

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: Fiscal Affairs

NUMBER: 03.F.04

AREA: Asset Management

SUBJECT: Cash Handling

1. PURPOSE

This document establishes policy and procedures for handling cash by employees within the component universities of the University of Houston System. Cash handling policy and procedures established must also conform to System Administrative Memoranda [03.A.07](#) (*Petty Cash Procedures*), [08.A.03](#) (*Gift Acceptance – Gifts from Individual Donors*), [01.C.04](#) (*Reporting/Investigating Fraudulent Acts*), and all applicable state and federal regulations.

2. DEFINITIONS

- 2.1. 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.
- 2.2. Cash: U.S. currency; personal, business, bank, and cashier's checks; money orders; travelers' checks; or foreign drafts (for purposes of this policy, cash does not include foreign currency).
- 2.3. Cash Account: An income account authorized and established for the purpose of receiving cash for an approved purpose.
- 2.4. 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.
- 2.5. Cash Fund(s): The term used to refer to a petty cash fund or a change fund.
- 2.6. Cash Handling Areas: Those areas or departments where cash is handled through a petty cash fund, a change fund, and/or cash receipts.
- 2.7. 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).

- 2.8. Cashier's Office: The component university unit responsible for receiving and depositing cash for that component university.
- 2.9. 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).
- 2.10. Counterfeit Transaction: A transaction involving or suspected of involving the use of imitation currency with the intent to defraud.
- 2.11. 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.
- 2.12. Fund Custodian: A person having a fiduciary responsibility to monitor and safeguard a cash fund.
- 2.13. 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.
- 2.14. 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.
- 2.15. 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.
- 2.16. 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.
- 2.17. Suspicious Currency Transactions: For the purposes of this document, 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.)
- 2.18. Transaction In Currency: A payment in currency to the component university.

3. POLICY

- 3.1. The policies set forth below are minimum standards to which all System component universities must adhere. However, each component university may establish more restrictive policies for their operations.
- 3.2. A department may be authorized to receive cash or establish a cash fund only after clearly demonstrating a need, developing and providing detailed cash handling procedures to the component chief financial officer or designee, and obtaining written authorizations from the department head and the component chief financial officer or designee.
- 3.3. Separation of duties within departments must be defined before the department is authorized to receive cash or is issued a cash fund. The same employee should not have both cash handling and monthly reconciliation responsibilities. If the separation of duties cannot be performed within a department due to insufficient levels of staffing, additional supervisory review should be performed to validate and approve the cash receipt and monthly reconciliation process.
- 3.4. The component chief financial officer or designee must annually review each department that accepts cash or maintains a cash fund and, if appropriate, reauthorize the acceptance of cash and /or cash funds.
- 3.5. The cash fund is to be managed for the specific purpose for which it is authorized. The commingling of petty cash funds and change funds or using a cash fund for any unauthorized purpose is strictly prohibited.
- 3.6. Retention of currency received from any unauthorized sources for use as petty cash, change-making, or any other purpose is prohibited.
- 3.7. Checks, money orders, or credit cards (if authorized) are the acceptable methods of receiving payment and should be encouraged unless a department has been authorized to establish a change fund.
- 3.8. All checks provided to a department in payment for goods or services must be payable to the component university and restrictively endorsed by the department upon receipt.
- 3.9. Cash should only be accepted by System employees who have been authorized by a designated department head to handle cash for the purpose specified.
- 3.10. The receipt of currency must be documented using a dated, pre-numbered receipt, currency log, cash register tape, ticket, or comparable documentation. A copy of each receipt (including voids) must be retained by the department according to component university policy.

- 3.11. Any cash received totaling \$100.00 or more must be remitted to the cashier's office, or equivalent responsible office, within one working day after receipt. Any cash received totaling less than \$100.00 must be remitted within five working days after receipt. The cashier's office, or equivalent, will, in turn, deposit cash with the bank within two working days after receiving total cash remittances that exceed \$5,000.00. If the total amount of cash remitted to the cashier's office, or equivalent, is less than or equal to \$5,000.00 during any one calendar week, then the cashier's office, or equivalent, will deposit the cash with the bank no later than the Friday of the same calendar week. Exemptions from this policy that fall within state guidelines may be allowed with the written approval of the System Chief Financial Officer or designee.
- 3.12. A transaction in currency greater than \$10,000.00 shall require the completion of a Currency Transaction Report (CTR). Multiple currency transactions shall be treated as a single transaction if a department has knowledge that (a) the transactions are by or on behalf of any one person, and (b) they result in currency totaling more than \$10,000.00 during one business day. Suspicious currency transactions should be reviewed thoroughly, and, if appropriate, should be reported to the Treasurer using a CTR. CTRs may be obtained from the Treasurer's Office. Completed CTRs will be forwarded to the Treasurer's Office. The department must attach a copy of the completed CTR to the general cash receipt or deposit journal.
- 3.13. The Treasurer shall be required to maintain a CTR at least five years after the date of the transaction.
- 3.14. A bank deposit from any component university department, including the cashier's office or equivalent, must be verified and signed by two authorized employees before the deposit is physically transferred to the bank. The cash must be secured in a tamper-proof bag by both authorized employees as part of the reconciliation process.
- 3.15. Cash should not be deposited into a departmental revenue account when the purpose and the recipient of the payment cannot be identified. Unidentified payments should be booked to a liability/suspense account until the proper recipient department is identified.
- 3.16. Cash must be physically safeguarded in a cash register, safe, locked drawer, locked file cabinet, or similar device until transferred to the cashier's office, or equivalent, for deposit. Access to these secured areas shall be restricted to authorized employees. Cash must be transferred to the cashier's office or equivalent in a secure manner as determined by component university policy. Checks will be sent via remote deposit to the bank, where applicable.
- 3.17. All cash must be delivered to the bank for deposit using an armored car service (i.e., Brinks, Loomis, etc.) or the component university's police department, or

equivalent. If neither of these two options is feasible, then the cash should be delivered to the bank for deposit by an authorized System employee.

- 3.18. All employees of the System are obligated to report any suspected irregularity in the handling of cash (including the receipt or suspected receipt of counterfeit currency) in accordance with System Administrative Memorandum [01.C.04 \(Reporting/Investigating Fraudulent Acts\)](#).
- 3.19. All found cash shall be surrendered immediately to the component university's police department or equivalent.
- 3.20. The System Department of Internal Auditing will be notified of a departmental cash overage or shortage exceeding \$100.00 per occurrence.
- 3.21. All cash funds shall be subject to unannounced review by the component university accounting department and/or System Department of Internal Auditing. Reviews shall be conducted at least annually by the component university accounting department.

4. AREAS OF RESPONSIBILITIES

- 4.1. [Cash Handling Areas](#)
- 4.2. [Chief Financial Officer](#)
- 4.3. [Treasurer](#)
- 4.4. [Component Accounting Departments](#)

5. REVIEW AND RESPONSIBILTYY

Responsible Party: Associate Vice Chancellor for Finance

Review: Every three years on or before December 1

6. APPROVAL

Approved: Jim McShan
Interim Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: July 28, 2015

REVISION LOG

Revision Number	Approval Date	Description of Changes
1	08/29/1997	Initial edition
2	05/05/2000	Applied revised SAM template to meet current documentation standards. Changed title for SAM 01.C.04 in Sections 1, 3.8, and 7.2.d. Add information on process of cash secured in tamper-proof bag in Section 3.17. Added Section 10, Indexing Terms. Added revised Exhibit A
3	10/16/2007	Applied revised SAM template to meet current documentation standards. Information in Section 3 was rewritten to reflect current operating procedures. Removed Sections 4, 5, 6, and 7, and replaced with links to documentation on areas of responsibility in new Section 4. Added VC for Administration and Finance to approval cycle. Removed Section 10, Indexing Terms. Removed Exhibit A.
4	12/03/2010	Applied revised SAM template to meet current documentation standards. Added Section 2.15 on remote deposit. Added information to Section 3.16 on cash and checks sent in separate bank deposit bags, with checks being sent via remote deposit to the bank. Changed review period from even numbered years on or before September 1 st to every three years on or before December 1 st
5	07/28/2015	Added new Revision Log. Changed reference in Section 1 for SAM 08.A.03. Added Section 2.1 on bank deposits. Revised Section 2.16 to indicate electronic images are sent to the Federal Reserve for remote deposit. Revised Section 3.14 on the process for bank deposits. Removed statement regarding cash and checks being sent in separate bank deposit bags from Section 3.16