

UNIVERSITY OF NORTH★TEXAS™

Internal Audit

CASH CONTROL GUIDELINES

(UNT Policy Manual, No. 2.1.10.1)

PURPOSE:

Cash transactions involving the university, its colleges, schools, departments, centers, and institutes are subject to all applicable state laws and university policies. University employees are responsible for handling cash transactions accordingly. Failure to comply with all university policies regarding cash handling procedures may be considered a major rule violation per University Policy 1.7.1.

The following guidelines, as a model for establishing an appropriate control environment, provide opportunities to enhance control procedures over the collection, custody, and deposit of cash receipts. All accountholders in each college, school, department, center, or institute are encouraged to use these guidelines to assist in fulfilling their responsibilities.

CASH RECEIPTS:

1. Petty cash, demand deposits, working funds, bank accounts and new accounts must be established in accordance with University guidelines. Return of petty cash funds, working funds or closing out of a demand deposit account must be done through Purchasing and Payment Services.
 - 1.1 Establish petty cash, demand deposit, and working funds in accordance with University Policy 2.1.3.
 - 1.2 All new university department IDs (deptids) must be established via Department ID/Budget Authorization Form (DBA) as required by University Policy 2.0.2.
 - 1.3 All new university project IDs (projids) must be established through the Office of Research Services
2. All university departments collecting cash (currency/coin, personal checks, bank drafts, money orders, traveler's checks, cashier's checks, and credit/debit card transactions) should establish a procedure to document all such receipts. Examples include a pre-numbered receipt book or a computer generated receipt. All receipts issued must be approved by Student Accounting and University Cashiering Services as to form (Policy 2.2.1).

2.1 It is highly recommended that separate cash receipt logs be maintained for walk-in transactions and mail transactions.

2.2 Documentation should minimally include the following information:

- A. Payer's Name
 - B. Form of payment (if check, check # should be included).
 - C. Amount paid.
 - D. Date of payment.
 - E. Service/product rendered.
 - F. Initials of person(s) collecting cash receipts.
3. Departments receiving checks as payments should require the maker of the check to make it payable to "UNT/Department Name." Under no circumstances should a check for the university be made payable to an individual or left blank.
4. All checks should be restrictively endorsed (stamped) immediately upon receipt. The recommended endorsement is:

Pay to the order of First State Bank
For Deposit Only UNIVERSITY OF NORTH TEXAS
Name of Dept.
Ginny Anderson, Controller

Student Accounting and University Cashiering Services can provide information regarding the ordering of an endorsement stamp.

5. Each check should be inspected to ensure the following:
- A. Current date (post or stale dated checks should not be accepted).
 - B. Proper signature.
 - C. No alterations.
 - D. Bank name and routing numbers are printed on check.
 - E. If temporary check, payer's name and address should be written on check.
 - F. Written amount matches numeric amount.
6. Obtain picture identification and write identification number on check when feasible.
7. Under no circumstances should disbursements be made from cash receipts (i.e., to cash personal checks, make purchases, etc.). Cash receipts should be deposited (in total) in accordance with University Policy 2.2.1.

CUSTODY OF FUNDS:

1. All account holders of petty cash, working funds and/or demand deposits must ensure that the "Custodial Agreement" is on file with Purchasing and Payment Services. Also, an approved justification regarding the use of the fund must be on file in Purchasing and

Payment Services. It is the responsibility of the account holder to notify Purchasing and Payment Services if there is any change in the custodian of the funds.

2. Provide adequate and proper storage for the securing of funds until such funds are deposited.

2.1 Avoid storing cash receipts in the office overnight. Where feasible, deposits should be made daily.

2.2 Lock combinations and custody of keys should be maintained by one person. Combinations and keys should never be stored in an unlocked desk drawer or unsupervised area.

2.3 For emergencies or in the absence of the fund custodian, copies of combinations and/or keys should be secured and stored by the department head or his/her designee. Access to combinations and keys should be limited to a minimum number of people. Safe combinations and keys should be changed periodically and always when permanent custody changes (employee turnover or reassignment of duties, etc.).

3. Maintain and safeguard cash receipt, deposit and reconciliation documents.

3.1 Such documents should be readily available for an audit.

3.2 Records should provide clear documentation of cash receipts from the time of collection to the time of deposit.

SEPARATION OF DUTIES:

1. To the extent staffing levels permit, the duties of collecting, recording, depositing, and reconciling cash receipts should be separated among different individuals.
2. Where staffing levels do not permit separation of duties, compensating controls such as strict individual accountability and thorough management review and supervision should exist.

OVERAGES AND SHORTAGES:

It is the responsibility of the account holder to ensure cash on hand and cash deposited equals actual receipts at all times.

1. Significant shortages and overages should be reported immediately according to University Policy 2.1.3.
2. Cash overages and shortages, as well as any known circumstances surrounding the overage/shortage should be recorded and kept on file.

3. Refer to University Fraud Policy 9.12 if evidence of fraud, theft, or a serious breach of fiduciary duty is suspected.

REFUNDS:

All refunds should be processed in accordance with University guidelines. Additionally, under no circumstances should refunds be issued directly from cash receipts or petty cash.

1. Student refunds should be processed through Student Accounting and University Cashiering Services in accordance with University Policy 2.2.22.
2. Non-student refunds, such as fees paid for mini-courses, fees paid by clients at various centers and clinics, game guarantee type refunds from athletic events, facility use deposits, etc., should be processed through Purchasing and Payment Services.

DEPOSIT OF CASH RECEIPTS:

Guidelines are available in Student Accounting and University Cashiering Services and should be followed for all deposits of cash receipts.

RECONCILIATION:

1. At a minimum, the manager/account holder should exercise their oversight responsibilities related to cash controls. This should involve reviewing the daily detail transaction reports produced from EIS to ensure actual deposits agree with departmental cash receipt records.
2. Optimally, the manager/department ID or project ID holder should assign someone (other than the person(s) who prepares the deposit) to review the daily detail transaction reports to match actual deposits with departmental cash receipt records.

WRITTEN PROCEDURES:

It is strongly recommended that written procedures be developed and maintained by each college, school, department, center, and/or institute associated with the University that manage significant amounts of cash. Written procedures should minimally include, authorization of person(s) to collect cash; off-site cash collection procedures; maintenance of cash receipt logs; security and reconciliation of cash; preparation, approval, and transmittal of cash to Student Accounting and University Cashiering Services; over/short procedures; and a procedure to notify the appropriate campus authority in event of loss.

ADDITIONAL INFORMATION:

These guidelines are provided to assist department ID and project ID holders in meeting their responsibilities. Further inquiries relating to cash handling procedures should be directed to Student Accounting and University Cashiering Services or Purchasing and Payment Services as

appropriate. In addition, Internal Audit is available for consultation regarding cash controls and can arrange cash control training on a need basis.