

MAR 29 2013

am

UNIVERSITY of HOUSTON

MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

RECEIVED JAN 18 2013

UCC Certified

SECTION: Finance and Accounting
AREA: Check and Cash Management

Number 05.01.01

SUBJECT: Cash Handling

I. PURPOSE AND SCOPE

All cash transactions involving the University, its colleges, or any department are subject to all applicable state laws and regulations and University policies and procedures, including University of Houston System Administrative Memoranda [03.A.07 – Petty Cash Procedures](#), [03.F.01 – Gift Acceptance](#), and [03.F.04 – Cash Handling](#). All University employees have a fiduciary responsibility to the University to handle cash properly.

This document establishes policies and procedures for handling all cash activities at the University of Houston, including cash acceptance, cash fund maintenance, and the deposit of cash.

II. POLICY STATEMENT

Cash is not to be accepted or disbursed by University employees unless that employee has been authorized by the college/division business administrator to handle cash for a specified purpose. All employees authorized to handle cash must be certified annually. This certification is done through online training. In addition, all positions that may handle cash or serve as fund custodians must be designated as security sensitive positions, which require a background check when employees are hired into that position.

When a University employee or department receives cash, it is to be deposited promptly into the appropriate authorized University cost center. Retention of cash received from outside sources for use as petty cash or for making change is prohibited. Use of University cash funds or cash receipts for cashing checks is prohibited.

Departmental petty cash funds will be authorized only in extraordinary cases where need and accountability can be demonstrated. Should a department successfully demonstrate a need for a petty cash or change fund, the fund is to be managed for the purpose authorized in accordance with proper cash handling procedures. All departmental petty cash and change funds require the approval of the college/division business administrator and the Treasurer's Office and are subject to annual review and reauthorization. Commingling of types of funds or using a change fund as a petty cash fund is strictly prohibited.

The limits and restrictions defined in this document are the maximum allowable at the departmental level; individual colleges or other departments may choose to set more restrictive internal controls or limits for their areas.

III. DEFINITIONS

A. Cash: For the purposes of this document: U. S. currency (dollars and coins); personal, business, bank, and cashier's checks; money orders; travelers' checks; or foreign drafts (but not foreign currency). (Note: The acceptance of foreign drafts may involve different procedures.)

- B. Cash recipient cost center: A University of Houston cost center authorized by the college/division business administrator to receive cash for a specific purpose and established in accordance with Budget Office requirements.
- C. Cash handling custodian: A person assigned the responsibility for the receipt, approval/certification, or deposit of cash and/or credit card sales within the area for any purpose. Depending upon the structure of the area receiving the cash and/or credit card sales, this designation may be given to the department approver of the General Ledger journal or to others with responsibilities for handling the cash; at the very least, one cash custodian must be assigned for each area receiving cash. Cash handling custodians must adhere to the same standards of accountability as fund custodians. The same person may be both cash and a fund custodian. All positions that may include cash handling responsibilities must be designated as security sensitive, which require a background check when employees are hired into that position.
- D. Cash handling areas: Those areas or departments where cash is handled – through a petty cash or change fund and/or cash receipts.
- E. Cash receipts: Any cash received by a University department in checks and/or currency, for any purpose (revenues for goods or services, fees, gifts, etc.).
- F. Change fund: A fund established for the purpose of supporting a sales or service operation. The change fund is used to make change for direct sales of goods or services or to support indirect services (such as copy card machines and bill changers).
- G. Cost center: A valid General Ledger chartfield combination that represents an activity authorized to record transactions, usually a program within a department or a department. A cost center consists of the business unit, department ID, fund, program, and project.
- H. Credit card sales: Acceptance of a credit card for payment for merchandise or services; includes entering the pertinent credit card information into the credit card processing equipment, obtaining an approval or declination code from the credit card processor, and, if appropriate, having the customer sign a sales receipt acknowledging the transaction.
- I. Currency: For the purposes of this document, U.S. money: dollars and coins.
- J. Department approver: A person authorized to electronically approve General Ledger journals for a department in workflow, including cash deposit journals. The department approver's approval of a cash deposit journal indicates that the funds being deposited are properly classified, recorded to the proper cost center in accordance with University policies and procedures, and if restricted, are deposited into a restricted cost center in accordance with any applicable funding source restrictions.
- K. Departmental cash fund: The term used to refer to any type of cash fund maintained at a decentralized level: petty cash or change.
- L. Fund custodian: The departmental employee specifically authorized to manage monies in a petty cash or change fund. The fund custodian is responsible for the fund's safekeeping and ensuring that monies are expended and accounted for in accordance with this document. The same person may be both a fund and a cash handling custodian. All positions that may include fund custodian responsibilities must be designated as security sensitive, which require a background check when employees are hired into that position.

- M. Petty cash fund: A fund established at the decentralized departmental level for the purpose of expediting small dollar purchases where unforeseen circumstances preclude following regular payment or reimbursement processes.

IV. CASH HANDLING – GENERAL

- A. Employees handling cash are subject to all provisions outlined herein.
- B. University positions with cash handling or fund custodial responsibilities must be designated as security sensitive.
- C. All University departments must have internal policies and procedures for handling cash, which are reviewed and approved by General Accounting before the department begins handling cash.
1. The procedures should include the basic tenets outlined in this document.
 2. Procedures for recording revenue should outline an audit trail that will identify the receipt of funds, the deposit of those funds in the University bank account, and the recording of the journal in the University financial system.
 3. All processes are subject to review for standards of accountability.
- D. College/division business administrators are responsible for:
1. Ensuring that cash funds and cash received in their areas are properly managed and that procedures are in place to help ensure adequate control of funds, which have been pre-approved by General Accounting.
 2. Assigning and authorizing cash handling and fund custodians.

To help ensure a system of checks and balances, the fund or cash handling custodian may not be the employee with approval or verification responsibilities for the department's cost centers. If segregation of duties cannot be performed within a department due to insufficient staffing, additional supervisory review should be performed to validate and approve the cash receipt and monthly verification process.

In addition, all employees authorized to handle cash or serve as fund custodians are considered to be in a security sensitive position, which requires a background check when employees are hired into that position.
 3. Ensuring that cash handlers and fund custodians are certified annually by completing the required online training.

Petty cash and change fund custodians are also required to complete and submit an Acknowledgement of Receipt of Funds and/or Cash Policies and Procedures Certification (http://www.uh.edu/finance/Doc_Ref/MAPP%20050101%20-%20Addendum%20A.doc) to the Treasurer's Office on an annual basis.
- E. The revenues from fees or services must be deposited into and managed in a cash recipient cost center authorized for that purpose by the Budget Office.

1. Cash recipient cost center requests are submitted to the Budget Office via a Cost Center Request/Modification form and a stated reason/purpose for the cost center.
 2. College/division business administrators assign cash handling custodians to be responsible for the cash received and deposited into this cost center, and ensure that the custodian assigned complies with policies and procedures regarding cash handling.
- F. Under certain circumstances, a college or department may collect fees or may enter into an agreement to provide services of a special nature for which it will be compensated, provided the college or department receives written authorization from the college/division business administrator and the Associate Vice President for Finance or designee to collect such fees. These departments are subject to the following guidelines:
1. Academic charges and other direct costs matriculated students incur to attend the university (e.g. housing, meals, and parking) shall be made directly by the payer to Student Financial Services (SFS), not through the department.
 2. Fees and charges for services require the prior authorization and approval of the department head, the college/division administrator, the appropriate vice president, and the Board of Regents. Requests for fees and charges shall be submitted annually through the Budget Office for Board of Regents approval. Each college or division should have guidelines in place for requesting and approval of such charges.
- G. Overages and shortages are reported as follows:
1. Individual overages/shortages of less than \$20 are charged against or credited to a departmental cost center using the cash over/short account (50015).
 2. Individual overages/shortages of \$20 or more, or cumulative annual overages/shortages of \$40 or more, are immediately reported to General Accounting and the Treasurer's Office. Initial notification must be followed up with a written Incident Report (http://www.uh.edu/finance/Doc_Ref/MAPP%20050101%20-%20Addendum%20C.doc), which is sent to General Accounting and the Treasurer's Office.
 3. General Accounting will notify the University of Houston Department of Public Safety and the University of Houston System Internal Auditing department (if not previously notified) of any cumulative annual overages/shortages in excess of \$100, or in other cases they determine should be reported. A log of all reported discrepancies will be kept in General Accounting.
- H. Student Financial Services (SFS): This office is the primary University of Houston department responsible for revenue collection of approved tuition, fees, and other centrally billed charges through the student billing system. In addition to their primary responsibilities, SFS will accept all cash deposits prepared by University departments and will use an armored transport service to deliver University deposits to the bank in tamper evident bank bags. SFS will be the Intermediate Approver for cash deposits submitted to GL journal workflow. SFS will provide tamper evident bank bags and related instructions and information, as required.
- I. The Treasurer's Office: This office is responsible for accepting endowment gift revenues, any negotiable stocks and bonds, and any funds from unidentified sources, and the

depositing of those funds with the University's depository institution. Endowed gift revenue will be receipted and safeguarded in accordance with the procedures described in this document.

- J. Non-sufficient funds (NSF) Checks
1. When a check that has been accepted and deposited is returned unpaid by the bank, SFS processes the return as follows:
 - a. If the payment was posted to a student's account, the check is posted to the student's account as an NSF check.
 - b. If the payment was not posted to a student's account, the check is posted to the cost center identified in the restrictive endorsement as an Accounts Receivable – Returned Checks. SFS will notify the department of unpaid checks from their area.
 2. SFS will attempt to collect on all returned checks initially posted to a student's account.
 3. Departments that accept a check from a person without a student account will be responsible for collecting funds for the returned check.
- K. All cash funds and other cash operations are subject to unannounced reviews by the responsible college/division business administrator, representatives of General Accounting and by the University of Houston System Internal Auditing staff.
1. All authorized staff will carry and present staff ID cards. The fund custodian may contact the office conducting the review to verify the identity of the reviewer.
 2. Fund custodians must comply with all legitimate requests for review. Inconvenience will not be considered sufficient grounds for delay of a review.
 3. Upon completion of a review, a report will be issued and a copy made available to the fund or cash custodian.
- L. All University employees have an obligation 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](#).

V. DEPARTMENTAL DEPOSIT PROCEDURES

Departments accepting cash must follow the guidelines of the Office of Finance for cash handling and deposit. These guidelines are enumerated in the "Departmental Cash Handling Guidelines," located at (http://www.uh.edu/finance/Doc_Ref/MAPP%20050101%20-%20Dept%20Cash%20Handling%20Guidelines.doc), and include detailed requirements for: authorization to accept cash, form of receipt, form of payment, physical safeguards, deposit routing, deposit timeliness, deposit preparation and reconciliation, overage and shortage logs, use of authorized bank bags, use of authorized cost centers, procedures for physical transfer of deposits, records retention, and cost center verification. Deposits of credit card sales follow the same journal requirements, except that all sales must be recorded on a journal within 24 hours, regardless of the dollar amount.

VI. DEPARTMENTAL PETTY CASH AND CHANGE FUNDS

- A. The Executive Vice President for Administration and Finance or designee may approve a request for a departmental cash fund when the need can be clearly demonstrated and the request is submitted in accordance with MAPP. Approval of the request and the amount of the fund will be based upon the facts and circumstances of each request.
- B. Cash funds must be approved and reauthorized annually.
- C. Commingling of a petty cash and a change fund is strictly prohibited. These are two separate cash funds to be used for expressly separate purposes and should be accounted for and reconciled separately.
- D. Cash funds are monitored by General Accounting to help ensure compliance with University guidelines.
- E. Departmental Petty Cash and Change Funds can be obtained by submitting a request to the Treasurer's Office. See the "Departmental Petty Cash and Change Fund Request Guidelines," located at http://www.uh.edu/finance/Doc_Ref/MAPP%20050101%20-%20Cash%20Fund%20Guidelines.doc for a description of the required documentation.
- F. Petty Cash and Change Fund Custodian Responsibilities - Petty Cash and Change Fund Custodians must follow the guidelines of the Office of Finance for cash funds. These guidelines are enumerated in the "Petty Cash and Change Fund Custodian Responsibilities," located at http://www.uh.edu/finance/Doc_Ref/MAPP%20050101%20-%20Custodian%20Responsibilities.doc and in the "Departmental Petty Cash and Change Fund Request Guidelines," located at http://www.uh.edu/finance/Doc_Ref/MAPP%20050101%20-%20Cash%20Fund%20Guidelines.doc. Custodians are subject to disciplinary action up to and including termination and criminal charges for non-compliance. The guidelines include detailed requirements for: fund security, location, and required notification of changes; documentation; adherence to University cash handling policies; balancing funds; reporting theft or overages/shortages; allowable transactions, including dollar limitations and type of transactions; acceptable forms of receipt; replenishment of petty cash funds; annual reauthorization; and returning the fund to SFS when the need for the fund expires.

VII. REVIEW AND RESPONSIBILITIES

Responsible Parties: Associate Vice President for Finance

Review: Every three years on or before March 1

VIII. APPROVAL

Carl Carlucci

Executive Vice President for Administration and Finance

Renu Khator

President

Date of President's Approval May 29, 2012

REVISION LOG

Revision Number	Approved Date	Description of Changes
1	10/27/1992	Initial version (Original document title: Petty Cash, Cash Funds, and Cash Handling. Documentation was split into a Policy and a Procedure)
2	03/12/1995	For Procedure: Added Addendums A, B, C, D, and E
3	12/18/1998	New document title for Policy and Procedure: Cash Handling. Applied revised MAPP template. For Policy: Replaced the Treasurer's Office with Student Financial Services and/or Collections Office throughout documentation. VP for Administration and Finance may approve a request for a departmental cash fund in Section VI. Changed responsible party to Treasurer and Director of General Accounting. For Procedure: Replaced the Treasurer's Office with Student Financial Services and/or Campus Accounting Services throughout the documentation. Added Sections V.A.7 and V.A.8 on transportation of funds and set up of foreign bank accounts. Rewrote Section V.C to reflect current operating requirements. Updated Addendum C. Added Addendum F, G, and H
4	06/01/2000	Combined Policy and Procedure into one document, and rewrote information to reflect current operating requirements. Added Executive Director for Finance to responsible parties. Added Addendum I
5	10/22/2002	Applied revised MAPP template. Added Cost Center as a definition in Section III. Revised Master Check List definition. Changed "account" to "cost centers" throughout documentation. Added revised information on petty cash reimbursement through Student Financial Services and Accounts Payable in Sections V.B and V.C. Changed "Office of Budget Administration and Analysis" to "Budget Office" throughout text. Changed "Executive Director of Finance" to "Director of General Accounting" throughout text. Removed Section IX.F example. Added documentation in Section XI.D on credit cards. Changed responsible party to AVP for Finance. Removed Addendum G and H
6	06/09/2009	Applied revised MAPP template. Rewrote procedure to reflect current operating requirements. Removed all Addendums and provided information as hyperlinks or as part of the documentation. Changed review period from every three years on or before September 1 st to every three years on or before March 1 st . Removed Section XIV, References and Index terms

Revision Number	Approved Date	Description of Changes
7	05/29/2012	Applied revised MAPP template and added new Revision Log. Removed requirement for procedures to be submitted annual to the Office of Finance. Added "account" to reference deposits in Section IV.C.2. In Section IV.F, provided redlines on academic changes being handled by Student Financial Services. In Section IV.H, changed the bank bag references to "tamper evident." In Section IV.J, payment to a student's account via non-sufficient fund (NSF) check is posted to the student's account as an NSF check. Removed Section IV.M. In Section V, added documentation on deposits of credit card sales to be recorded on a journal within 24 hours
<u>8</u>	<u>TBD</u>	<u>Positions handling cash or serving as fund custodians will be designated as security sensitive positions requiring background checks for hiring employees as revised in Sections II, III.C, III.L, and IV.D.2. Added documentation concerning the internal policies for handling cash will be reviewed and approved by General Accounting to Sections IV.C and IV.D.1</u>