

Section: Finance and Accounting
Area: Check and Cash Management

Number: TBD

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 [08.A.03 – Gift Acceptance – Gifts from Individual Donors](#), 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 including cash acceptance, change fund maintenance, and the deposit of cash.

POLICY STATEMENT

Cash is not to be accepted or disbursed by university employees unless that employee has been authorized by the College/Department Head and/or their designees 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 change funds will be authorized only in cases where need and accountability can be demonstrated. Should a department successfully demonstrate a need for a change fund, the fund is to be managed for the purpose authorized in accordance with proper cash handling procedures. All departmental change funds require the approval of the College/Department Head and/or their designees, Business Administrator and the Associate Vice President, Finance. Access to cash receipts and change funds should be restricted to the person responsible for those funds. Accountability for change funds should be maintained for each custodian separately. Using a change fund as petty cash 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.

DEFINITIONS

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.)

Cash recipient cost center: A University of Houston-Clear Lake cost center authorized by the College/Department Head or their designees or cost center manager to receive cash for a specific purpose.

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.

Examples of “cash handling custodians” and “fund custodians” include but are not limited to any employee who:

- Accepts funds (cash, checks, credit cards) on behalf of UHCL
- Opens mail that contains a check for UHCL
- Is given cash/check to hold/lock up
- Volunteers at any fundraising event where they handle money (i.e. SSA breakfast table, PASA fundraising, Harvest Fair popcorn/tamale table, etc.)
- Creates a deposit journal in PeopleSoft
- Transports a deposit or change fund to Student Business Services or a check to another department

Cash handling areas: Those areas or departments where cash is handled – through a change fund and/or cash receipts.

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.).

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).

Cost center: A valid general ledger chart field 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.

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.

Currency: For the purposes of this document, U.S. money: dollars and coins.

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.

Departmental cash fund: The term used to refer to any type of cash fund maintained at a decentralized level: change funds.

Fund custodian: The departmental employee specifically authorized to manage monies in a 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.

CASH HANDLING – GENERAL

Employees handling cash are subject to all provisions outlined herein.

University positions with cash handling or fund custodial responsibilities must be designated as security sensitive and require a background check when employees are hired into that position.

All university departments must have internal policies and procedures for handling cash, which are reviewed and approved by General Accounting Office before the department begins handling cash.

- The procedures should include the basic tenets outlined in this document.
- 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.
- All processes are subject to review for standards of accountability.

College/Department Heads and/or their designees and Business Administrators are responsible for:

- 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 Office.
- 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 review should be performed to validate and approve the cash receipt and monthly verification process.
- Ensuring that cash handlers and fund custodians are certified annually by completing the required online training.
 - Cash/Change fund custodians are also required to complete and submit the [Cash Handling Authorization Form](#) and/or [Change Fund Request Form-Departmental](#) to the General Accounting Office on an annual basis.
- Ensuring the revenues from fees or services are deposited into and managed in a cash recipient cost center authorized for that purpose.
 - [Request for Cost Center Action form](#) must be submitted to the General Accounting Office to create/modify cost center.
- Assigning cash handling custodians to be responsible for the cash received and deposited into this cost center, and ensuring that the custodian assigned complies with policies and procedures regarding cash handling.

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/Department Head and/or their designees and the Associate Vice President for Finance or designee to collect such fees. These departments are subject to the following guidelines:

- Academic charges and other direct costs matriculated students incur to attend the university shall be made directly by the payer to Student Business Services (SBS), not through the department.
- Fees and charges for services require the prior authorization and approval of the College/Department Heads and/or their designees, 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 department should have guidelines in place for requesting and approval of such charges.

Overages and shortages are reported as follows:

Individual overages/shortages of less than \$20 are charged against or credited to a departmental cost center using the cash over/short account (50015).

Individual overages/shortages of \$20 or more, or cumulative annual overages/shortages of \$40 or more, are immediately reported to General Accounting Office. Initial notification must be followed up with a written [Cash Overage Shortage Incident Report](#), which is sent to the General Accounting Office.

The General Accounting Office will notify the Associate Vice President, Finance 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 the General Accounting Office.

The Student Business Services (SBS) Office is the primary 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, SBS 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. SBS will be the intermediate approver for cash deposits submitted to general ledger journal workflow. SBS will provide locked bank bags and related instructions and information, as required.

Non-sufficient funds (NSF) Checks

- When a check that has been accepted and deposited is returned unpaid by the bank, SBS processes the return as follows:
 - If the payment was posted to a student's account, the check is posted to the student's account as an NSF check.
 - If the payment was not posted to a student's account, the check is posted to a cost center designated by the department as Accounts Receivable – Returned Checks. SBS will notify the department of unpaid checks from their area.
 - SBS will attempt to collect on all returned checks initially posted to a student's account.
 - Departments that accept a check from a person without a student account will be responsible for collecting funds for the returned check.

All cash funds and other cash operations are subject to unannounced reviews by the responsible College/Department Heads or their designees, Business Administrators, representatives of the General Accounting Office, Finance Office, and by the University of Houston System Internal Auditing staff.

- 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.
- Fund custodians must comply with all legitimate requests for review. Inconvenience will not be considered sufficient grounds for delay of a review.
- Upon completion of a review, a report will be issued and a copy made available to the fund or cash custodian.
- 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](#).

DEPARTMENTAL DEPOSIT PROCEDURES

Departments accepting cash must follow the below steps and include detailed requirements for: authorization to accept cash, form of receipt, form of payment, physical safeguards, remote check deposit access and use, deposit routing, deposit timeliness, deposit preparation and reconciliation, overage and shortage logs, use of authorized locked deposit bank bags, use of authorized cost centers, procedures for physical transfer of deposits, records retention, and cost center verification.

- Any funds received by UHCL must be deposited according to the following:
 - \$100.00 or more within one business day.
 - \$0-\$99.99 within five business days.

- All funds must be deposited at the Student Business Services office the same day the deposit journal is initiated.
- The receipt of funds must be accounted for :
 - Currency and Checks - use of controlled pre-numbered receipt, currency log, cash register tape, ticket or other documentation approved by the Associate Vice President for Finance.
 - Checks - must be made payable to UHCL and restrictively endorsed upon receipt.
- Cash must be physically safeguarded in a cash register, safe, locked drawer, or locked file cabinet until deposit. Access must be limited to only approved employees.
- A deposit coversheet is required for all deposits. Prepare [Deposit Coversheet form](#) See [Instructions to prepare deposit coversheet.](#)
- Prepare the deposit entry in PS Financial System. Follow the [journal entry guidelines.](#)
- Upload supporting documents to the deposit journal entry. Supporting documents includes deposit coversheet, departmental excel worksheet, copies of pre-numbered receipts, or a cash log, award letter, memo from the donor, etc. Note – an exception to this requirement would be small amounts of coins accepted for copy charges.
- Endorse all checks with a UHCL stamp, provided by the Finance Office
- Place all checks and/or cash in a locked deposit bank bag, along with two copies of the Journal coversheet from PeopleSoft Financial System.
- All deposits must be delivered
 - In person to Student Business Services Office
 - In a locked deposit bank bag and
 - On the same day that the PeopleSoft journal entry is originated.
- 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.

Emergency Deposit Procedures

UHCL departments should follow the emergency deposit procedures steps for manual [cash/check deposit journals](#) for deposits greater than \$100 only, if PeopleSoft Financial System is down and remains non-operational past 4.00 PM:

- Departments should bring in their manual Journal Entry form (attached) and the Deposit Coversheet Form along with one copy of each to the SBS Office with their cash deposit bags as they normally would. The manual Journal Entry form must be approved by a Business Administrator, Supervisor, or an approver in the PeopleSoft workflow process. Do not input the deposit journal entry into PeopleSoft Finance and upload the backup documentation to the journal at this time.
- The SBS Office will receive the cash deposits with the copy of deposit Journal Entry form and the copy of Deposit Coversheet Form. The original deposit Journal Entry form and Deposit Coversheet Form will be signed and acknowledged by the SBS Office and returned to the department.
- As the system becomes operational, the department will manually input deposit journal and upload the deposit coversheet form with all other supporting documents into PeopleSoft Financial System.
- Departments thereafter should bring in their PS Journal Entry form to SBS Office, reclaim their cash deposit bags, and have the PeopleSoft deposit journal entry reviewed and approved by SBS Office for actual deposit into bank.

If the department personnel had already entered a deposit journal entry in workflow and the journal entry is on the college/department approver's work list, please complete the manual journal entry form along with the Deposit Coversheet Form, marking on the Journal Entry form "JOURNAL ALREADY IN WORKFLOW". Take this along with your deposit to the SBS Office. This will help the SBS Office identify those journals that will not need to be manually entered once PeopleSoft Financial System is operational again.

DEPARTMENTAL CHANGE FUNDS

Change Fund Purpose and Limitations

- Change funds are established for the purpose of conducting sales or service transactions, and are usually set up to support services such as copy machines or service transactions.
- Under certain circumstances, a change fund for a short-term operation may be required and may be obtained by submitting the [Change Fund Request Form - Temporary](#) that must be approved by the Associate Vice President, Finance and/or designee. Temporary change funds must be returned to the SBS Office with a general ledger journal within 3 to 4 business days.

The Associate Vice President, Finance or designee may approve a request for a departmental change fund when the need can be clearly demonstrated and justified. Approval of the request and the amount of the change fund will be based upon the facts and circumstances of each request.

- Departmental Change funds must be approved and reauthorized annually.
- Accountability for change funds should be maintained for each custodian separately and must be reconciled daily. At the end of each day, a cash register or box should be reconciled or “counted” to determine if there is a shortage or overage in the change fund.
- Change funds are monitored by the General Accounting Office to help ensure compliance with University guidelines.
- Departmental Change Funds may be obtained by submitting the [Change Fund Request Form- Departmental](#) to the Associate Vice President, Finance.
- Change Funds for a short period for an university event may be obtained by submitting [Change Fund Request Form - Temporary](#)

Change Fund Custodian Responsibilities

Change Fund Custodians are responsible for complying with the following requirements, and are subject to disciplinary action up to and including termination and criminal charges for non-compliance.

- Providing safe and secure storage of the cash fund.
- Access to cash receipts and change funds should be restricted to the person responsible for those funds. Areas with multiple cash handling custodians should maintain separate cash funds for each custodian.
- Maintaining proper documentation.
- Notifying the General Accounting Office (through the College/Department Head) of changes in custodian, increases to fund, location of fund, cost center used, or changes in the physical security of the fund.
- Ensuring that cash handled by other employees (for segregation of duties or temporary employees involved in cash handling) follows university cash handling policies. All employees authorized to handle cash must take online certification training prior to handling cash.
- Make prior arrangements for a temporary custodian during any absences.
- Reporting theft of funds or overages/shortages in accordance university guidelines.
- Balancing and documentation of balancing is to be maintained.
- Obtaining reauthorization for the fund each year.
- Returning the fund to SBS when the need for the fund expires.

Request to Establish or Modify a Departmental Change Fund

The [Change Fund Request Form-Departmental](#) must be submitted to the Associate Vice President, Finance for:

- The Establishment or modification of a Change Fund and must include:
 - A justification memo, including the following information:
 - Detailed explanation of the need for a cash fund.
 - Justification for the infeasibility of alternative methods of procurement.
 - Estimated activity level.

- Name of proposed fund custodian.
 - Description of safeguarding methods.
 - The form and justification memo must be approved by the College/Division head or their designees who is ultimately accountable for proper use, safeguarding, and documentation of the fund.
 - Proof that the new fund custodian has completed online Change Fund training prior to the submission of the request.
 - The Associate Vice President, Finance will review the request and approve or deny based on the individual facts and circumstances. The change fund request forms will be returned to the requesting individual/department indicating approval or denial, and will also be forwarded to the General Accounting Office or Student Business Services (for temporary change funds).
 - If the request is approved, Departmental custodian contacts the SBS Office with the approved Change Fund Request Form. The SBS Office representative prepares cash denominations as specified by the custodian.
 - The SBS Office representative disburses funds to the departmental custodian, obtains departmental custodian acknowledgement of receipt of funds and prepares journal with appropriate scanned backup supporting documentation in PeopleSoft Financial System.
- Annual Review and Reauthorization of Change Funds
 - No later than November each year after completion of required online mandatory training.
 - Closing a Departmental Change Fund
 - When a department determines that its change fund is no longer required, the department should: Prepare a journal entry to record the deposit of the change fund by debiting UHCL Operating Bank, Account 10610 and crediting account 10103 (change fund) and departments local fund cost center. Scan and upload deposit coversheet, and appropriate backup supporting documentation to the journal. Follow standard deposit procedures.

ONLINE TRAINING INFORMATION

In addition to completing the [Cash Handling Authorization Form](#) (which applies to handling all types of university funds in any form), all university employees handling university funds receipts or processing deposits must complete the online training and must retake these courses annually.

Courses

Complete, detailed course descriptions can be found [here](#).

Cash/Check/Credit Card Handling courses available (employees should only sign up for one of the first two below):

"xx" refers to the current fiscal year. CF1510 would be an FY15 course.

- **CFxx10 FYxx-Change Fund & Cash Security** (applies to cash, check, money order, etc.) or
- **CFxx11 FYxx-Change Fund, Cash & Deposit Security** (includes everything from CFxx10 plus deposit information)

Additional courses which may be required, depending on an employee's job functions:

- **SFxx07 Credit Card Processing** (employees who process credit card transactions (i.e., receive, handle, or send credit card information) for departments that accept credit card payments; those employees' supervisors, business assistants or any others who oversee credit card operations in a UHCL department)
- **SFxx08 Credit Card Accounting** (Employees who create journals to record credit card receipts for departments that accept credit card payments; those employees' supervisors, business assistants or any others who oversee credit card operations in a UHCL department)

- **SFxx09 Credit Card Data Security** (Employees who have access to sensitive credit card information, such as the full account number received by their department for credit card transactions; those employees' supervisors, business assistants or any others who oversee credit card operations in a UHCL department)

UHCL employees have the capability of registering for finance training themselves through PASS. For **Course Enrollment instructions** [click here](#).

After an employee registers, he/she will receive a confirmation email. Disregard the fact that it says the Class Date is 8/31/xx. **To take the training**, the employee should log in to: <http://login.tap.uh.edu>. The training course should be available in the employee's TAP within 1-2 days **after** registering.

These courses are available online year-round. Supervisors and/or Business Administrators are encouraged to instruct employees to sign themselves up either:

- When a new employee starts and has job duties requiring any of these trainings or;
- When an existing employee's job duties change and the new duties require these trainings.

These are individual online courses. Unless these are being taken during the annual mandatory training cycle, each employee may complete these at their own pace and may start anytime. Employees must have completed the training **prior** to handling university funds.

REVIEW AND RESPONSIBILITIES

Responsible Parties: Associate Vice President for Finance

Review: Every five years on or before March 1