible for complying with the policies and procedures described below.

II. Definitions

- A. Bank Deposit: Consolidation and verification of cash (as defined in this document) to be physically transferred to the bank and deposited into a component university or System bank account.
- B. Cash: U.S. currency; personal, business, bank, and cashier's checks; money orders; travelers' checks; foreign drafts (for purposes of this policy, cash does not include foreign currency).
- C. Cash Account: An income account authorized and established for the purpose of receiving cash for an approved purpose.
- D. Cash Custodian: A person having a fiduciary responsibility to receive, monitor, and safeguard cash received or maintained within the area for any purpose. Cash custodians must adhere to the same standards of accountability as fund custodians.
- E. Cash Fund(s): The term used to refer to a petty cash fund or a change fund.
- F. Cash Handling Areas: Those areas or departments where cash is handled through a petty cash fund, a change fund, and/or cash receipts.
- G. Cash Receipts: Any cash received by a unit of the System, in checks and/or currency, for any purposes (i.e., revenues for goods, services, or events as fees, or as gifts).
- H. Cashier's Office: The component university unit responsible for receiving and depositing cash for that component university.
- I. Change Fund: A fund established at the departmental level for the purpose of supporting a sales or service operation. The change fund is used to make change for direct purchases of merchandise or services or to support indirect services (i.e., copy card machines and bill changers).
- J. Counterfeit Transaction: A transaction involving or suspected of involving the use of imitation currency with the intent to defraud.
- K. Currency: For the purposes of this document, the coins and dollars of the United States. It does not include bank checks or other negotiable instruments.
- L. Fund Custodian: A person having a fiduciary responsibility to monitor and safeguard a cash fund.
- M. Incidental Cash Handling Departments: Departments that do not collect revenue as part of their primary mission and do not have personnel with primary responsibility for oversight of cash handling operations and accounting. All departments are considered incidental cash handling departments if they collect

cash and have not been classified as a major cash handling department.

- N. Major Cash Handling Departments: Departments that have as a principal element of their mission the responsibility for the collection of revenue in support of their own or other component university operations. These departments will have personnel with primary responsibility for oversight of cash handling operations and accounting.
- O. Petty Cash Fund: A fund established at the departmental level for the purpose of expediting small dollar purchases where unforeseen circumstances preclude following the regular procurement processes.
- P. Remote Deposit: A system which is used to scan checks and transmit images to the bank directly from your desktop. This service electronically clears its checks by sending an electronic image to the Federal Reserve.
- Q. Suspicious Currency Transactions: For the purposes of MAPP, a payment to the component university in currency by an individual inconsistent with other currency transactions and/or has the appearance of circumventing limits, such as the \$10,000 currency transaction reporting threshold. (Example: a customer who pays for a service provided by the System with \$6,000 in currency in the morning and returns to pay the balance of \$5,000 in currency in the afternoon
- R. Transaction In Currency: A payment in currency to the component university.

I. Policy Statement

Procedures for the handling of cash receipts are designed to provide accountability for moneys received in accordance with accepted standards of internal controls. All employees of the C.T. Bauer College of Business are responsible for complying with the policies and procedures outlined in MAPP 05.01.01 – Cash Handling and SAM 03.F.04 – Cash Handling, SAM 08.A.03 – Gift Acceptance – Gifts from Individual Donors. University positions with cash handling or fund custodial responsibilities are designed as security sensitive. Failure to adhere to these policies and procedures may result in disciplinary action being taken against the employee.

Cash is not to be accepted or disbursed by University employees unless that employee has been authorized by the Executive Director of Business Operations to handle cash for a specified purpose. All employees authorized to handle cash must be certified annually.

Compliance with these procedures will protect employees when questions arise and protect the University from criticism by auditors and other reviewing officials. Procedures for the handling of cash receipts are designed to provide accountability for monies received in accordance with accepted standards of internal controls. All employees are responsible for complying with policies and procedures described herein. When a University employee receives cash, it is to be deposited into the appropriate authorized University cost center. Retention of cash received from outside sources for use as a petty cash or for making change is prohibited. Use of University cash funds or cash receipts for cashing checks is prohibited.

All employees have an obligation to report any suspected theft, fraud, embezzlement, or any other irregularity causing a loss of cash in accordance with SAM 01.C.04 – reporting/ Investing Fraudulent Acts. Employees who are aware of criminal activity and fail to report it may be subject to disciplinary action. Employees are required to cooperate with any police or audit investigation, and they may be requested to keep their knowledge of the investigation confidential.

NOTE: "Cash Receipts" include currency (U.S. and foreign), checks, traveler's checks, money orders, credit card and debit card charges, and wire transfers.

II. Receiving Cash from Departments/ Individuals

All monies are routed to the appropriate person in the BCB Business Dean's Office, including donations, gifts, transfer from UH Foundations or other payments. A purpose, a cost center and account code to be credited must be noted for the deposit from the individual to the business office. All individuals receiving moneys will strictly adhere to University of Houston Policy and Procedures MAPP 5.01.01 and must maintain a log of name, customer name, purpose, payment method (check, cash, or credit card), amount received and cost center name of all cash received.

A. Acceptable forms of payments include:

- a. Currency – Departments are encourage to only accept payments in US funds
- b. Checks and Money Orders
 - i. Must be made payable to the "University of Houston"
 - ii. Must be endorsed "For Deposit only" immediately on receipt
- c. Debit/ Credit Cards
 - i. Debit/Credit cards should be handled in the same manner as cash
 - ii. Employees must complete an annual online training for Credit Card Accounting if responsible for handling credit cards in their respective areas

B. An acceptable form of receipt must be used when cash is received. An acceptable receipt may be:

- a. Dated cash log
- b. Consecutive and unique pre- numbered receipts, with a duplicate copy maintained as a cash receipts log
- c. Pre- numbered tickets
- d. Cash register tapes
- e. Other documentation reviewed as appropriate

C. Endorsing checks and money orders

- a. Requires a valid driver's license or other identification with a picture
- b. Should be made payable to University of Houston immediately upon receipt
- c. Restrictively endorsed with a cost center and account code upon receipt

D. Cash receipts are physically safeguarded or stored until deposited

- a. Safe deposit box
- b. Locked drawer

III. Depositing Funds

A. Funds are deposited in a timely manner in accordance to the cash handling policy.

- a. Checks received totaling \$100 or more must be deposited electronically by the remote bank deposit scanner within one working day of receipt and a journal processed within 24 hours of deposit
- b. Checks/ cash less than \$100 must be deposited by the remote deposit scanner within five working days of receipt and a journal processed within 24 hours of deposit
- c. Credit card receipts must be settled and recorded daily on a journal

B. Remote Cash Deposits

- a. Log into the CashPro system for remote deposit
- b. Checks are batched and counted to determine the total deposit ticket for the day
- c. Checks are reviewed and calculated a number of times to determine the deposit amount for the day
- d. Checks are scanned and then reviewed again to confirm the total and balance match with deposit screen.
 - i. If checks do not balance, click yellow triangle with exclamation point or red triangle, a check will appear for the individual to key in the information to balance the deposit.
- e. Transmit the balanced deposit to the bank by clicking "complete".
- f. Run Summary of Deposits by Account Report
- g. Attach Summary of Deposit Report along with Cash Deposit form with journal entry for supporting documentation

- h. Copies of checks are not included with the journal entry
- i. Journal entries are created and submitted in workflow with the appropriate supporting documents.
- j. Checks must be retained in a secure location for 14 business days and then shredded in a cross cut shredder

C. Non - Remote Cash Deposits

- a. Items are audited and scanned to go in tamper resistant deposit bags (that are ordered through the Cashier's Office) to the transported place by the UH police
- b. Two employees verify the total amount
- c. Cash Deposit Summary Form should be completed and signed by two authorized employees
- d. Journal created and submitted into workflow with Cash Deposit Form
- e. Originals sent with bag for police pick up
- f. Copies are made within the department for our records

IV. Retaining Deposit Documents

- A. Copies of cash activity logs, checks, the Deposit Bag Confirmation Strip, invoices, receipts and other records are retained for minimal 6 months.
- B. Departmental cost center transactions are reconciled monthly by Financial Analyst II

V. Overages and Shortages

- A. Recorded to GL Account 50015
- B. Maintain log of all overages and shortages and record on Addendum D
- C. Reporting of overages and shortages
 - i. One transaction greater than \$20 is reported immediately to Treasury and General Accounting with completed Addenda C and D
 - ii. Annual cumulative total greater than \$40 is reported immediately to Treasury and General Accounting with completed Addenda C and D
 - iii. Any amount over \$100 is reported immediately to Internal Audit

VI. Gifts

- A. Endowed gifts are processed through remote deposit scanner as described above and forwarded to gifts1@uh.edu
- B. Non-endowed gifts are audited, scanned (redacting security sensitive information) and placed in a tamper proof resistant bag and forward to DAR
- C. Gifts forwarded to appropriate office within one working day of receipt accompanied with a Gift Transmittal Form and supporting documentation

VII. Records

- A. Dean's Office retains copies of reconciled cash register activity logs, checks, Deposit Bag Confirmation Strips, and individual invoices or receipts with departmental records for six months for audit purposes.
- B. Departmental cost center transactions shall be verified monthly by the Financial Analyst II. All discrepancies must be cleared when identified and department financial records corrected in accordance to the policy.

The C. T. Bauer College has centralized most of the cash handling for the College. There are some areas for example Graduate and Professional Programs and Rockwell Career Center that process credit cards payments for area; however the cash handling procedure is the same. The above procedures apply to all departments who handle cash funds and the cash handling policy and procedure statement applies to all units within the Bauer College of Business.