



SECTION: Fiscal Affairs

NUMBER: MAP 03.A.45

AREA: General

SUBJECT: Check and Cash Management

I. Purpose and Scope

All cash and cash equivalent 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 Memorandum 08.A.03 Gift Acceptable – Gifts from Individual Donors](#) and [03.F.04 Cash Handling](#). All University employees have a fiduciary responsibility to the University to handle cash property.

II. Policy Information

Cash and cash equivalents are 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 requires a background check when employees are hired into that position. When a university employee or department receives cash or cash equivalents, 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 department level; individual colleges or other departments may choose to set more restrictive internal controls or limits for these areas.

III. Definitions

- A. Cash and Cash Equivalents: For the purposes of this document: U.S. currency (dollars and coins); personal, business, bank, and cashier's checks; money orders; travelers checks; gift cards, or foreign drafts (but not foreign currency). (Note: The acceptance of foreign drafts involves different procedures.)
- B. Cash recipient cost center: A University of Clear Lake cost center authorized by the College/Department Head or their designees or cost center manager to receive cash for a specific purpose.
- 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 is given to the department approver of the General Ledger journal or to others with responsibilities for handling cash; at the least, one cash custodian must be assigned for each area receiving cash and cash equivalents. 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 includes cash handling responsibilities must be designated as security sensitive, which requires 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:

1. Accepts funds (cash, check, credit cards) on behalf of UHCL.
2. Opens mail that contains a check for UHCL.
3. Cash/checks given to hold/lock up.
4. Volunteers at any fundraising event where they handle money (i.e. USA fundraising, Harvest Fair, etc.).
5. Creates a deposit journal in PeopleSoft.
6. Transports a deposit or change fund to Student Business Services (SBS) or a check to another department.

- D. Cash handling areas: Those areas or departments where cash is handled through a change fund and/or cash receipts.
- E. Cash receipts: Any cash or cash equivalents 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 changes).
- G. 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, fund, department ID, 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 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: change funds.
- L. 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 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 requires a background check when employees are hired into that position.

IV. Procedure

Employees handling cash or cash equivalents 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.

- A. All university departments must have internal policies and procedures for handling cash and cash equivalents, which are reviewed and approved by General Accounting & Financial Reporting before the department begins handling cash.
- B. The procedures should include the basic tenets outlined in this document.
- C. 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:

- A. Ensuring that cash funds and cash received in their areas are properly managed and those procedures are in place to help ensure adequate control funds, which have been pre-approved by General Accounting & Financial reporting.
- B. Assigning and authorized 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.
- C. Ensuring that cash handlers and fund custodians are certified annually by completing the required online training.
- D. Cash/Change fund custodians are also required to complete and submit the [Cash Handling/Change Fund Authorization Form](#) to General Accounting & Financial Reporting on an annual basis.
- E. Ensuring the revenues from fees or services are deposited into and managed in a cash receipt cost center authorized for that purpose. [Request for Cost Center Action form](#) must be submitted to General Accounting & Financial Reporting to create/modify cost center.
- F. Assigning cash handling custodians to be responsible for the cash and cash equivalents received and deposited into this cost center and ensuring that the

custodian assigned complies with policies and procedures regarding cash handling.

- G. 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 of Administration and Finance or designee to collect such fees. These departments are subject to the following guidelines:
- a. Academic charges and other direct costs matriculated students incur to attend the university will be made directly by the payer to Student Business Services (SBS), not through the department.
 - b. 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. Request for fees and charges will 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.
- H. Overages and shortages of cash and cash equivalents are reported as the following:
- a. Individual overages/shortages of less than \$20 are charges against or credited to a departmental cost center using the cash over/short account (50015).
 - b. Individual overages/shortages of \$20 or more, or cumulative annual overages/shortages of \$40 or more, are immediately reported to General Accounting & Financial Reporting. Initial notification is followed with a written Cash Overage Shortage Incident Report, which is sent to General Accounting & Financial Reporting.
- I. General Accounting & Financial Reporting will notify the Associate Vice President of Administration & Finance and the University of Houston System Internal Auditing department (if not previously notified) of any cumulative annual overages/shortages more than \$100, or in other cases they determined should be reported. A log of all reported discrepancies is kept in General Accounting & Financial Reporting.
- J. 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 accepts all cash deposits prepared by university departments and uses an armored transport services to deliver university deposits to the bank in tamper evident bank bags. SBS is the intermediate

approver for cash deposits submitted to general ledger journal workflow. SBS provides locked bank bags and related instructions and information, as required.

1. Non-sufficient funds (NSF) Checks

- A. When a check is accepted and deposited and returned unpaid by the bank, SBS 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 is 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 notifies the department of unpaid checks from their area.
 - c. SBS attempts to collect on all returned checks initially posted to a student's account.
 - d. Departments that accept a check from a person without a student account is responsible for collecting funds for the returned check.
 - e. All cash funds and other cash operations are subject to unannounced reviews by the College/Department Heads responsible or their designees, Business Administrators, representatives of General Accounting & Financial Reporting, Finance, and by the University of Houston System Internal Auditing Staff.
 - f. 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.
 - g. Fund custodians must comply with all legitimate requests for review. Inconvenience is not considered sufficient grounds for delay of a review.
 - h. Upon completion of a review, a report is issued and a copy made available to the fund or cash custodian.
 - i. All university employees have an obligation to report any suspected irregularity in the handling of cash or cash equivalents (including the receipt or suspected receipt of counterfeit currency) in accordance with [System Administration Memorandum 01.C.04 Reporting/Investigating Fraudulent Acts](#).

2. Departmental Deposit Policy

- A. Departments accepting cash and cash equivalents must follow the below guidelines and include detailed requirements for:
 - a. Authorization to accept cash and cash equivalents.
 - b. Form of receipt.

- c. Form of payment.
 - d. Physical safeguards.
 - e. Remote check deposit access and use.
 - f. Deposit routing.
 - g. Deposit timeliness.
 - h. Deposit preparation and reconciliation.
 - i. Overage and shortage logs.
 - j. Use of authorized locked deposit bank bags.
 - k. Use of authorized cost centers.
 - l. Procedures for physical transfer of depots.
 - m. Records retention.
 - n. Cost center verification
- B. Any funds received by UHCL is deposited in the following:
- a. \$100 or more within one business day.
 - b. \$0-\$99 within five (5) business days
- C. All funds must be deposited at the Student Business Services office the same day the deposit journal is initiated.
- D. The receipt of funds must be accounted for:
- a. Currency and checks – use of controlled pre-numbered receipt, currency log, cash register tape, ticket, or other documentation approved by the Vice President of Administration and Finance.
 - b. Checks are made payable to UHCL and restrictively endorsed upon receipt.
 - c. Cash and Cash equivalents are physically safeguarded in a cash register, safe, locked drawer, or locked cabinet until deposit. Access is limited to only approved employees.
 - d. A deposit cover sheet is required for all deposits. Prepare [Deposit Coversheet form](#). See [Instructions to Prepare Deposit Coversheet](#).
- E. Prepare the deposit entry in PS Financial System. [PeopleSoft Journal Entry Training](#).
- F. Upload supporting documents to the deposit journal entry. Supporting documents include deposit coversheet, departmental excel worksheets, copies of pre-numbered receipts, or a cash log, award letter, memo from donor, etc. (Note: an exception to this requirement is small amounts of coins for copy charges.)
- G. Endorse all checks with a UHCL stamp, provided by the Finance Office.
- H. Place all checks and/or cash and cash equivalents in a locked deposit bank bag, along with two copies of the Journal Coversheet from PeopleSoft Financial System.
- I. All deposits must be delivered.

- a. IN person to Student Business Services Office.
 - b. In a locked deposit bank bag; and,
 - c. On the same day that the PeopleSoft journal entry originated.
- J. Deposits of credit card sales follow the same journal requirements, except that all sales must be recorded in a journal within 24 hours, regardless of the dollar amount.

3. Emergency Deposit Policy

UHCL departments follow the emergency deposit guidelines 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 p.m.:

- A. Departments bring in their manual [Emergency Journal Entry Form](#) 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 system and upload the backup documentation to the journal currently.
- B. The SBS Office receives the cash deposits with the copy of deposit Journal Entry Form and Deposit Coversheet Form. The original deposit Journal Entry Form and the Deposit Coversheet Form is signed and acknowledged by the SBS Office and returned to the department.
- C. As the system becomes operational, the department manually inputs deposit journal and upload the deposit coversheet form with all other supporting documents into PeopleSoft Financial System.
- D. Departments thereafter 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 in the bank.
- E. If the department personnel have 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 SBS Office. This will help the SBS Office identify those journals that need to be manually entered once PeopleSoft Financial System is operational again.

4. Departmental Change Funds

- A. Change Fund Purpose and Limitations

- a. Change funds are established for the purpose of conducting sales or service transactions and are set to support services such as copy machines or service transactions.
 - b. Under certain circumstances, a change fund for a short-term operation is required and obtained by submitting the [Change Fund Request Form - Temporary](#) that must be approved by the Associate Vice President of Finance and/or designee. Temporary change funds are returned to the SBS Office with a general ledger journal within 3 to 4 business days.
- B. The Associate Vice President of Finance or designee may approve a request for a departmental change fund when the need is clearly demonstrated and justified. Approval of the request and the amount of the change fund is based upon the facts and circumstances of each request.
- a. Department Change funds are approved and reauthorized annually.
 - b. Accountability for change funds is maintained for each custodian separately and reconciled daily. At the end of each day, a cash register or box us reconciled or “counted” to determine if there is a shortage or overage in the change fund.
 - c. Change funds are monitored by General Accounting & Financial Reporting to help ensure compliance with university guidelines.
 - d. Departmental Change Funds are obtained by submitting [Change of Fund Request Form – Departmental](#) to the Associate Vice President of Finance.
 - e. Change Funds for a short period for an university event is obtained by submitting [Change of Request Form – Temporarily](#).
- C. Request to Establish or Modify a Departmental Change Fund
The Change Fund Request Form-Departmental is submitted to the Associate Vice President of Finance for:
- a. The Establishment or Modification of a Change Fund must include: A justified memo, including the following information:
 - i. Detailed explanation of the need for a cash fund.
 - ii. Justification for the infeasibility of alternative methods of procurement.
 - iii. Estimated activity level.
 - iv. Name of proposed fund custodian.
 - v. Description of safeguarding method.
 - vi. The form and justification memo is approved by the College/Division head or their designee, who is accountable for proper use, safeguarding, and documentation of the fund.

C. Cash/Check/Credit Card handling course available (employees should only sig up for one of the first two below): “xx” refers to eh current fiscal year. CF1910 would bean FY19 course.

- CFxxIO FYxx – Chagne Fund & Cash Security (applies to cash, check, money order, etc.), or
- CFxxII FYxx – Change Fubd, Cash & Deposit Security (includes everything from CFxxIO plus deposit information.)

D. Additional course 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 accounts or any others who oversee credit card operations in a UHCL department).

E. UHCL employees have the capacity to register for finance training themselves through PASS. For Course Enrollment instructions, [click here](#).

F. 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 into: <http://login.tap.uh.edu/>. The training course is available in the employee’s TAP within 1-2 days after registering.

G. These courses are available online all year. 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.

H. 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.

V. Review and Responsibility

Responsible Parties: Associate Vice President of Finance

Review: Every five (5) years on or before March 1

VI. Approval

Approved:

/Mark Denny/
Vice President of Administration and Finance

/Dr. Richard Walker M.Ed./
President

Date: _____

VII. References

- [UH Finance Course Descriptions](#)
- [UH Finance Course Enrollment Instructions](#)
- [UH SAM 01.C.04 Reporting/Investigating Fraudulent Acts](#)
- [UH SAM 03.F.04 Cash Handling](#)
- [UH SAM 08.A.03 Gift Acceptance-Gifts from Individual Donors](#)
- [UH Training Access Portal \(TAP\)-Log In](#)
- [UHCL Cash Handling Authorization Form](#)
- [UHCL Cash Overage/Shortage Incident Report](#)
- [UHCL Change Fund Request Form-Departmental](#)
- [UHCL Change Fund Request Form-Temporary](#)
- [UHCL Deposit Coversheet Form](#)
- [UHCL Deposit Coversheet Form Instructions](#)
- [UHCL Emergency Cash Deposit Process](#)
- [UHCL Emergency Journal Entry Form](#)
- [UHCL PeopleSoft Journal Entry Training](#)
- [UHCL Request for Cost Center Action Form](#)

VIII. Revision Log

Revision Number	Approval Date	Description of Changes
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1	02/24/2008	Initial Edition.
2	08/09/2016	Reformatted and updated links.
3	02/19/2019	Reformatted using template with numbering system; added Revision log; and changed "Senior Business Coordinator" to "Business Administrator."
4	06/04/2019	Reformatted with HR-MAPP template; added list of references.
5	08/28/2019	Reformatted in MAP template; added MAP# and updated links.
6	9/18/2019	Changed "Section" from Finance to Fiscal Affairs; changed "Area" from General Accounting to General; changed MAP# from 05.01.01 to MAP 03.A.45.
7	02/24/2020	Reformatted in UHCL MAP template; added "and Cash Equivalents" and "gift cards" to section II.A..
8	05/27/2020	Added "Cash Equivalent" as needed; changed Department Deposit Procedures to Department Deposit Policy, and changed Emergency Deposit Procedure to Emergency Deposit Policy.
9	05/28/2020	Removed "expended and" from section III.I.
10	10/08/2020	Added "& Finance Reporting" to all references of the "General Accounting" office.