HSC OP: 50.07, Proper Handling of TTUHSC Cash Collections Receipts

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish general policy and procedures for handling of HSC income by TTUHSC employees in order and to maintain consistency and control.

REVIEW: This HSC OP will be reviewed on April 1 of each year by the Director of Accounting Services, the Director of Business Services, and the Director of Internal Audit Services and, with recommendations for revisions, forwarded to the Executive Vice President by April 15.

POLICY/PROCEDURE:

1. Definitions.
   a. Cash Collections. Receipts, as used in this HSC OP, Cash collections include any payments to the TTUHSC and is normally in the form of cash currency, checks, credit cards, warrants, security, or wire transfers electronic funds, or other title documents; but however, it collections may be in could include some other form of valuable consideration.
   b. Cash Collection Points and Custodians. All TTUHSC departments location involved in regular collections of cash are considered a cash collection point and must appoint a cash collection custodian. The cash collection custodian is responsible for establishing and maintaining cash handling procedures, safeguarding cash collections, and communicating cash handling procedures to supporting staff.
   c. Deposit Custodian. The deposit custodian is responsible for ensuring that deposits are made to the secondary depository in a timely manner. The deposit custodian must establish internal controls and maintain a comprehensive written procedure for proper cash and deposit handling (see HSC OP 50.08).

   Establishing and maintaining internal cash controls at each cash collection point is crucial to prevent the mishandling of funds and to safeguard against loss. Strong controls are also designed to protect employees from inappropriate allegations of mishandling funds by defining assigned responsibilities in the cash handling process.

   All personnel entrusted with handling cash must be trained in cash controls to comply with state laws, to adhere to HSC policies, to protect employees, and to demonstrate fiscal responsibility to all that are served. Cash collection custodians and deposit custodians must perform reviews of the entire cash collection and deposit process to ensure that adequate controls are in place and are being properly followed by personnel.

   Establishing safeguard procedures for cash receipts is mandatory for each cash collection point. Deans, Vice Presidents, Regional Deans, deposit custodians, and cash collection custodians must continually consider possible cash vulnerabilities and resolve concerns immediately. Each Assistant Dean for Finance and Administration bears the responsibility for the respective regional campus cash controls. Business Affairs or the Office of Audit Services may be contacted at any time for assistance.

   No person at the institution has the right to circumvent state law. If it is discovered that state law is being violated, disciplinary action will be taken in accordance with Board of Regents Fraud Policy 07.03. Every employee has the responsibility for contacting the Office of Audit Services or
the Texas Tech Police Department to report possible fraudulent acts, if there is a reasonable basis.

3. **Specific Guidelines for Receipt, Deposit, and Reconciliation of Cash Collections.**

   a. **Receipt of Cash in Person.**

      (1) Cash received in person must be recorded on a cash register, if available, and a cash register receipt must be given to the customer. If a cash register is not available, then pre-numbered receipts must be utilized and a copy of the receipt must be given to the customer.

      (2) All checks received must be endorsed immediately with a restrictive HSC endorsement stamp.

      (3) Cash collection points must not accept postdated, two-party, or altered checks. For more information on handling altered checks, see HSC OP 50.11.

      (4) All voided transactions must be approved and initialed by the cash collection custodian.

      (5) Only one cashier can be allowed access to a cash register or cash drawer during a single shift. Transfer of accountability must be documented if funds are “handed-off” from one cashier or custodian to another. The cashier or custodian accepting the funds must verify the funds, initial, and date the mail log, balancing sheet, or deposit backup.

      (6) Cash and supporting documentation must be stored in a locked safe or similarly secured place until it is deposited.

   b. **Receipt of Cash Received by Mail.**

      (1) When the mail is opened, all checks received must be immediately endorsed with a restrictive HSC endorsement stamp. The checks must be recorded on a mail log and entered into the appropriate accounting system.

      (2) Cash collection points must not accept postdated, two-party, or altered checks. For more information on handling altered checks, see OP 50.11.

      (3) All voided transactions must be approved and initialed by the cash collection custodian.

      (4) Cash and supporting documentation must be stored in a locked safe or similarly secured area until it is deposited.

   c. **Balancing of Cash Receipts.** All cash collected must be balanced daily by comparing the cash on hand total to the cash register, receipt, and mail log totals, as applicable.

   d. **Preparation of Deposits.** The deposit must be prepared by someone not involved with collecting cash or opening the mail. Deposit preparation includes counting the cash collected and preparing the deposit.

      The deposit must be hand delivered to the deposit custodian’s cash collection point so that the cash can be deposited into the secondary depository in accordance with state law and institutional policy.

   e. **Reconciliation of Cash Collected.** Reconciliations of collections must be performed by an employee who has no cash handling responsibilities. The reconciliation must include verification of deposits recorded to supporting documentation (cash register totals, pre-numbered receipts, and mail log). These reconciliations must be completed at the time the deposits are being prepared.

Exceptions to these guidelines are subject to approval by Accounting Services and must be clearly documented in the Cash Collection Control Procedures, including describing compensatory controls.

4. **Development and Approval of Cash Collection Control Procedures Plan.** Each cash collection custodian is required to maintain written Cash Collection Control Procedures and must
on file such procedures with Accounting Services the Bursar’s Office. Updated Cash Collection Control Procedures must be submitted to Accounting Services in May of each year. The custodian must also file revised Cash Collection Control Procedures if changes are made during the year. Cash Control Plan (see HSC OP 50.21, Attachment A)

Required procedures for cash collection points must address the following issues:

(1) Accounting for cash as it is received  
(2) Separating personnel duties  
(3) Safeguarding, handling, and storing cash  
(4) Approving voided cash receipts  
(5) Submitting timely deposits and supporting documentation to the deposit custodian  
(6) Reconciling daily bank activity reports to supporting documentation

Other informational requirements follow:
The Cash Collection Control Procedures must containing, at a minimum, the following information:

a. Basic Information

(1) Name and Title of Cash Collection Custodian Account name and location  
(2) Department Account number  
(2) Location of Cash Collection Point Purpose of account  
(3) Sources of Revenue information

b. Receipt of Funds Information.

(1) Documenting Receipts. The Cash Collection Control Procedures must outline the process for documenting cash receipts at the time of payment (in the office or by mail) using mail logs, pre-numbered cash receipt slips, cash registers, and/or computerized accounting systems. The procedures for handling voids, errors, and other adjustments must also be documented.

(2) Endorsing Checks. The cash collection custodian must establish procedures to ensure that checks are endorsed (with a restrictive HSC stamp) immediately upon receipt.

c.b. Safeguarding Information. Safeguarding relates to the controls the custodian has in place to protect cash collections at all times (before, during, and after business hours).

(1) Storage of Cash and Related Materials. The cash collection custodian must describe the type of safe or facility used for storage of cash and related materials (currency, checks, deposit slips, and endorsement stamps). A list of personnel with access to these secured receipts must also be included.

(2) Restrictions on Cash Handling. Only personnel with the appropriately designated job functions should be permitted access to cash collections. Commingling personal funds with HSC cash collections is strictly prohibited.

(3) Segregation of Duties. The custodian must establish procedures and carefully monitor job functions within the cash collection point so that no one person has control over more than one of the receipting, depositing, or reconciling responsibilities. Segregation of the job functions must be clearly addressed in the Cash Collection Control Procedures.

d. Balancing Information. The daily balancing and reconciliation procedures to be used at each collection point must be documented in detail. Each cash collection point must be able to reconcile actual cash receipts to daily activity reports, such as mail logs or cash receipt slips, cash register reports, batch balanced and settled reports from credit card machines, and/or computerized accounting systems.
A revised Cash Control Plan must be sent to the Bursar’s Office when any change is made.

3. e. **Receipting and Cash Collection Point Depositing Information Procedures.** Detailed receipting and depositing procedures to be used must be included in the Cash Collection Control Procedures in writing and maintained within the department. These written procedures must describe in detail provide segregation of duties, use of pre-numbered cash receipts, the daily preparation of a DDIS Departmental Deposit Information Sheet (DDIS), and the review and approval of deposits in compliance with Section 4 of this HSC OP. The process for the daily delivery of collections to the deposit location must also be documented.

f. **Reconciling Information.** The Cash Collection Control Procedures must outline the process for reconciling to TechFIM the amounts collected by each department.

5. **Prompt Depositing Receipts on a Timely Basis.** State law requires timely deposit of receipts, that all Receipts must be deposited within three (3) business working days with no exceptions. Any Receipts totaling of more than $100 or more must be deposited not later than by the following business day. Institutional policy requires compliance with this law for all receipts collected at each campus and for every cash collection point, regardless of the funding source.

All Checks dates received by the deposit custodian (HSC OP 50.08) must be in the TTUHSC Bursar’s Office are monitored by the deposit custodian to ensure compliance with this requirement.

If the deposit custodian Bursar’s Office receives discovers checks that have not been deposited submitted in a timely manner, the cash collection point department making the deposit submittal will must be notified of the compliance failure in writing by the deposit custodian. In the event of a second occurrence within the same department cash collection point, Internal Audit the next higher level of administration will must be notified by the deposit custodian. A copy of all notifications must be sent to Accounting Services.

6. **Overages and Shortages in Accounts.** There are occasions in the operations of any cash funds when minor (less than $10) shortages and overages will occur. Procedures for accounting for minor overages and shortages are as follows:

a. **Overages.** For collection accounts classified as educational and general Funds, a DDIS form must be completed to deposit the amount of the overage to account 6000-91-0025, using revenue source 70 and sub-revenue source 7603. For all other collection accounts, the overage must be deposited to the applicable income account on a DDIS form using revenue source 70 and sub-revenue source 7603. (See HSC OP 50.26 for general deposit procedures.)

Custodians must remain cognizant of all overages since a cash overage could indicate a missing receipt.

b. **Shortages.** For accounts classified as Educational and General funds, an interdepartmental cost transfer must be prepared that debits 6000-91-0025 70-7604 and credits the revenue account to which the funds must have been deposited.

For all other accounts, an interdepartmental cost transfer must be prepared that debits income account 70-7604 and credits the revenue and sub-revenue source to which the funds must have been deposited.

Overages and shortages must not be netted, but handled separately as described above.

All Any significant shortages ($10 or greater), must be reported immediately to the Director Accounting Services. Accounting Services will determine the action necessary to reimburse the account and/or to record the shortage in TechFIM.
All shortages greater than $100 or any losses occurring from theft must be reported immediately upon discovery to the Office of Internal Audit Services and to the Texas Tech Police Department (in addition to contacting Accounting Services).

7. **Resolution Process for Cash Issues.** Appropriate custodians will be notified by a representative from Business Affairs or the Office of Audit Services in the event of cash control questions or concerns.

   a. Cash concerns must be addressed by the custodian immediately, even if a resolution is not immediate. There will be zero tolerance for unresponsiveness and/or failure to resolve concerns in a timely manner. Custodians are expected to be responsible. Any unaddressed or subsequently unresolved cash concerns will be quickly forwarded to the next higher level of administration for resolution or disciplinary action.

   b. Where needed, cash collection or deposit custodians should seek out assistance from Business Affairs or the Office of Audit Services in researching, assessing, and addressing cash concerns.