

 OFFICE OF THE UNIVERSITY BURSAR

######  FUNDS HANDLING (Cash Receipts) GUIDELINES AND PROCEDURES

|  |
| --- |
|  |

Reference: Policy No.3600

Funds Handling and Deposit of State and Local Funds

1. Guidelines
2. Definitions
3. Roles and Responsibilities
	1. Department Head, Director, or Manager
	2. Cash Handler
	3. Depositor
	4. Reconciler
4. Direct Deposit Procedures
5. Cash Over/Short Situations
6. Lost or Stolen Funds
7. Receipt of Electronic Funds
8. Deposits for Credit Card Payments
9. International Checks
10. Petty Cash Change Fund Accountability

### 1.0 Guidelines

Virginia Tech is committed to the fiscal stewardship of university funds. Departments must exhibit best business practices in all funds handling activities to minimize the risk of mishandling or theft of funds and to ensure accurate financial reporting. Examples of best practices include segregation of duties in funds acceptance and deposit process; monitoring, safeguarding, and timely deposit of stored funds; accurate recording of funds in the university financial systems; and performing timely reconciliations.

Departments that accept funds are responsible for the following:

* Departments and units must utilize Bursar approved payment channels where feasible to reduce or eliminate the need to handle funds. Approved payment channels are:
1. Centralized billing and collection of accounts receivable through OUB (see [Policy 3605, Accounts Receivable](https://policies.vt.edu/3605.pdf)) to reduce a unit’s need to handle funds;
2. University-approved electronic systems to accept payments via the internet (see [Policy 3610, Accepting and Handling Payment Card Transactions](https://policies.vt.edu/3610.pdf) for approval process);
3. ACH or wire direct deposit to the university's bank account(s); and
4. Remittance directly to the Bursar’s Office
* Departments that handle funds on a regular basis must have a written departmental **Funds Handling Plan** approved by the University Bursar or designee granting express approval to accept and deposit funds. To begin this process, please submit a ‘Funds Handling Plan’ request form (See Funds Handling Plan Template). It is considered best practice for departments to deposit all accumulated cash daily. Departments electing not to deposit daily assume more risk and are required to have acceptable safeguards in place. See the **Depositor** procedures below for further details.
* Departments that accept funds on a casual (less than 3 times per week, less than 100 receipts annually, or less than $20,000 per year) or one-time basis must comply with the minimum procedures outlined in *Policy No. 3600* and are not required to receive advance approval of departmental procedures from the Office of the University Bursar (OUB). Departments must identify responsible individuals and assign responsibility and accountability for these processes.
* Departments that accept funds on a casual or one-time basis must deposit when accumulated funds total $500 and not later than five (5) business days after initial receipt.

The Office of the University Bursar establishes all banking arrangements, including the acceptance of credit cards and electronic payments. Bank accounts may not be established at the department level in the University’s name (i.e. Virginia Tech, Virginia Polytechnic Institute and State University,) or any derivative thereof. Existing accounts must be closed and funds deposited in the University’s bank account, which includes both state and university funds. Gifts and other donations should be handled through the Virginia Tech Foundation *(Reference: Handling Virginia Tech Foundation Funds No. 12110, Rev. 2)*. The Office of the University Bursar periodically reviews departmental funds handling procedures for compliance. **Deans, Directors, and Department Heads are responsible for implementing and maintaining internal controls by establishing written departmental procedures and must ensure compliance with the University Funds Handling Guidelines**. Areas not complying may lose the privilege of collecting funds.

These procedures must be followed in all circumstances, unless the department requests and is granted permission in writing from the Office of the University Bursar to modify these guidelines.

It is the policy of Virginia Tech that the billing and collection of all receivables are processed through the University’s central Accounts Receivable System managed by the Office of the University Bursar *(Reference: Accounts Receivable Policy 3605)*, unless an exception is granted by the University Bursar.

**2.0 Definitions**

1. **Funds** include coins, currency, checks, money orders, traveler’s checks, credit cards, Hokie Passport and electronic funds transfers provided to the university, whether in exchange for goods or services or as agent for approved organizations.
2. A direct depositor (pre-depositor) is an area authorized by the Office of the University Bursar to deposit directly to the University’s bank account rather than making deposits at the Customer Service Windows of the University Bursar’s Office.
3. **Cash collection point** is an authorized area of the university community in which a service or product is provided and funds are accepted. Based on activity levels, cash collection points are defined as handling funds on a regular basis (3 or more times per week), casual basis (less than 3 times per week, less than 100 receipts annually, or less than $20,000 per year) or one-time (as implied, less than 10 receipts annually).
4. A Cashier Log is used to document daily deposits and maintain accountability for receipt numbers and deposits.
5. A Mail Log is used as a detailed record of funds received by mail. This log also records the CASHNet deposit ticket number. It is not necessary to issue a receipt when the mail log is used.
6. A source document is a document used to record a payment within a specific system.
7. CASHNet is the University’s cashiering system. Departments are required to receipt funds in CASHNet. For more information on CASHNet please reference the guide *Departmental Deposits CASHNet*
8. A bank deposit slip is a multiple copy document used by authorized direct depositor departments to deposit funds directly to the University’s bank account. These are obtained from the Office of the University Bursar. These departments must also complete a CASHNet deposit ticket for each deposit.
9. A Petty Cash Change Log documents the access of authorized personnel to the petty cash fund (i.e. restocking a drawer and verifying petty cash balances).
10. An Over/Short Log is used to document over and short amounts occurring in the balancing process of funds received.
11. A Void and Corrections Log is used to record voided and corrected transactions and provide adequate internal controls of receipts.
12. Funds Handling Plan is a document is used by departments to obtain authorization to become a cash collection area

1. Funds Handling Accountant in the University Bursar’s Office conducts periodic reviews of funds handling procedures for the university. The accountant advises departments and areas of funds handling policies and procedures as well as assisting with implementation and the approval of departmental Funds Handling Plans.
2. Postdated checks are checks written with a date later than the actual or current date.

###### 3.0 Roles and Responsibilities

######  3.1 Department Head, Director, or Manager

Department Heads, Directors, and other Managers are responsible for implementing and maintaining good business practices (internal controls) over cash receipts. This is accomplished by establishing written departmental and unit procedures and periodically monitoring staff performance to ensure compliance with these procedures.

Procedures should be written in detail outlining each step in the funds handling process for the Department Head/Director/Manager, cash handler, the depositor, and the reconciler (person reconciling deposits to the Banner Finance reports). For those departments that do not have adequate staff to support proper separation of duties, compensating controls must be established to ensure procedures are followed. For example, the department may be granted permission from the Office of the University Bursar to allow the cash handler to also prepare the reconciliation. The Department Head/Management must also review the daily activity to prevent the mishandling of funds and the safeguarding against loss. Departmental procedures should also include security of funds (i.e. locking file cabinet, safe) during the workday, and storage for overnight safekeeping.

1. Establish written procedures for processing cash receipts. (The Funds Handling Accountant in the Bursar’s Office is available to assist with this process.)
2. Ensure staff is properly trained in these procedures.
3. Periodically review the performances of the staff responsible for these activities to ensure the written procedures are actually being followed.
4. Revenues collected by the departments **may not be used** to cash personal checks, third party checks or to make change.
5. Funds and receipts must be kept in secure locations.

To protect the funds, they should be kept in a lockable container, such as a cash box, and stored in an area that is not visible to unauthorized personnel. The container should not be left unattended during the working day. At night, all funds must be kept in a secured (locked) storage area such as a locking file cabinet or safe. The type of security required depends on the amount of funds (see below). Receipts should be stored separately from the actual funds in order to maintain accountability for loss of funds should a theft occur.

1. Ensure adequate staff is available to enable separation of duties or in smaller departments, provide other adequate means to verify all funds received are deposited and recorded in the Banner Finance System.
2. Voided and/or corrected transactions are adequately documented and approved at the time of the transaction. This is a very important step in preventing theft and embezzlement.
3. Review and approve reconciliations monthly and ensure discrepancies are resolved within 60 days.

9. Daily receipt documentation must be retained according established Commonwealth of Virginia, Records Retention Guidelines *(Reference: Receipts, GS 102-012149)*. The department should contact the University’s Records Management Services department for guidance and record storage.

**3.2 Cash Handler**

The cash handler (first person) receives the funds and records the payment. Payments are recorded by the use of a mail log, multiple copy prenumbered receipts, or cash register. The original receipt must be given to each customer for in-person transactions. The department retains receipt copies or cash register journal tapes with the daily receipt documentation.

1. Verbal and written communications should request checks be made payable to the “Treasurer of Virginia Tech.”
2. Endorse checks immediately upon receipt with:

 For Deposit Only

 *Department Name*

 Virginia Tech

1. Post-dated checks must not be accepted.
2. Canadian Postal or Foreign Money Orders should not be accepted.
3. Funds received must be documented by one or more of the following methods:
4. Mail Log

Funds received by mail must be recorded on a mail log (See Mail Log Template). It is not necessary to issue receipts for mail transactions. In lieu of a mail log, the department may copy all checks indicating the date received. Mail transaction funds received should be totaled and balanced to the mail log or check copies.

1. Manual Pre-numbered receipts (multiple copy)

Departments may design their own receipts or purchase multiple copy prenumbered receipt books. All receipts must include, but are not limited to, the following information: the date received, the dollar amount, a receipt number, type of funds, name of the person paying for the transaction, description of the service or product, name of the department or area collecting the funds, and signature of the cash handler. Unused receipts must be maintained in a secured location. Receipts may be purchased through the University Printing Department or any office supply store.

1. Cash Register

Departments or areas accepting funds on a regular basis may wish to purchase a cash register. Cash register receipts must provide, but are not limited to, the following information: name of the department or area collecting the funds, date received, receipt or transaction number, register number, time stamp (if possible), cash handler identification number, description of service or product (if possible), dollar amount, and type of funds.

1. Balance funds to receipts/documents and/or ‘Mail Log.’

Funds are balanced to the source documents and/or receipts. Checks should be batched together with a separate adding machine tape listing each check amount. These tapes should be totaled, dated and initialed by the cash handler.

1. Document balanced funds on a ‘Cashier Log.’

The cash handler records on the ‘Cashier Log’ (See Cashier Log Template) the date, beginning and ending receipt numbers, total amount of funds, and cash handler initials.

1. Voided and/or Corrected Transactions

Obtain management approval for any corrected or voided receipts at the time of the transaction. Copies of the original transaction and the re-entry documentation should be kept with the ‘Void and Corrections Log’ (See Void and Correction Log Template) in the daily work for audit purposes and subsequent review.

Manual Receipts

1. When voiding a manual receipt, write void across the receipt. The receipt is initialed by the person voiding the transaction (cash handler) and approved and dated by a supervisor or manager at the time of the void.
2. When correcting a manual receipt, draw a single line through the incorrect information, enter the correction, and initial. This must be approved and dated by a supervisor or manager at the time of the correction.
3. The ‘Void and Corrections Log’ must be completed with all pertinent information documenting the void or corrected transaction.

Register Receipts

a. Void capabilities must be limited to supervisor or manager access only. When a void is necessary, the original and voided receipts are stapled together and retained with the daily work.

1. A cashier or supervisor/manager may enter a corrected transaction (prior to transaction completion) depending upon register functionality.

1. The ‘Void and Corrections Log’ must be completed with all pertinent information documenting the void or corrected transaction.

Mail Log

1. When correcting a mail log transaction, draw a single line through the incorrect information, enter the correction, and initial. This must be approved and dated by a supervisor or manager at the time of the transaction.
2. The ‘Void and Corrections Log’ must be completed with all pertinent information documenting the corrected transaction.

 9. Funds, supporting documentation, receipts, and logs are given to the depositor (second person).

**3.3 Depositor**

The depositor (second person) is responsible for verifying/re-adding the funds, receipts and/or source documents and comparing the amounts to the ‘Cashier Log.’

1. Verify the funds and documents to the ‘Cashier Log’ and/or ‘Mail Log.’

This is accomplished by running a second adding machine tape on the funds and receipts/source documents. The cash handler’s adding machine tapes will be sent with the funds, while the depositor’s tapes will be retained in the department with the daily work. Also, the funds received for mail transactions are to be handled in the same manner and compared to the mail log. Funds from multiple cash handlers should be combined.

1. The depositor prepares a CASHNet deposit ticket printing a copy to go with the daily work. Please see the document “Departmental Deposits CASHNet” for detailed instructions on how to complete a deposit ticket.
2. The depositor should verify the amount on the CASHNet deposit ticket agrees with the total amount of the funds.

b. For those departments depositing directly with the University’s bank, a bank deposit slip must also be completed in its entirety. This includes the date prepared, total cash, total coins, total checks (batched) and grand total of all funds. This amount should agree with the totals of the CASHNet deposit ticket and the combined totals of the ‘Cashier’ and/or ‘Mail Logs.’

1. The depositor is responsible for having the funds transported to the Customer Service Area of the University Bursar’s Office for deposit. For those departments utilizing direct deposit, the depositor is responsible for having the funds, and bank deposit slip transported to the University’s bank (Reference: *Direct Deposit* section of these guidelines) by the Virginia Tech Police Courier.

5. For departments collecting funds on a **regular basis** (3 or more times per week) deposits must be made daily.

6. For those departments receiving funds on a casual or one-time basis (**casual collections**), must deposit when accumulated funds total $500 and not later than five (5) business days after initial receipt. Departments electing not to deposit daily assume more risk and are required to have acceptable safeguards in place.

**ACCEPTABLE SAFEGUARDS**

|  |  |  |  |
| --- | --- | --- | --- |
| **CUMULATIVE** **CASH & COIN** | **PREFERRED** | **ACCEPTABLE** | **UNACCEPTABLE** |
| UP TO $500 | Safe, locked desk, locked file cabinet | Locked box | Not secured, unattended |
| $500 - $2,000 | Safe | Locked desk, locked file cabinet | Locked box,Not secured, unattended |
| >$2,000 | Safe | Safe | Locked desk, locked file cabinet, locked box, not secured |
| Checks and other transferrable instruments (must be restrictively endorsed upon receipt) | Safe, locked desk, locked file cabinet | Locked box | Not secured |
| Receipt and sales documentation | Safe, locked desk, locked file cabinet (store separately from receipts) | Locked desk, locked file cabinet (store separately from receipts) | Not secured, unattended |

7. Funds and receipts must be kept in secure locations. To protect the funds, they should be kept in a lockable container, such as a cash box, and stored in an area that is not visible to unauthorized personnel. The container should not be left unattended during the working day. At night or outside of business hours, all funds must be kept in a secured (locked) storage area, such as a locking file cabinet or safe. Manual receipts and the cashier/mail log should be stored separately from the funds in order to maintain accountability for loss in the event of a theft.

8. Check deposits may be mailed to the Office of the University Bursar (Attention: Customer Service, 150 Student Services Building, Mail Code 0143) providing the deposit:

* + - Does not contain cash
		- Includes no more than 10 check items
		- Totals no more than $500.00

Copies of checks should be made for each deposit mailed, as the department is responsible for lost deposits and having the checks reissued. Departments choosing to mail deposits must ensure they are received and entered by reconciling to the Banner Finance reports. Due to the greater risk, reconciling should be done at least once during the month in addition to the normal month-end reconciliation. **Deposits containing cash must not be mailed to the University Bursar’s Office.**

1. Occasionally, departments receive funds (usually checks) lacking sufficient documentation for determining if these funds belong to the department. If these funds cannot be “identified” within 24 hours, the funds must be taken to the Customer Service area of the University Bursar’s Office for deposit in the University’s unidentified account. The Bursar’s Office will assume responsibility for identifying and posting these payments.

**3.4 Reconciler**

The Reconciler (third person) is responsible to perform monthly departmental

reconciliations *(Reference: University Fiscal Responsibility Policy No. 3100)*.

Reconciliations are performed by someone other than the person receiving

the funds and the person preparing the deposit.

 1. Reconciliations involve comparing each copy of the CASHNet deposit ticket to daily deposit documentation and the revenue and/or expenditure recovery detail transactions listed in the Banner Finance reports. It also involves prompt follow-up and resolution within 60 days for any discrepancies (i.e. missing deposits or incorrectly posted cash receipts). These steps are necessary to ensure that all funds deposited into the University’s bank are properly recorded in the Banner Finance accounting system. **This would detect data entry errors in the Banner fund/account as well as bank errors or employee theft.**

 2. Completed reconciliations must be dated and signed by the preparer then reviewed, dated and signed by an approved manager or department head.

**4.0 Direct Deposit Procedures**

Direct deposit allows departments to deposit funds directly with the University’s bank before entry into CASHNet. This is accomplished by pick-up and delivery of deposits by the Virginia Tech Police Courier.

 1. Departments wishing to deposit funds directly into the University’s bank must first obtain approval from the Cash Receipts & Disbursement Manager in the Office of the University Bursar.

2. Upon approval, the manager will order bank deposit slips and locking deposit bags (bank bags) designated specifically for the department.

1. A journal entry will be prepared by the Bursar’s Office charging the department for the cost of the bank bags.

 b. Departmental bank deposit slips are maintained in the Office of the University Bursar and are continually restocked for the department. All bank supplies must be requested through the Customer Service section of the Office of the University Bursar.

1. Departments authorized for direct deposit must prepare a bank deposit slip and a CASHNet deposit ticket. Funds should be bound together and include adding machine tapes detail the totals for currency, coin and checks. The bank deposit slip should list the total dollar amount and include the subtotals for checks, currency, and coins. All copies of the bank deposit slip should be included in the locked bag with the funds to be deposited. The bank deposit slip total must agree to the CASHNet deposit ticket total.
2. The bank will verify and validate all copies of the bank deposit slip. The bank retains the first copy; returns the second copy to the department, and forwards the third copy to the Office of the University Bursar
3. The Customer Service section of the Office of the University Bursar is responsible to record these deposits in CASHNet

**5.0 Cash Over/Short Situations**

 All deposits are to be made intact, inclusive of any over/short amounts. This over/short amount increases (overages) or decreases (shortages) revenues for the fund listed on the deposit ticket. Any over or short amounts should not be charged to a separate fund.

1. A cash ‘Over/Short Log’ (See Over/Short Log Template) should be kept for each cash collection area. This record is to be used for any differences between the total of funds and receipts. The supervisor should investigate and document outages that have a minimum value of $5.00 or that are recurring. (Reference: *Lost or Stolen Funds* section of these guidelines).

1. The handling of returned checks is described in the Office of the University Bursar’s Accounts Receivable procedures *(Reference: Accounts Receivable Policy 3605).* When a check is returned from the bank, the amount is debited (deducted) from the department’s fund by the Bursar’s Office. A copy of the returned check and journal entry is forwarded to the department to be used in the reconciliation process.

**6.0 Lost or Stolen Funds**

In the case of a loss of funds or if a supervisor suspects irregularity in the handling of funds, the Virginia Tech Police Department must be contacted immediately.

Within five business days from the time of the occurrence, the department must submit a formal memo signed by the department head including a description of the loss and any changes in the departmental funds handling procedures that will prevent the situation from recurring to the following offices:

Office of the University Bursar (MC 0143)

Office of Audit, Risk, and Compliance (MC 0328)

Dean/Vice President/Vice Provost of Unit

If irregularities are suspected, the Bursar and Office of Audit, Risk and Compliance departments are available to assist in reviewing business practices and documentation. Only employees and approved, documented volunteers have coverage through the university’s Bond and Specialty insurance for university authorized and approved activities. Losses greater than $2,000 should be reported to the Virginia Tech Office of Risk Management.

**7.0 Receipt of Electronic Funds -** *Automated Clearing House (ACH), Electronic Funds Transfer (EFT) or Wire Transfers*

The Office of the University Bursar is responsible for all electronic payments. Departments wishing to receive funds electronically should contact the Cash Receipts and Disbursements Manager, in the Office of the University Bursar to receive the necessary bank information and to complete the required ACH Vendor/Miscellaneous Payment Enrollment Form normally received by the department from the vendor or agency initiating the electronic payment.

1. When departments anticipate receiving funds, a CASHNet deposit ticket must be completed for the electronic deposit. The department will email the cashier team at remittance.vt.edu to alert them to the receipt of funds.
2. The Customer Service section of the Office of the University Bursar will tender the payment in CASHNet upon receipt of funds. The department will retain a copy of the CASHNet deposit ticket to use in the monthly reconciliation process.

**8.0 Deposits for Credit Card Payments**

The University is committed to following the security standards outlined by the PCI Security Standards Council (PCI DSS). “PCI Security Standards are technical and operational requirements set by the PCI SSC to protect cardholder data. The standards apply to all entities that store, process or transmit cardholder data – with requirements for software developers and manufacturers of applications and devices used in those transactions.” *Reference: PCI DSS Quick Reference Guide, July 2018*

Departments wishing to accept credit card payments or add additional locations must contact the Associate Bursar for Commerce Operations to establish a merchant account with the University’s credit card processor.

 1. POS Payments

* 1. The cash handler is responsible for entering the credit card transactions and processing the daily batch settlement as outlined in the credit card processor’s “Merchant Operating Guide.” Charges are transmitted directly to the bank through the POS terminal. A successful transmission and batch settlement is indicated on the ‘Batch Report Settlement’ ticket by a good batch number.
	2. Receipts are totaled and balanced to the credit card batch settlement total, as well as, source documents.
	3. The department should maintain receipt copies with the daily work. The total settlement is entered on the cashier log.
	4. The depositor is responsible for verifying/re-adding the receipts, source documents, and comparing the amounts to the batch settlement as well as the ‘Cashier Log.’

The depositor will complete a CASHNet deposit ticket for the batch settlement amount on a daily basis. The cashiering team will receipt the amount in CASHNet once it appears on the bank statement.

* 1. Any credit card transaction involving a refund must be handled in the same manner as the original transaction. In other words, a refund must be credited back to the original card number. Supporting documentation must be maintained to confirm the reason for the credit, the amount credited to the correct card number, and the credit (refund) was authorized.

 2. Online Payments

* 1. Online payment acceptance is allowed only using University-approved payment gateways.
	2. Departments using Commerce Manager who want to request a refund, will complete the refund request spreadsheet and email it to the Funds Handling Accountant.

**9.0 International Checks**

1. International correspondence from the University requesting funds (i.e. admission fees, sponsored funds, and conference registration, etc.) must request checks that are payable through a U.S. correspondent bank and written in U.S. dollars.

1. International checks presented to the University for payment should be handled separately from checks drawn on U.S. banks. These checks are sent for collection efforts and will incur charges from the international bank as well as the University’s bank. In order for the University to realize any credit from an international check after collection, the check amount must be greater than $125.00.
	1. International checks **not payable** through a U. S. bank must be sent for collection through banking channels. This type of international check must be taken to the Customer Service area of the Office of the University Bursar to request collection efforts. A university deposit ticket must accompany the check(s) and completed except for the amount to be deposited. The bank will notify the Customer Service area of the Office of the University Bursar when the collection process is complete. The Customer Service Representative will complete the deposit ticket, process the deposit through the Cash Receipts System, and return the validated deposit ticket to the department. Checks sent for collection will not be deposited to your Banner Finance fund at face value. The amount deposited is based on the exchange rate at the time of collection minus bank collection costs.
	2. If the check is **payable** through a U.S. bank but *does not have a routing number* printed on the lower left corner of the check, it must be submitted on a separate university deposit ticket. These items should be taken to the Customer Service area of the Office of the University Bursar for special handling.
	3. International checks **payable** through a U.S. bank that have a routing number on the check can be processed normally.

d. The bank will return international checks that are included in a regular deposit, but should be sent for collection to the Office of the University Bursar. These checks will be charged back to the departmental Banner Finance fund, and if later collected, the department will receive credit at that time.

**10.0 Petty Cash Change Fund Accountability**

Departments maintaining change funds used in daily business operations are required to count, under dual control (two people), the entire fund monthly and document the count on a ‘Petty Cash Log’ (See Petty Cash Log Template).

Any access to the petty cash fund (i.e. drawer replenishment) must also be documented, under dual control, on the ‘Petty Cash Log.’ Petty cash change funds must always stay consistent in amount. This means that the fund can never be out of balance (over/short).

Petty cash change funds must be maintained in secure locations at all times (Reference: *Acceptable Safeguards Sections of these guidelines*).

Any questions concerning the Funds Handling Guidelines and Procedures can be directed to the Funds Handling Compliance Accountant, Office of the University Bursar (mail code 0143), phone 540-231-6277.