

CASH RECEIPT HANDLING POLICY FOR RESEARCH FOUNDATION AWARDS

Category: Research**Responsible Office:** Sponsored Programs Administration**Date Established:** 2015**Date Last Revised:** 02/06/2020**Date Posted to Library:** 11/17/2017

POLICY SUMMARY

This policy has been established for effective administration and internal control of receipts related to a Research Foundation award/activity.

POLICY**Policy Statement**

Occasionally fees are collected that are related to campus programs being run through a Research Foundation (RF) award. While campus programs need the ability to handle cash transactions, they must also accept responsibility to administer these transactions with sufficient internal controls and to advise Sponsored Programs Administration (SPA) of the need to handle cash.

Campus programs should deposit all currency in SPA timely and must follow the cash control procedures as defined in the Procedures Section of this Policy.

Background

Internal controls are necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls also protect employees from allegations of impropriety by defining responsibilities in the cash handling process. Appropriate internal controls include segregation of duties, safeguarding cash receipts, timely deposit of all cash receipts, and accurate records maintenance, including records of receipt.

Applicability

This policy applies to all cash receipts collected at Buffalo State College that are deposited into RF accounts.

Definitions

Cash receipts – payments received in return for goods or services; includes currency, checks, money orders, wire transfers and PayPal payments.

Currency - money in any form when in actual use or circulation as a medium of exchange, especially circulating banknotes and coins.

Counterfeit currency – currency that is made in exact imitation with the intention to deceive or defraud.

Foreign check - check documents written to withdraw funds from a financial institution incorporated in a country located outside the United States.

Internal controls – a system of action(s) or procedure(s) designed to promote efficiency, assure the implementation of a policy, or safeguard assets to avoid fraud and error.

PayPal - a third party electronic payment/ transaction service.

Pre-numbered receipt – a press numbered, triplicate form that acts as a record of receipt when cash is received. The original is given to the payer and copies are retained for accounting purposes.

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Reconciliation – an accounting process that compares two separate sets of records to ensure the figures are accurate and in agreement.

Record of receipt – a document or form that provides an acknowledgement of having taken into possession a specified amount of money.

Refund – the action to reimburse or give back money that was paid previously for goods or services.

Restrictive endorsement – the action of notating that limits the negotiability of a check or money order to the deposit of a bank account. Endorse immediately upon receipt with the phrase “For Deposit Only”. The preferred method of restrictively endorsing checks and money orders is with an endorsement stamp. For purposes of this policy the following endorsement should be used, “For Deposit Only to the Account of the Research Foundation.”

Segregation of duties – assigning responsibilities to different employees so that no one employee or group of employees is in a position to both perpetrate and conceal fraud or errors.

Wire Transfer – electronic method to move funds from one financial entity to another.

Responsibility

Campus Program Staff

- Follow established cash receipts procedures.
- Report all irregularities to SPA immediately.

Campus Program Management

- Maintain segregation of duties by assigning cash receipt responsibilities to different employees or providing additional supervision as a compensating control when more staff isn't available.
- Define and document cash receipt responsibilities and ensure staff has an understanding of these responsibilities, as well as cash receipt policies.
- Define and document cash reconciliation procedures and designate staff to perform reconciliations on a regular, timely basis.

Sponsored Programs Administration

- Assist campus program management in developing strong cash receipts internal controls and documenting cash receipt procedures and responsibilities.
- Review, upon discovery, any cash receipts internal control issues and provides suggestions for improvement to campus program management.

Procedure

Campus programs must follow proper procedures and exercise internal controls when handling the collection and deposit of cash receipts. Cash receipts include currency, checks/money orders, wire transfers or PayPal transactions. A system of internal controls is designed to provide reasonable assurance that errors will be detected and corrected in the normal course of activities. Necessary components of this control system are:

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- Written procedures and documented controls for issuing billing/receivables, receiving funds, depositing funds and reconciling transactions;
- Segregation of duties between or among personnel who issue billing/receivables, receive funds, deposit funds, and those who reconcile transactions;
- Controlled access to resources such as cash/checks, money orders, deposit supplies, account information, and personal information;
- Verification and reconciliation of financial information;
- Approval of refunds and/or issuing refunds.

Depositing Funds

Deliver all funds to the SPA office in a timely manner. Currency should be delivered to the SPA office on the date of collection. Other types of receipts must be deposited as soon as possible, minimally once a week.

Established Procedures/Responsibilities

Each campus program must follow the established procedures for the funding source of the account where the cash receipts will be credited. Campus programs should define and document the cash receipt responsibilities of their staff and ensure they have an understanding of the policies and procedures they must follow and are properly trained.

Segregation of Duties

Proper segregation of duties is necessary to ensure the safeguarding of cash. Responsibilities should be segregated between or among different employees for each aspect or level of cash collection within a campus program. For example, the employee who receives the cash should not be the same employee who prepares the deposit, and the employee who prepares the deposit should not be the same employee who reconciles the cash to the accounting records.

When the segregation of duties is not feasible due to insufficient staff, additional supervision by campus program management is necessary. Additional supervision may include a test of reasonableness, review of records and reconciliations at unannounced times, and the reassignment of responsibilities after a period of time.

Record of Receipt

Determine which personnel is authorized to receive funds and ensure they are properly trained.

Cash receipts must be recorded immediately upon collection (including items received in the mail) to prevent loss. Mishandled cash without a record of receipt is extremely difficult to trace and reconcile. As mentioned previously, the employee recording the cash receipts should not have any further involvement in handling, depositing, or reconciling cash.

Pre-numbered receipts in triplicate, in the form of Cash Receipt Books should be utilized to record all receipts. The original copy should be given to the payer, one copy should be used to establish accountability for the cash collected by attaching it with the deposit (see section Depositing Cash Receipts), and the third copy should be retained in the cash receipt book to establish accountability for the forms that have been requested and used.

If it is necessary to void or cancel a pre-numbered receipt, all copies must be clearly marked "VOID" to prevent them from being re-used.

To maintain sufficient internal control using the pre-numbered receipts system, each receipt form must be accounted for in sequence.

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Restrictive Endorsement

Checks and money orders received must be restrictively endorsed immediately upon receipt with the phrase "For Deposit Only". For the purposes of this policy, the preferred method of restrictively endorsing checks and money orders is with an endorsement stamp with the statement "For Deposit Only to the Account of the Research Foundation". Contact the SPA office to obtain an official endorsement stamp.

Safeguarding of Cash Receipts

When not being handled or prepared for deposit, all cash receipts collected should be locked in a safe or lockbox. Access to the locked safe or lockbox should be limited to only a small number of employees necessary for the cash handling process. Currency should be delivered to the SPA office on the date of collection. Other types of receipts must be deposited as soon as possible, minimally once a week.

NOTE: Currency can only be accepted in rare circumstances and with prior approval from SPA office. This ensures appropriate controls are in place to safeguard currency and employees. Immediately examine denominations of currency received for possible counterfeits.

Depositing Cash Receipts

Determine which personnel is authorized to deposit funds and ensure they are properly trained.

Frequent deposit of cash receipts collected is essential to ensuring proper internal controls. Currency should be delivered to the SPA office on the date of collection. Other types of receipts must be deposited as soon as possible, minimally once a week.

Cash receipts awaiting deposit should be secured either in a locked safe or lockbox.

Each deposit must be transmitted using the SPA *Deposit Transmittal Form*.

Log and tally receipts following the instructions on the SPA *Deposit Transmittal Form*. Prepare a separate deposit transmittal for each type of cash receipt. For example, record currency deposits on a different form than checks. Follow the appropriate procedures for the funding source of the account where the cash receipts will be credited.

Email the deposit transmittal form as an attachment to RFACCTREC@buffalostate.edu.

Deliver the completed deposit transmittal with the second copy from the pre-numbered cash receipt book and the cash receipts (currency, checks, etc.) to SPA office BUCK B206.

Currency receipts should be deposited in total and should never be used for change, petty cash, refunds or purchases.

NOTES: Currency can only be accepted in rare circumstances and with prior approval from SPA office. This ensures appropriate controls are in place to safeguard currency and employees. Approved currency collections should be deposited with SPA daily. The employee responsible for deposits should not have any further involvement in handling or reconciling cash receipts.

Counterfeit Currency

Campus employees that handle cash receipts should be aware of the prevalence of counterfeit currency in environments where currency is exchanged. Practices should be employed that will reduce the likelihood of the acceptance of counterfeit currency, such as:

- Examining all currency carefully (see this link: <https://www.uscurrency.gov/resources/videos/how-authenticate-us-currency>)
- Taking time to process the transaction carefully

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- Using a counterfeit marking pen on (1) all bills in denominations above \$20 and (2) on any bill that looks suspicious.

If a counterfeit note is received, the note should not be passed back to the individual who passed it. Campus Police should be notified immediately.

Foreign Checks

Checks written to withdraw funds from a financial institution incorporated in a country located outside the United States may be accepted with prior approval from SPA. Contact SPA Grants Administration to obtain approval.

Debit/Credit Cards

SPA and the RF do not accept debit/credit card transactions. Checks or money orders are preferred. Campus programs should contact SPA Grants Administration (required) to prearrange to collect payments using PayPal or wire transfer (fees apply).

PayPal

As SPA and the RF do not accept credit card transactions, programs may find it useful to use the PayPal process and may benefit from establishing a Research Foundation PayPal account. To pursue this option, contact SPA Grants Administration for more information.

Reconciliation

Campus programs should have reconciliation procedures defined and documented. Staff should be designated to perform reconciliations on a regular, timely basis (at least monthly) to ensure all cash received is being deposited, that deposits post appropriately, and recorded properly in the business system. Reconciliation of all deposits is completed using the *Monthly Award Summary* available through the RF Report Center. Timely reconciliation is considered to be once a month.

It is important that the employee(s) responsible for the reconciliation process are not the same employees who are involved in other aspects of cash receipts handling.

Reconciliation procedures should include:

- A matching of receipts deposited versus account records in the business systems.
- A matching of the record of pre-numbered receipts, to the cash deposited.
- Additional reconciliation steps when using PayPal and wire transfers as the record of receipt.

Audits of cash receipt procedures and reconciliations of campus programs may occur at any time.

Refunds

In certain circumstances, it is appropriate to make refunds. Refunds are never to be made from cash receipts. Requests for refunds should comply with the procedures of the funding source where the original cash receipts were deposited. A refund request should not be made within the first ten (10) days following the original deposit date to allow time for deposits to be processed through the bank and RF business systems.

RELATED INFORMATION

Documents and Forms:

[SPA Check Deposit Transmittal Form](#)

Related Links:

[United States Secret Service – How to Detect Counterfeit Money](#)

CONTACT INFORMATION

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REVISION HISTORY

Date of change: 08/10/2017

Brief description of edit: Expanded details of content; reflected changes in internal practice including new check deposit transmittal form and instructions; adapted to standard template.

Date of change: 02/06/2020

Brief description of edit: Improve accessibility/readability.

APPROVAL

President's Cabinet, 10/24/2017