

UNIVERSITY
OF NEBRASKA

UNKTM

KEARNEY

Cash/Money Handling and Accounts Receivable Policy





Agenda

- Overview
- Policy Statement
- Reason for the Policy
- Procedures





Overview

- Campus units that handle or collect cash on behalf of the University must follow the Cash/Money handling and Accounts Receivable Policy instituted by the University.
- This includes, but is not limited to, cash received from sales, services, gifts, grants, contracts, awards, fines, permits, tickets, refunds, and rebates.
- Cash is defined as coin, currency, checks, money orders, debit or credit card payments, electronic funds transfers, e-commerce, and any other cash equivalents.



Policy Statement

- **Department Heads** are responsible for developing, documenting, and overseeing that their department procedures comply with the Policy.
- **Department Heads** need to continually monitor their department procedures and make sure all employees are properly trained.



Policy Statement (continued)

- Departments Procedures should include:
 - Responsibility, accountability, and training
 - Separation of duties
 - Proper receipting
 - Debit/credit card acceptance
 - Security of funds & timeliness of deposits
 - Balancing & reconciling
 - Review & monitoring
 - Records retention





Policy Statement (continued)

- Departments must deposit all funds received on behalf of the University with the Finance Office.
 - Funds must be deposited with the Finance Office within 3 business days of receipt.
 - Departments who routinely receive money should deposit funds daily.
- Departments are not allowed to establish bank accounts for any reason regardless of the funding source.
- Departments are not authorized to maintain petty cash funds.
- Do not use cash received for paying loans, advances, refunds, reimbursements, check cashing, or any other payments of salaries, fees, costs, charges, or expense.
- All refunds must be requested through the Finance Office.



Policy Statement (continued)

- Change funds can be requested by the Department Head.
 - A custodian needs to be assigned to the funds.
 - Safe keeping and proper usage of funds.
 - Change fund is only used for making change for cashiering operations and not for expenditures.
 - Do not commingle change fund with any other funds.
 - When no longer needed, the custodian needs to return funds to Finance Office.



Policy Statement (continued)

- Periodic audits will be performed by the Finance Office to verify:
 - 1) Department money handling procedures have been established, documented, approved, and implemented
 - 2) Employees understand their roles and responsibilities
 - 3) Established procedures are being followed
- Contact the Finance Office whenever any special or unusual office situations or questions arise in the collection, receipting, or remitting of cash.



Reason for the Policy

- To ensure all money paid to the university is properly receipted, accounted for, protected, and deposited in a timely manner.
- To establish strong internal controls:
 - prevent mishandling of funds and to safeguard against loss
 - protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process

Procedures

- Assign duties to employees (separation of duties)
 - Asset Custodian
 - Reconciler
 - Department Head
- There needs to be a different person assigned to each role of the cash receipts process.
 - Without separation of duties the control environment is conducive to fraud
- Small departments with less than 3 employees will need to work with other departments to fill all the roles.



"Until we implement a complete segregation of duties solution the auditor said we will need to press the 'enter' key together"



Asset Custodian

- The person who receives the cash, issues receipt, prepares the deposit, and makes the deposit
- Money collected should be receipted sequentially with a pre-numbered two-part receipt form or cash register/receipt system immediately upon receipt
- Receipts are an important part of the reconciliation process described later
- See policy for more details on receipts



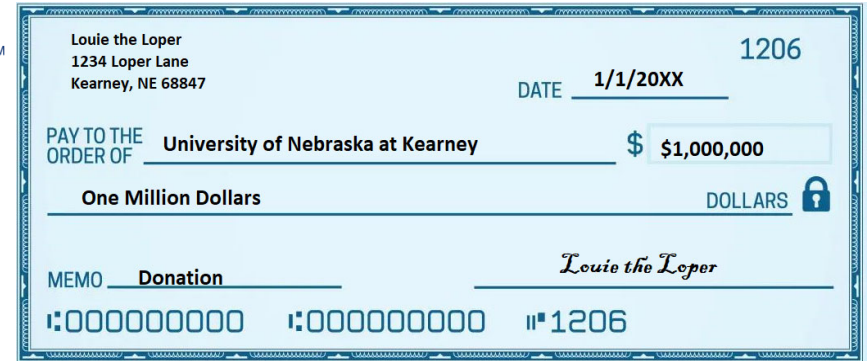
Reconciler

- The person that compares the sales records to the deposits recorded in SAP to identify variances or irregularities.
- Reconciler verifies at least monthly or 30 days after event
 - “Sales records” match deposits recorded in SAP. “Sales records” could be in the form of sales receipts, pre-numbered tickets, attendance rosters, registrations forms, etc.
 - Deposits recorded in SAP match the UNK Cash Transmittal Forms
 - Deposit payments are recorded in customer subsidiary ledgers
 - The reconciliation and the approval by the Department Head must both be documented and maintained for the appropriate record retention period.



Department Head

- The person who reviews the financial activity for accuracy and completeness and authorizes any exceptions
- The person responsible for approving all rates, budgets, discounts, waivers, refunds, registrations processes.
- The review must be documented and accessible for cash receipts audits



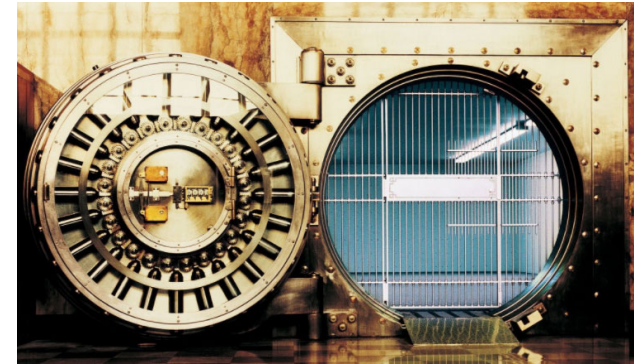
Procedures (continued)

- Check acceptance procedures:
 - Checks must be made payable to “University of Nebraska at Kearney”
 - UNK cannot receipt checks made payable to the University of Nebraska Foundation or vice versa
 - Checks should be accepted for the sale amount only
 - All checks need to be payable through a US bank in US dollars
 - Restrictively endorse checks and money orders with the UNK endorsement stamp as soon as received. The Finance Office orders and issues endorsement stamps to departments.
 - **Do not** make photocopies of checks
 - **Do not** scan checks



Procedures (continued)

- Check acceptance procedures (continued):
 - The following notice must be posted where checks are accepted in person:
 - Electronic Check Re-presentation Policy –In the event that your check is returned unpaid for insufficient or uncollected funds, we may re-present your check electronically. In the ordinary course of business, your check will not be provided to you with your bank statement, but a copy can be retrieved by contacting your financial institution.
 - This notice must also be included in mailings or registrations forms where a customer has the option to mail back a check.
 - UNK is assessed a \$20 fee by the State Treasurer for returned checks due to insufficient funds, closed account, or stop payment. The returned check amount and fee will be charged back to the department cost center originally credited. It is the department's responsibility to pursue collection of the debt.



Procedures (continued)

- Departments are responsible for physically protecting the money they receive
 - The money should be only accessible by the employees assigned with the Asset Custodian role
 - Funds should be locked up and out of public view
- Funds should always be recounted for accuracy prior to depositing and should always be hand delivered to the Finance Office, never mailed.
- Sales tax must be collected for certain types of transactions. Sales tax should be broken out separately on sales receipts and not lumped in with the sales price.
- A UNK Cash Transmittal Form (or equivalent) should accompany all funds submitted to the Finance Office for deposit:
 - Records the payer (student or customer name if different than payer), form of payment, check number, and amount

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UNK Cash Transmittal Form



Interoffice Transmittal Form - No Sales Tax



Interoffice Transmittal Form - Sales Tax

Transmittal No. _____
 Date: _____
 Department: _____
 Contact Person: _____ Phone No. _____
 Event description:

Cost Object: _____
 GL Account: _____

Customer	Cash	Check	Credit Card	Total
Totals	_____	_____	_____	_____

Finance Office Use Only:
 Customer Receipt No. _____ Batch No. _____

Transmittal No. _____
 Date: _____
 Department: _____
 Contact Person: _____ Phone No. _____
 Event description:

Cost Object: _____
 GL Account: _____

Customer	Cash	Check	Credit Card	Total
Subtotal	_____	_____	_____	_____
Sales Tax (7.0%)				_____
Total				_____



Accounts Receivable (AR) Procedures

- Records maintained by individual who is not the Asset Custodian
- Records need to be reconciled to sales records to ensure all transactions are billed
- Payments posted to AR records must be reconciled to UNK Cash Transmittal Form and SAP
 - Completed by the reconciler
- Credits or adjustments to AR must be approved by Department Head and documented
- Billing cycles and aging of AR must be monitored
- Department needs a policy for handling delinquent accounts

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Accounts Receivable (AR) Procedures (continued)

- Departments must provide an aged schedule of AR to the Finance Office on June 30.
 - Must be signed by Department Head
 - Finance Office will post a journal entry to records the AR and revenue.
 - Must provide collectability to determine if allowance for doubtful accounts needs established
- Finance Office can send uncollectible accounts greater than or equal to \$50 to a collection agency on the department's behalf
 - Department needs to submit final demand letter to customer
 - Finance Office will notify department regarding collectability by the collection agency.
 - AR should remain on books until collected or deemed uncollectible and written off.
- Uncollectible AR can be written off at time deemed uncollectible or at fiscal year-end
 - Department Head must submit listings of AR to be written off to Finance Office
 - Finance Office will review and submit to the Assistant Vice Chancellor for Business & Finance for approval



Any Questions/Discussion

