



Name of Policy	Cash Handling and Management Policy
Description of Policy	The purpose of this policy is to institute controls and standardize cash management policy elements across Alcorn State University with respect to the handling, receiving, transporting and depositing of cash. The term cash includes currency, checks, money orders, negotiable instruments and charge card transactions. University funds are monies received from tuition, room, board, fees, contracts, grants, revenues from University services, state and federal appropriations, gifts, deposits and all other sources of revenue or expense reimbursements. All checks made payable to the University or any departments of the University are considered University funds.
Policy applies to	<input checked="" type="checkbox"/> University-wide <input type="checkbox"/> Specific (<i>outline location, campus, organizational unit, etc.</i>) <input checked="" type="checkbox"/> Staff and Faculty only <input type="checkbox"/> Students only <input type="checkbox"/> Staff, students, contractor, and visitors
Policy status	<input checked="" type="checkbox"/> New policy <input type="checkbox"/> Revision of existing policy

Approval authority	Senior Vice President for Finance, Administrative Services, and Operations/CFO
Governing authority	Office of Finance and Administration
Responsible officer	Associate Vice President for Finance and Administration

Approval date	June 1, 2021
Effective date	June 1, 2021
Approval date of last revision	
Effective date of last revision	
Date of policy review*	

**unless otherwise indicated, this policy will still apply beyond the review date*

Related legislation, policies, procedures, guidelines and local protocols	
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1. Background

Alcorn State University faces multiple risks related to cash, cash equivalents, and checks that are received by departments and units, the greatest of which is loss or theft of funds. The best way to mitigate this risk is to have funds deposited in a university bank account as quickly as possible. The purpose of cash management is to fulfil the fiduciary responsibilities of Alcorn State University in handling, securing, and investing its' funds. Cash management policies and controls assure the safety of Alcorn assets, provide required liquidity for operations, obtain the best banking relationships, and attain reasonable returns on all funds. Guidelines for internal institution policies, establishment of controls and procedures, and reasonable limitations on daily operations support this goal.

2. Purpose

The purpose of this policy is to provide guidance ensuring the accountability and safeguarding of University cash and cash equivalents. Employees and managers collecting University funds are primarily responsible for ensuring adequate controls are in place and followed to properly secure the collection and deposit of funds. The procedures outlined herein are intended to be a framework for guidance in establishing internal control standards related to the cash handling process. All departments that accept cash or its equivalent assume the responsibility of instituting and following proper cash handling procedures as outlined in this guide.

The procedures established herein are to ensure a best practice for strong internal controls within each department. The intent is to minimize the potential for the mishandling of University funds. Additionally, following proper procedures will help identify and resolve overages, shortages, and provide an audit trail allowing for a proper review of cash transactions. These procedures apply to the deposit and recording of all monies received at all locations within the University. Cash is defined to include currency, checks, money orders, negotiable instruments and charge card transactions.

3. Scope/Application

Effective cash management policies and procedures will assist Alcorn State University in meeting its fiduciary responsibilities.

4. Policy Statement and Principles

Alcorn State University strives to ensure there are comprehensive yet flexible policies and procedures that can be applied as best practices throughout. Management in each Department must oversee and enforce these policies to fulfil fiduciary responsibilities. This policy addresses various functional areas of cash management applicable to all departments including, collections and disbursements, cash handling and transport, and change fund.

5. Cash Receipting

Office of the Bursar

The collection and control of cash at Alcorn State University is very important and controls must be in place to ensure proper handling. The Office of the Bursar is the central processing department for all payments and receipts of the University. The Office of the Bursar is responsible for accepting and processing payments and tuition fees along with miscellaneous materials.

Note: Policies and procedures regarding the responsibilities Office of the Bursar are addressed separately.

ALTERNATIVE CASH RECEIPTING SITES – DEPARTMENTAL LEVEL RECEIPTING

Responsibility of Cash Handling

The collection and control of cash should be centralized in one location on the main campus (Bursar Office); however, this is not always possible. Under those circumstances, Departments may request authorization from the Senior Vice President for Finance, Administrative Services and Operations or authorized designee to collect funds.

Written approval must be received prior to the collection of any funds by the requesting Department.

The process to request authorization includes:

1. Completion of required training;
2. Submission of internal departmental procedures for review and approval.
3. Submission of the Cash Handling Request Form to the Office of Finance, Administrative Services and Operations for review;
4. Notification of approval or disapproval from the Office of Finance, Administrative Services and Operations;

Departments authorized by the Senior Vice President for Finance, Administrative Services and Operations or authorized designee to handle cash must maintain proper controls. Departments must also recognize the shared responsibility associated with the collection of funds. The mishandling of funds, either intentional or not, results in critical reviews of the cash handling operations of all areas involved. This could ultimately result in the removal of cash collections at the department level. Departments handling cash must adhere to all cash handling guidelines and must complete the required training to understand the responsibilities associated with cash handling.

Authorization to Establish University Bank Accounts

All University units, and their staff shall not engage directly with any financial institution regarding the opening, closing or maintenance of bank account carrying Alcorn State University's name and/or tax identification number. All funds must be deposited into an authorized University bank account.

All student organizations funds must utilize an authorized University bank account.

All are expected to adhere to these guidelines. Willful disregard of this shall be considered non-compliance and may result in a formal reprimand up to and including termination.

Standards of Cash Controls

The handling of cash requires that certain essential procedures are followed precisely. Procedures for the handling of cash receipts are designed to create a system of accountability. Implementation of the following internal controls are essential to all departments handling cash:

1. ***Individual responsibility and accountability:***
Receiving cash should be delegated to an authorized individual within the Department. No one individual should have the authority to receive and deposit cash.
2. ***Cash transactions must be supported by proper documentation:***
All forms of cash must be immediately recorded upon receipt using one of the following methods:

pre-numbered receipt forms (**University issued receipt books must be used**); internal cash receipting system (hand written/electronic log); or cash register tape. The preferred method of documentation must be outlined in the internal departmental procedures. All checks must be payable to Alcorn State University and should be restrictively endorsed upon receipt.

3. **Safekeeping of funds:**

All cash should be accessible to only the assigned individual accountable for the funds and should be physically protected through the use of vaults, locked cash drawers or metal boxes, cash registers, etc. at all times until the daily deposit is made in the Bursar's Office. It is the responsibility of each department to make the necessary provisions to properly safeguard cash in their respective area. When it is not possible to follow this procedure, permission must be obtained from the Associate Vice President for Finance to store the cash receipts overnight in departmental cash boxes. Funds held overnight should be minimize. All cash must be secure at all times.

4. **Cash must be reconciled prior to deposit:**

The frequency of deposits and reconciliations depends on the frequency of cash receipts. Generally, reconciliations occur daily and monthly.

- Daily reconciliations must include the following:
- The cash receipts (all acceptable forms refer to #2 above)
- The completed cash deposit form
- Valid Deposit Slip
- Monthly reconciliations must include the following:
- Monthly Ledger report along with the validated deposit documents
- Documentation of unidentified differences and/or discrepancies

No one individual should have the authority to receive and deposit cash. Proper segregation of duties must be maintained. Furthermore, cash collections should be deposited intact (no expenditures should ever be paid from cash collected).

5. **Funds must be deposited in a timely manner:**

All deposits must be routed to the Office of the Bursar along with an Inter-Office Campus Deposit form. Deposits must be made during the normal business hours of the Bursar. Otherwise, deposits must be secured (refer to #3 above) until the next business day. The cashier will confirm the deposit and provide the department with a receipt of the deposit.

Transportation of cash deposits to the Office of the Bursar by University employees should not conform to any regular time or day of the week schedule. A police escort is required for transporting deposits in excess of \$500. The Campus Police Department provides an escort for the transporting of cash over \$500 using the following guidelines:

- a) The request for an escort must not interfere with the Police Department's shift change.
- b) The Police Officer will escort the courier from his/her office to the point of destination.
- c) The Police Officer will not carry any funds.
- d) The Police Officer will ensure that the courier remains on the Officer's non-armed side.
- e) The Police Officer will escort the courier back to his/her office if the courier is returning with a change fund.

6. **Management must monitor cash operations:**

Management must perform monthly unannounced cash counts and perform periodic review of

the controls in place to ensure that the controls are sufficient to safeguard cash collected and understood and followed by staff. Management should review the nature and extent of overages and shortages. Management should review the reconciliation activity, ensuring that reconciliations are timely, complete and accurate.

Departments are subject to periodic verification of cash receipts and proper controls by the Office of Finance, Administrative Services and Operations and the Office of Internal Audit.

Developing Departmental Guidelines

Each department is responsible for complying with the policies and procedures outlined in this document and complete detailed written guidelines using the major functions for receipting cash. The Senior Vice President for Finance, Administrative Services and Operations must approve these guidelines before implementation.

Major functions for receipting cash include the following:

- Recording Transactions
- Balancing Transactions
- Preparing Transactions for Deposit
- Transporting Cash for Deposit
- Reconciling Cash Receipts
- Monitoring Cash Handling Operations

The department's guidelines should address the following:

- Identification of responsible parties;
- Adequate separation of duties in cash handling;
- Developing a method of accounting for cash as it is received;
- Providing adequate safeguards for storing cash;
- Establishing procedures for balancing and depositing cash receipts;
- Method of transporting receipts;
- Reconciling transactions to the supporting documentation and to the deposit form;
- Properly accounting for voided transactions;
- Record retention policy for support documentation;
- Reporting changes of cash handling staff or operations to the Office of Finance, Administrative Services and Operations.

Sales Tax

University departments should be aware that the sale of certain goods or services may be subject to State sales tax. Each department is responsible for the collection of sales tax when a sale is subject to sales tax.

Collection of sales tax must be collected on all sales involving tangible personal property. Tangible personal property is defined as items that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses.

Concerns or questions regarding tax issues should be addressed to the Office of Accounting.

The Office of Accounting will file all sales tax returns and remit taxes due. Departments that have collected sales tax must contact the Office of Accounting on or before the 10th of the month to provide all needed information to ensure taxes are filed by the 15th of the month.

Using Proper Accounts

The establishment of account numbers is imperative before receiving cash. Questions should be addressed to the Office of Accounting. Once the Senior Vice President of Finance, Administrative Services and Operations or designee, has approved the Cash Handling Request Form, the Office of Accounting will establish or approve existing account numbers.

6. Processing Cash

Receiving Payments

Once a department has been approved to handle cash for the University, the following forms of payment can be received: cash, check, money orders and credit card (only certain allowed circumstances). The cash handler receiving the funds must always be attentive to certain requirements during the processing of payments to reduce loss of funds.

Cash:

- Cash should only be accepted when the payer can be provided an official receipt at the time of payment. If a receipt cannot be provided, the payer should be directed to the Office of the Bursar for payment.
- Time should be taken when counting cash and large amounts should be double counted. Once the payer has left the location the transaction is complete and there is no recourse if the payment is short.
- If change is given, money should be counted back to the payer.
- Funds received should be kept out of your cash drawer until the transaction is complete.
- Cash should be immediately placed in a secured area as soon as the transaction is complete.
- Large bills (\$50 and \$100) should be inspected closely to ensure they are not counterfeit. If a questionable bill is received, the department should retain possession of the bill and contact Campus Police at (601) 877-3000 or (601) 877-2291 immediately.

Checks/Money Orders:

- Checks and money orders must be made payable to "Alcorn State University". Advertisements or promotions permitting payment by check must include "Make check payable to Alcorn State University".
- Checks are to be drawn on a U.S. bank and in U.S. funds.
- The following questions should be asked when examining a check tendered for payment:
 - a) Has the check been altered?
 - b) Is the check signed?
 - c) Does it include the payer's local contact information and account identification number?
 - d) Does the preprinted name agree with the signature?
 - e) Does the written amount and numerical amount agree?
 - f) Is the check post-dated? We do not accept post-dated checks.
 - g) All checks must be restrictively endorsed as soon as it is received. Proper endorsement should read:

For Deposit Only – Alcorn State University

- No cash handling sites are authorized to cash checks for convenience from University funds.
- Payer must show some form of photo ID.
- Receipts must be given for in-person payments made by check.

Payment by Check/Money Orders in Mail:

Checks and money orders received through the mail should be receipted, photocopied, logged, and restrictively endorsed upon receipt.

Returned Checks:

Any check returned by the bank is subject to a Service Charge of \$50. Immediate restitution by the employee or student for the returned check(s) and service fee(s) is required. Check accepting privileges will be permanently revoked after two checks have been returned by the bank or if restitution is not made immediately.

Credit Card Services:

To accommodate customers wanting to pay by credit or debit card, authorized departments may accept Visa/MasterCard/AE/Discover payments.

This process is consistent with the other cash handling procedures, though some additional steps are required. Credit card transactions are monetary transactions and therefore are subject to the same control and reconciliation policies as cash transactions.

- A daily accounting of receipts, from sales or deposits, should be balanced against these electronic transactions.
- They should then be deposited with any currency, coins, and checks to the Office of the Bursar.
- Automatically, the actual funds for the charge card transactions are electronically deposited into the University's bank account.
- All personnel authorized to accept credit and debit card payments must exercise reasonable care in screening transactions to reduce card misuse and loss of funds.
- The card terminal will electronically remit daily totals directly to the bank.
- Debit card transactions cannot be done manually and later entered in the card terminal because the customer must be present to enter his/her pin number.
- Charge-backs and rejects of card transactions will be charged to the departmental account.
- Credit and debit card deposits should be made with the Bursar no later than two days after any and all card transactions. *Note: This differs from the deposit requirements for currency and checks.*

Cash Overages/Shortages:

A cash overage/shortage is typically realized during the balancing of cash receipts. Some cash shortages/overages are the result of human error and are the cost associated with doing business. However, objective reviews must be completed to eliminate misconduct and provide assurance that controls are effective. If misconduct is suspected, Internal Audit must be contacted immediately.

All shortages/overages of \$5.00 or more must be documented on a "Cash Over/Short Report". A copy of the report must be sent to the Bursar, Accounting, and Internal Audit. Overages must be deposited. A supervisory review of the transactions to verify the funds prior to submitting the deposit must be performed. A copy of the Cash Over/Short Report should be included with the deposit.

Change Fund

A Change Fund is initiated by a Department's Head request in writing to the Senior Vice President for Finance, Administrative Services and Operations. Once approved by the Senior Vice President for Finance, Administrative Services and Operations or designee, the Department Head will be instructed to assign a custodian of the funds and provide documentation of internal departmental procedures regarding the use and safeguarding of the funds. Multiple persons should not have access to the fund. Change fund should be safeguarded in the same manner as mentioned above for those areas approved as a "Cash Handling Site".

Any department that receipts university revenue and is required to make change for customers may request a change fund from the Bursar's Office. The change fund is authorized to be used to facilitate the receipting of university revenues generated from sales of merchandise, tickets, programs, entry fees into university sponsored events, parking fees and fines, providing services, etc.

The change fund is not authorized to be used for the following:

- Under no circumstances can change fund be used for personal expenses or loans.
- Travel advances, meals, mileage or other travel related expenses cannot be reimbursed using the change fund.
- Payment Cashing
- Emergency or infrequent departmental purchases

Note the additional policy statements in regards to Change Funds:

- Misuse of the change fund will result in revocation of the fund.
- Without advance notice, change funds are subject to audit by either the Internal Audit or Accounting/Bursar. Overages and shortages to the fund will be written up at the time of audit.
- Change fund must be closed out and reconciled at the end of each fiscal year.
- When change funds are no longer needed, notification must be sent to the Bursar's Office along with the completion of the Change Fund Count form.

Petty Cash Fund

The University uses the Procurement process for all university disbursements. Petty cash funds are not utilized

This policy will be reviewed and updated as needed to comply with applicable laws and regulations. All are expected to adhere to these guidelines. Willful disregard of this shall be considered non-compliance and may result in a formal reprimand up to and including termination.

7. Further Assistance

<https://www.alcorn.edu/offices/finance-and-administration/fiscal-affairs/forms>

9. Glossary of Terms/Definitions*

Cash - The term cash includes currency, checks, money orders, negotiable instruments and charge card transactions.

Cash Handling Site - Represents departments assigned and authorized to collect or receive university funds from sales, services, gifts or other sources.

Change Fund – A set amount of money used by a department to make change for customers who are purchasing goods or services. The selling of such goods or services must have been previously approved through appropriate channels. Monies in Change Funds are not to be used for university expenses.

Endorse/endorsement - The act of writing or stamping, usually upon the back, but sometimes on the face, of a check or other negotiable instrument, by which the funds or property therein are assigned and transferred.

Monies - Money in any form: currency (coins and bills), check, wire transfer, credit card charge, ACH (direct deposit), other electronic funds transfers, postal money order, express money order, bank draft, certified check, etc.

Receipt – A written acknowledgment that a sum of money or specified article has been received; the paper that provides the audit trail of monies.

Petty Cash Fund – A small amount of cash used for the purpose of making small purchases where it is not reasonable to make a disbursement by check and purchases are impractical or unavailable through Procurement and Disbursements.

REVIEWED BY:

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June 18, 2021
Date

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June 18, 2021
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APPROVED:

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June 18, 2021
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