Cash Handling Procedures

A. Objective

All university funds must be collected and deposited with the Bursar's office. This policy has been established to provide a framework for guidance and coordination in this area and for establishing minimum control standards relative to cash handling. Only those departments or units who have applied for and have received approval will be authorized to function as a University Cash Collection Point.

B. Definitions

Cash

For purposes of this policy cash is defined to include currency, checks, money orders, and credit/debit card collections. Also included are charge cards where departments are permitted to accept credit card (MasterCard, Visa and Discover) payments.

Cash Collection Point

A cash collection point is defined as a department, event, club or other entity which collects cash on a frequent basis. Collection points must be authorized by the University Controller's Office before collections begin.

Internal Controls

Internal controls generally comprises the plan of organization and all of the coordinate methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. For purposes of this policy the emphasis on controls will generally be related to the methods and practices necessary to ensure the safeguarding of University cash collections and change funds. to the credit of the State University

C. Cash Collection Point Procedures

1. Any department or University related entity that wishes to function as a cash collection point must obtain the approval of the University Controller's Office Authorization to establish a new account or to operate an educational related business activity require an additional approval process.

2. Only those departments or University related entities that can demonstrate the ability to establish appropriate control procedures and comply with prescribed cash handling guidelines will be approved as Cash Collection Points.

3. The Controller's Office may make periodic reviews of the cash collection points and/or request that managers of the areas attend periodic training and/or submit completed internal control questionnaires relative to their cash handling procedures. Additionally, the University Internal Audit and the staff of OSC will routinely conduct audits of cash collection points. Failure to follow appropriate procedures may result in audit criticism and the loss of authority to serve as an authorized cash collection point.

4. Any significant changes within a cash collection point relating to personnel duties or procedures should be brought to the attention of the University Controller's Office.

D. Internal Control Procedures

The significant number of University departments which collect cash necessitates the following procedures:

1. *Separation of Duties*

   Proper internal control requires that different individuals be responsible for handling each aspect of the cash receipt procedure. The individual that receives the cash cannot prepare the deposit and the person that prepares the deposit does not do the account reconciliation. An employee with no cash handling responsibilities (who does not collect or deposit funds) should ensure that all funds receipted for have been properly deposited and recorded. This separation of duties is key to an effective control process. Generally, the individual that provides this check and balance is someone with the accounting responsibility.

   Persons with the responsibility for maintaining and billing accounts receivable should not be given responsibility for collecting payments.

   Different employees should not work simultaneously out of the same cash drawer and whenever funds are transferred among employees responsibility should be fixed through some receipting mechanism.

   Separation of duties is required to maintain control over cash handling procedures. It is designed to protect one person from the sole responsibility for all cash handling procedures and serves as a deterent to fraud or concealment of error.

2. *Employee Responsibilities*

Persons with assigned cash handling responsibilities should be given clear written procedures regarding their responsibilities with regard to the handling and control of cash collections or change funds. It should be made absolutely clear to such individuals that personal loans or the cashing of personal checks from cash collections or change funds is prohibited. At a minimum, persons handling cash should be required to read these cash handling procedures and sign a copy acknowledging that they have read and understand them. Police background checks should be performed on any new employees, who will have significant cash handling responsibilities. This should be coordinated through Campus Police.

3. *Record of Receipt*

Cash must be recorded as soon as it is collected. The individual recording the receipt of the cash has no further involvement in the handling, recording, depositing or reconciliation.

A receipt must be issued to the individual presenting payment indicating the amount and type of payment.

The University's procedure for recording the receipt of cash require the use of Deposit Transmittal Forms. All cash receipts are recorded on Transmittal Forms.

The Transmittal Form is designed to indicate the purpose of payment and method. This information must be completed by the department representative.

Voided receipts or transactions should generally be approved by supervisory personnel. All copies of the voided receipt forms should be retained.

4. *Restrictive Endorsement*

Checks and money orders will be endorsed when processed by Bursar. The statement: **"For Deposit to the Credit of the State University of New York at Stony Brook"** is stamped on the back of each item.

5. *Depositing Cash Receipts*

As stated in the SUNY Policy Manual, prompt deposit of all cash receipts is essential for security and internal control. Cash receipts are transmitted for deposit daily by the office of the Bursar during normal business hours.

Campus mail must never be utilized to deliver funds to the Bursar Office for deposit.

Checks and money orders should be made payable to the State University of New York at Stony Brook. All items collected must be deposited and refunds generated using the Cash Payment Voucher system established in the Accounting Office.

6. *Adequate Safe Guards*

Cash collections and change funds should be adequately secured at all times. Cash drawers should be locked when a cashier must be away from his or her work station. Safe combinations should be changed whenever staffing changes occur among those that know the combination.

E. International Checks

International checks presented for deposit should be handled separately from domestic checks. International checks may or may not be payable through a U.S. bank. International checks not payable through a U.S. bank must be sent for collection through the local depository. These checks must be deposited on a separate Transmittal Form to the Bursar Office. When the collection process is complete the Bursar will make the appropriate deposit to the departmental account. Please be aware that a check in collection will not be credited to an account at face value. The bank will deduct exchange rate costs and collection fees from the amount collected prior to remittance to the University.

International checks payable through a U.S. bank that have a routing number on the check may be processed normally.

F. Transmittal Forms

All deposits are recorded on Transmittal Forms. The Transmittal Forms are printed in triplicate and are available through the Office of the Bursar. The original is given to the person making the payment as their receipt, the first copy accompanies the funds when deposited and the last copy remains in the Bursar Office as a permanent record of the transaction.

To maintain adequate internal control and assist in reconciliation, departments must use pre-numbered transmittal forms. The control and monitoring of these numbered transmittal forms are the responsibility of each department.

As stated in the SUNY Policy Manual, prompt deposit of all cash receipts is essential for security and internal control. Cash receipts are deposited daily by the

Office of the Bursar during normal business hours. Cash receipts are transmitted to the Bursar on the Transmittal Form. Each deposit includes the cash and two adding machine tapes on all checks. Information required on each Transmittal Form includes:

- Pre-numbered transmittal forms, controlled and monitored by department.
- the name of the depositing department
- the name and telephone number of the individual preparing the deposit
- the total amount of the deposit with sub totals for checks (including money orders), currency and coin.
- the account number to be credited.

G. Reconciliation

The deposit will be entered through the campus on-line system. A validated copy of the Transmittal form will be returned to the individual making the deposit in the Bursar Office or will be mailed via campus mail to the appropriate department. A departmental log book should be used to assist in the reconciliation process, matching online transactions to log book entries.

All Transmittal Form receipts should be reconciled to monthly departmental accounting reports by someone other than the person receiving the funds or making the deposits. These reconciliations should be reviewed by a department supervisor.

H. Returned Check Handling Procedures

When a department has transmitted a check for deposit to the Bursar Office that has been returned by the bank, the following steps occur:

1. The item is returned to the Bursar Office with a debit notice charging the University account.
2. The account which was originally credited is debited for the face value of the returned item.
3. The returned item is kept on file in the Bursar Office.
4. Notification of the returned item is sent to the appropriate department from the Bursar Office.

5. The department shall contact the maker of the check for reimbursement, subject to a returned check charge.

6. Checks that are more than 6 months old are considered stale-dated and should not be accepted by the department.

   Questions concerning the handling of returned items should be directed to the Bursar Office.

I. Petty Cash Reimbursement

Definitions

1. *Petty Cash Purchase:* The purchase of goods by University employees from their own personal funds on behalf of their departments. The cost of the item(s) purchased may not exceed $250 per requisition. Please refer to the list of allowable purchases in this manual.

2. *Reimbursement:* The disbursement of cash to the University employee who has made a Petty cash purchase for their department. The reimbursement is made by cash through the designated departmental account.

3. *Change Fund:* A departmental fund established by the office of Accounts Payable to facilitate the cash collection process by making currency and coin approval by the Controller.

4. *Sales Tax Exemption:* Purchases made from State Accounts are exempt from New York State Sales Tax if a Tax Exemption Certificate (AC946) is presented to the vendor at the time the petty cash purchase is made. A sample of the Tax Exemption Certificate appears as EXHIBIT A.

5. The State University at Stony Brook tax identification number is: **147 400 26K.**

Scope

These procedures apply to petty cash purchases made by University employees and reimbursed from State Operating and State Income Fund Reimbursable Accounts (IFR). A Petty Cash Reimbursement System operates out of the Bursar Office for all faculty and staff members who purchase supplies/materials for departmental purposes (State and IFR accounts) using their personal funds and wish to receive cash reimbursement.

Authorization to Establish a Petty Cash or Change Fund

If a department has a need for a petty cash or change fund, appropriate arrangements should be made through the Controller's Office.

Procedures

The reimbursement is limited to a maximum of $250 per requisition and will be processed at the Bursar Office during normal business hours.

In order to receive a reimbursement, the following rules must be adhered to in compliance with State financial guidelines:

1. A designated account must have sufficient uncommitted Supply and Expense funding.

2. The supply or material must be an appropriate State expenditure (see list).

3. The transaction must be adequately documented (original register cash receipt including store name and date or form AC 401). Should the expense be deemed inappropriate by the State, the individual who received the cash reimbursement will be required to repay the University within ten (10) days.

Every effort will be made to screen reimbursement requests to minimize employees having to repay the State. Please remember to consult the Campus Central Stores catalog first to ensure that necessary office supplies are not already available through our storeroom.

Steps to be followed when using the Petty Cash Reimbursement System:

- Before buying the supply item, first determine if it is available through Central Stores. Central Stores will save you time and money.

- Be sure to obtain a dated sales receipt with the vendor's name **pre-printed** on it. A reimbursement cannot be given without it. A cash register receipt without the name is NOT sufficient. Also, only original receipts can be accepted. In cases where receipts are unavailable, subvoucher B may be used. (EXHIBIT B).

- N**ew York State Sales Tax is not reimbursable.** Use a tax exempt certificate whenever possible. One is included in this manual and may be photocopied for your use. Additional forms are available at the Bursar Office. Tax exempt forms may be used for State business only.

- Complete a normal State Requisition form indicating a Petty Cash Reimbursement. Be sure you have available funds in the designated account. Attach a vendor's sales receipt and have the requisition signed by an authorized account representative (other than the individual being reimbursed). Those requisitions not properly signed cannot be processed. (EXHIBIT C).

- Take the complete requisition and all necessary documentation to the Bursar Office during normal business hours. Adequate personal identification is required.

- Your requisition will be immediately reviewed. Once reviewed and approved a cash reimbursement will be issued.

- Only the individual authorized to receive the cash reimbursement may pick up and sign for the money. Do not send students to the Bursar Office to receive cash.

You will need to sign the requisition indicating receipt of the money and willingness to repay if the expenditure is disallowed by the Comptroller's Office

Please submit reimbursement requests promptly, especially at the end of each fiscal year. Reimbursments are charged to the budget for the fiscal year in which the purchase is made. Please prepare separate requests for petty cash purchases made in different fiscal years.

Reimbursement Request

Petty Cash Reimbursement requests are obtained by bringing a completed State Puchase Requisition Form to the Bursar Office in the Administration building, room 261. Information required on each request includes.

- the name, address and phone number of the requesting department.

- the person to whom the petty cash reimbursement should be made.

- the account to be charged.

- the person to whom the petty cash reimbursement should be made.

- the account to be charged.

- the total amount to be reimbursed.

- an **itemized** list of the purchases. Each petty cash purchase must be clearly identified or explained on the receipt and/or the Reimbursement Request.

Each request for a petty cash reimbursement includes a completed Reimbursement Request and proof of purchase, (original paid receipts, paid invoice or front and back of cancelled check). Departments may wish to retain copies for their records. In those cases where an original receipt, invoice or cancelled check is not available, ask the vendor to complete Sub Voucher from AC 401.

Sub Voucher B

Information required on Sub Voucher includes:

- the name and address of the employee making the petty cash purchase

- the date of the purchase

- the quantity, description and price information about the purchase

- indication if the purchase was made by cash or check (and the check number if appropriate)

- the signature, title of the vendor and the name of the company.

Reimbursable Purchases

Office supplies not available through Central Stores

Postage/Air freight/shipping

Scientific supplies

Books/Computer Supplies

Maintenance supplies

Automotive supplies

Lumber/hardware supplies

Instructional supplies

Emergency/medical/dental supplies

Rental fees

Non-Reimbursable Purchases

Overtime meals

Travel related expenses

New York State Sales Tax

Food and/or beverages

Advertisements

Magazine subscriptions

Conference registration and membership fees

Parking violations/tows

Service maintenance fees

Personal service fees

Office decorations

Deposits of any kind

Award/trophies/engraving

Clothes

Acceptance of Credit/Debit Cards for Payment

Arrangements to accept credit and/or debit card payments should be made through the Controller's Office.

Payments from Other State Agencies

Payments from other State agencies are received by journal transfer (JT) and are recorded at the fund level by the State Comptroller. The Accounting Services section of the Controller's Office is responsible for recording the JT's to university records. This system allows Accounting Services to record promptly and accurately the transfer received.

Payments Received by "ACH" or Wire Transfer

Prior to initiating the receipt of payments by ACH or wire transfer, appropriate arrangements should be made with the Controller's Office.

Sales and Unrelated Business Income Taxes

University departments or related entities should be aware that the sale of certain goods or services may be subject to State sales tax and/or Federal Unrelated Business Income Taxes (UBIT). Concerns or questions regarding tax issues should be addressed to the Accounting Office within the Controller's Office.

Authorization to Establish Bank Account

All University funds are required to be deposited through appropriate University accounts. The establishment of bank accounts by State entities outside the State Treasury is tightly regulated and is only authorized under very limited circumstances. University departments should **never** open an account with a private bank or credit union without the expressed written authorization from the University Controller.