



Policy: 01-09-00

Receipt, Custody, and Deposit of Revenues

OFFICE OF RECORD: Business Office

ISSUED BY: Vice President for Business & Administrative Services

APPROVED BY: 01-09-00

EFFECTIVE DATE: 10/07/02

Policy

1. REQUIREMENT

A full and true accounting of all funds collected, including identification of the sources of such funds, shall be maintained by DSU. Accountability for such collections shall be maintained from the origin of collection until final deposit in an approved depository bank.

2. RECEIPTS

2.1 As a general rule, an official receipt shall be written or entry made in the cash register for each remittance received by a department or unit in payment of invoices issued by DSU. For some operations, the Controller may implement alternative procedures for the purpose of reducing the volume of receipts issued or cash register entries made. Such an alternative record system must account for all invoices issued, collections, deposits, and unpaid balances.

2.2 Receipt forms shall be pre-numbered with sufficient copies to provide a copy to the payer, a copy to accompany funds remitted to the fiscal department cashier, and a copy to be filed in numerical sequence by the issuing department or unit. The Cashier shall assign all receipt numbers, maintain a record of the receipts assigned to each department or unit, and monitor the receipts used, including those voided.

2.3 Cash registers shall be equipped to issue receipts, unless the department or unit is authorized in writing by the DSU Controller to follow alternative procedures. All departments and units using cash registers shall prepare daily reports which compare collections with register readings, identify overages and shortages, and document remittance of funds.

2.4 All admission tickets must be pre-numbered and shall be accounted for by a report to the fiscal department accompanying the remittance of collections. Unissued admission tickets shall be transferred to the fiscal department for disposal, except in those cases where the unissued tickets may be scheduled for use in future performances. An inventory of the admission tickets on hand shall be submitted to the fiscal department on August 31 of each year.

2.5 Receipts for cash sales shall be itemized to show the name of the purchaser, product or service, quantity, unit price (if applicable) and sales tax (if applicable), total, and signature of person receiving payment. Student fee receipts, rental receipts, and other specialized receipt forms shall also be fully itemized. Cash sales entered in cash registers and sales of admission tickets are exempt from this requirement.

3. CUSTODY

3.1 For the purpose of defining cash control procedures, working funds shall be classified as: (1) large funds (over \$500) requiring the use of a vault; (2) departmental working funds, usually reasonable or nominal amounts used in making change or refunds for cash sales; and (3) petty cash funds, generally small amounts used to pay for items or incidental expenditures that cannot be handled expeditiously through regular disbursement procedures.

3.2 The departments and units shall provide adequate and proper facilities for the securing of funds. The Controller shall advise the departments on appropriate facilities for such protection.

3.3 Cash funds shall be the specific responsibility of a designated individual, and that individual must retain custody and control over the cash funds for which he/she is responsible at all times. Secondary responsibility shall be assigned to another designated individual in the unit when the regular custodian is absent. In the case of departmental funds, the department head should be assigned the secondary responsibility.

3.4 In the case of large funds handled out of a vault, the primary designee should normally be the only person to enter the vault. In the absence of the primary designee, the employee with the secondary responsibility shall perform that function. Should it become necessary for a third person to do so, that person should always be accompanied by a person authorized by the Controller.

3.5 Lock combinations and custody of keys shall be maintained by one person. Combinations and keys shall always be kept "on the person," and never stored in a desk drawer or other such place, except that for funds less than \$100, keys may be stored in a desk drawer or other such place as long as access to the keys is limited to the people having primary and secondary responsibility for the fund.

3.6 For use in emergencies or absence of the custodian, copies of the combinations and keys shall be put in a sealed envelope and stored by the department head, or his/her designee, until needed. In no case should more than two persons have access to combinations or keys. Lock combinations and keys shall be changed periodically and always when custody changes hands.

3.7 When custody of cash funds is transferred from one individual to another, an official receipt or document acknowledging the transfer shall be executed. The most usual occurrence of this transfer is the remittance of cash collections to the Cashier by personnel of departments and units; however, intermediate steps in the collection and deposit process would also be subject to this documentation requirement. The transfer of funds from the regular custodian to the secondary custodian must also be documented in this manner, including temporary transfer of custody of working funds, which may also be documented upon return of funds to the primary custodian.

3.8 If the funds are part of a cashiering function, the primary custodian may issue smaller amounts as needed and obtain a signature upon issuance and again when the funds are returned. In such cases, the Controller may approve a slightly larger fund than is actually required for operation of the unit.

3.9 The procedures outlined provide the elements necessary for a workable, yet controlled, cash-handling environment. Exceptions to the procedures should be considered only for unique situations such as operations open on weekends or activities that are held away from headquarters, or where alternative security controls exist.

3.10 In order to be granted such an exception, the affected unit shall present a written proposal outlining the desired procedures to the Controller for approval. Such procedures shall require written cash access authorization, and documented witnessing of cash counts and cash security by a second person. A copy of any approved alternative procedures should be on hand in the department at all times for verification and review by System or component auditors.

4. TRANSMITTAL OF COLLECTIONS TO THE FISCAL DEPARTMENT

4.1 All fees and other charges collected, proceeds of cash sales, and proceeds from all other sources shall normally be deposited daily to the applicable fiscal department. If an amount in excess of \$500 is collected after normal business hours and an acceptable location is not available to secure the funds overnight, a night drop must be arranged by the department. Collections after-hours must be deposited as soon as possible the next business day.

Those departments and units which collect nominal amounts of local income are exempt from this daily deposit requirement, but must make deposits whenever the amount on hand reaches \$200 and at least once every three business days regard-

less of the amount, so that the fiscal office may make deposits in the depository bank within seven (7) days of the original date of collection. Persons transporting cash funds and negotiable securities (excluding restrictively endorsed checks and payroll checks) in excess of \$2,500 between offices or between an office and a depository bank may be accompanied by a security guard if required by the Vice President for Business and Administrative Services.

4.2 The Vice President for Business and Administrative Services of DSU may authorize, in writing, other exceptions to the daily deposit requirement for local income upon presentation by a department or unit of sufficient justification for unusual circumstances preventing compliance.

4.3 Immediately upon receipt, checks shall be endorsed "For Deposit." There is no authorization for any department or similar administrative unit to use the fees or other charges collected or the proceeds of cash sales for any purpose whatsoever other than for deposit in the fiscal department. This prohibition includes the cashing of personal checks. Purchases shall not be offset against amounts due, except where commissions and similar fees are charged and deducted by the agent handling the sale of the product. In such cases supporting documentation showing the gross sales amount and all deductions shall be submitted to the fiscal department with the remittance.

5. DEPOSITS OF INSTITUTIONAL FUNDS

All cash receipts of DSU must be deposited in depository banks within seven days from date of collection.

6. MONITORING OF CASH HANDLING

6.1 The Controller will institute a monitoring function consisting of at least annual surprise cash audit of the Bookstore and Production Center. The system internal audit department may participate in this audit.

6.2 Preference is for a person other than the cashier to make adjustments to the student receivable screen. However, if this is not possible due to manpower issues, then a strict monitoring system should be developed. At a minimum, all adjustments to the student receivables should be tracked through reports that are then reconciled by the Controller.