

**SOUTHERN UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE
SYSTEM**

BATON ROUGE CAMPUS (INCLUDING LABORATORY SCHOOL)

NEW ORLEANS CAMPUS

SHREVEPORT-BOSSIER CAMPUS

LAW CENTER

AGRICULTURAL RESEARCH & EXTENSION CENTER

ADMINISTRATIVE AND FISCAL POLICIES AND PROCEDURES

MEMORANDUM NO. 32



POLICIES AND PROCEDURES GOVERNING THE HANDLING OF CASH

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POLICIES AND PROCEDURES GOVERNING THE HANDLING OF CASH

OVERVIEW

All Southern University System (System) campuses handling cash must have strong internal controls over the collection and handling of cash transactions. Internal controls are necessary to prevent mishandling of funds and to safeguard against loss. All Southern University System campuses collecting cash must address, develop and implement procedures in support of this policy.

All System employees have a fiduciary responsibility to handle cash properly. Policies and procedures for collecting and handling cash transactions are designed to provide accountability for monies received in accordance with acceptable standards of internal controls. All System employees handling cash are responsible for complying with the policies and procedures described below.

PURPOSE

The purpose of this document is to establish policies and procedures that are to be used by all employees handling all cash transactions received within the Southern University System, including cash receipts, cash deposits, cash disbursements, cash posting, general ledger maintenance and cash reconciliations.

SCOPE

This policy is intended to govern and to control the receipt and handling of cash received from all sources by all employees within the Southern University System. The policy also covers cash received for the credit of another agency whether local, state, federal or foreign. This policy governs all collection of cash no matter the source.

DEFINITION OF CASH

The term cash includes all currency (dollars and coins), checks, cashier's checks, money orders, travelers' checks, credit or debit cards and other negotiable instruments (including electronic deposits and disbursements) received for the benefit and on behalf of the Southern University System, including all campuses, the laboratory school, departments, organizations, accounts, employees, and students.

AUTHORITY AND RESPONSIBILITY

The authority for the promulgation and enforcement of this policy is vested in the Southern University Board of Supervisors by the Louisiana State Constitution Article VIII, Section 7 (A) which states:

Creation; Powers...The Board of Supervisors of the Southern University and Agricultural and Mechanical College System are created as bodies corporate. Subject to powers vested by this Article in the Board of Regents, each shall supervise and manage the institutions, statewide agricultural programs, and other programs administered through its system.

Further, The Southern University Board of Supervisors in its By-Laws, Article VII, Rights, Duties and Responsibilities of Principal Administrative Officers of the University System, Section 2, states: President of the System, D.3, “The President shall develop a sound fiscal management system; ..., and in Section 6. Chancellors, G. The Chancellor shall be responsible to the President for the management of the financial affairs of his campus.”

Further, the Southern Association of Colleges and Schools, Commission on Colleges (SACSCOC) “Resource Manual for the Principles of Accreditation,” Standard 3.10.3 states: “The institution exercises appropriate control over all its financial resources.” In keeping with this standard the System, campuses, and laboratory school, have a fiduciary responsibility to operate in a prudent and responsible manner, which ensures financial systems and operational procedures for adequate checks, balances and control over cash and other assets have been established .

ESTABLISHMENT OF BANK ACCOUNTS

Louisiana Revised Statute §39:371-372 established the Cash Management Review Board (CMRB) and mandated the CMRB must approve and authorize all banking and checking accounts opened or to be opened by state agencies.

SECURITY OF CASH DEPOSITS

Louisiana Revised Statute §49:321 requires all state depositing authorities to require security for deposits of state funds. It provides that the market value of the securities are to equal 100% of the amount on deposit except that covered by the FDIC, that the banks may be granted up to five days to post collateral, and that the collateral may be based on the collected balances. The statute identifies the types of securities allowable. It is the responsibility of each campus’ Chief Finance Officer (or designee) to develop and implement procedures on his/her respective campus to ensure compliance with this statute.

OFF CAMPUS BANK ACCOUNTS

No campus, unit or other System entity shall establish off-campus bank accounts. All bank accounts shall be approved by the System and System Campus’ Chief Finance Officers. This applies to departmental, college or campus student organizations, clubs, programs, institutes, and the like, and any other university-affiliated organizations. This does not apply to support groups as the Quarterback Club, Laboratory School P.T.A and other similar organizations. However, all support groups **MUST** submit annual audit statements to the respective Campus’ Chief Finance Officer. Each campus’ Chief Finance Officer will review and forward copies of the annual audit statements to the System Vice President for Finance and Business Affairs and Internal Auditor, who in turn will submit these statements to the legislative auditor, when requested

CASH HANDLING POLICY

The System’s cashing function shall be centralized on each campus. The campus’ fiscal office assigned this function shall be the Comptroller’s Office. The Southern University Law Center, the Southern University Agricultural, Research & Extension Center, and System non-campus units shall establish accounts through the Baton Rouge Campus procedures. The employee assigned the

responsibility for monitoring the cashiering function at the campus level shall report to the Chief Finance Officer of the respective campus or System non-campus unit.

SEGREGATION OF DUTIES

Campus Departments approved to handle cash should segregate duties. Each campus department shall have an employee collect cash, an employee deposit the cash and an employee reconcile the cash. A system of checks and balances should be established to ensure adequate internal controls.

COLLECTING CASH

No unit of any campus or of the System as a whole, no program or individual, is authorized to assess or to collect fees or monies of any kind without the prior permissions of the Chancellor, the System Vice President for Finance and Business Affairs, the System President and the Board of Supervisors. The Board may, if it so elects, delegate such authority to the President and may authorize him/her to further delegate some or all assessments to the Chancellors. Personal checks are not accepted, except from employees or with the approval of the campus' Chief Finance Officer, the Chancellor, the Vice President for Finance and Business Affairs, or the President. Each System campus will develop procedures for accepting personal checks from employees.

All cash (currency, coin, or business checks) received by any campus employee must be promptly (the day received, excluding holidays, office closures, and weekends) turned over to the Campus Cashier for proper receipting. Cash received by mail or walk-up in Comptroller's Office must be opened promptly (the day received, excluding holidays, office closures, and weekends) by designated staff and turned over to the Campus Cashier's Office by 3pm of the day received for proper receipting and deposit. Exceptions to this rule are only allowed under circumstances where others have been designated in writing as being authorized to receive cash in a department or organization, and charged with the responsibility for reporting the same to the Cashier. The names of these persons must be reported in writing by the head of the Department, and approved by the Dean or appropriate Vice Chancellor and Chancellor of the Campus. After approval, the names of these persons must be forwarded to the Office of the Comptroller, or Bursar section on each Campus. The Chief Finance Officer (or designee) is responsible for submitting approved names of employees handling cash transactions to the campus' insurance representative for bonding purposes.

Penalties or fines **cannot** be assessed for collection without the Southern University System Board of Supervisors approval. Programs fees or other monies cannot be assessed for collection without Board of Supervisors' approval, exclusive of long-standing fees already collected as a part of registration (tuition and fees) or graduation fees.

Any System employee that violates this policy shall be disciplined up to and including termination.

All fees and money collected shall be deposited in approved and established accounts on System campuses. Moreover, the use of monies must be clearly justified and budgets prepared and approved before expenditures can be made.

While the System Alumni Federations and Foundations maintain accounts when checks are made payable to these organizations for certain departments, colleges and programs, these affiliate

organizations cannot and will not be used to circumvent the lawful usage of the monies so entrusted to them. Anyone found guilty of fraudulent use of these organizations and/or the University for his/her own personal gain, or to influence the personal gain of others, or to otherwise deliberately misuse monies awarded through the Federation or the Foundation (or any other support group) will be subject to disciplinary action up to and including termination.

COLLECTING CASH WITHIN A DEPARTMENT

When a department has been authorized to collect cash, it shall be the responsibility of the department head to monitor and supervise the duties of any employee designated the responsibility of collecting cash within the department. Such collections shall only be made with the prior approval of the Chancellor, the System Vice President for Finance and Business Affairs, the System President, and the Board of Supervisors. The cash collected within a department shall be recorded on approved, pre-numbered receipts. The cash collected must be turned in, daily, before the Cashier's Office closes, and properly receipted by the System Campus' Cashier. In cases where this is not possible, arrangements must be made with the Comptroller's Office for securing the funds in a secure location. Failure to properly secure any funds of the System will be treated as a personal liability of the employee who has custody of the funds. The employee's supervisor and department head, shall also be held accountable for maintaining security of the funds.

CASHIERS OFFICE

The System Campus' Cashier's Office shall receive daily deposits of funds from all departments, individuals, and/ or students. The funds received shall be deposited intact in the bank to the credit of designated accounts. All funds received shall be properly recorded as required by established accounting policies and procedures of the System and Campuses with credit being given to the proper accounts at the time of receipt. Each cashier shall be responsible for balancing his or her own receipts with cash received during the day and must be checked out by the Bursar, Chief Cashier, or other supervisory cash management position at least one level above the cashier's position. The System campuses shall maintain adequate controls to eliminate errors between receipts and cash received. Pre-numbered receipts will be used on a controlled basis through a log listing the block of pre-numbered receipts and the employee/cashier to whom the block of receipts were assigned. The Campus' Bursar/Cashier Offices shall ensure all voided receipts are reviewed, approved, documented and retained at all times for internal control and audit purposes.

All checks made payable to the Southern University System or a System campus shall be deposited and a receipt shall be given for the full amount of the check. System employees are prohibited from depositing or receipting a check for less than the full amount and giving the customer the difference in cash. Under no circumstances, shall checks made payable to Southern University or any of the departments of the University be deposited into the Bank accounts of other organizations or personal accounts of individuals. (i.e., Southern University Foundation, Southern University Alumni Federation, or John Doe)

All checks made payable to Southern University or any of its departments shall immediately be stamped on the reverse thereof with the appropriate official university deposit stamp for the designated bank account.

DAILY RECEIPTING OF CASH

All funds must be receipted promptly (within 24 hours) from the time monies are received (excluding holidays, office closures, and weekends). Checks received through the mail shall be recorded promptly in an incoming check log, and promptly receipted to the account designated. Checks shall not be held for future processing. If an account is not designated, the Campus' Chief Finance Officer (or designee) shall be responsible for determining where the funds are to be receipted. A daily cash report with supporting documentation shall be prepared and copies of the report are to be provided to the Bursar. The Bursar is responsible for retaining all supporting documentation for checks and cash received in the daily cashier's files within the Bursar's office. Copies of the report and supporting documentation shall be made available upon request to the Comptroller, Chief Finance Officer, Chancellor, Internal Auditor, System Vice President for Finance and Business Affairs, System President, State Legislative Auditor and /or their designees. The daily cash count shall show the money count by denomination, cash received, cash receipted, and cash deposited by bank account.

CHECK ENDORSEMENT

Checks made jointly to Southern University and a second payee cannot be endorsed by anyone on behalf of the System and System Campus and given to the other payee named thereon for deposit in their bank account; (i.e., Student loan checks made payable to the University and the student.)

Checks made payable to an individual, jointly, with the University also as payee must be deposited in the University's bank account.

GIFTS AND BEQUESTS

As a state agency, the Southern University System and System campuses have a fiduciary duty and responsibility for all funds received in the name of Southern University and System campuses as gifts and bequests. Accordingly, all gifts and bequests shall be promptly recorded and documentation retained to provide essential information needed to maintain adequate records of gifts and bequests. The System Campuses' Comptroller's Office designated employee must provide to the cashier's office, at the time of receipt, the donor's name, the amount, and purpose of the gift.

RECORDING CASH IN ACCOUNTING LEDGERS

Funds received (including electronic deposits) must be promptly entered in the System and System Campus' official accounting ledgers within 24 hours of deposit or the next business day thereafter. Similarly, electronic notification of other receipts such as lockbox transmissions, wire transfers, and ACH transfers shall be posted in the System and System Campuses' official accounting ledgers within 24 hours of deposit or the next business day thereafter.

In the event that the System Campuses receive funds that cannot be easily identified, the Chief Finance Officer (or designee) will assign an employee to resolve and code the items within ten (10) days following the initial receipt.

The System Campuses' Chief Finance Officer (or designee) shall be responsible for ensuring the System campus' banking activity is accurately recorded in the System Campus' financial accounting records. All cash receipts (including debit and credit cards, letters of credit, direct

deposits, etc.) reported on the System Campus' bank statements must be reconciled to the System Campus's general ledger cash accounts on a monthly basis. Bank and book discrepancies of all cash transactions must be reconciled within ten (10) business days.

SAFEGUARDING CASH

All cash (coins, currency, and checks) must be secured to restrict access during normal hours of operation. At other times, cash should be secured in a locked safe or other approved, locked container until the cash is deposited. Each cashier should be assigned their own cash drawer and be held accountable for balancing at the end of each day or at the change of cashiers.

RECONCILING DAILY AND MONTHLY CASH ACTIVITY

All cash deposits must be prepared and reconciled by two (2) authorized employees. One employee prepares the deposit and the other employee (cashier supervisor, associate bursar, or bursar) verifies the deposit. Both employees must independently count the funds before they are placed into the deposit bag; and complete and sign the cash deposit summary form. Each cashier must be checked out at the end of each cashiering session and the cash receipt records (cash register tape, pre-numbered receipts, or receipt log totals), the completed cash transmittal form, and the validated cash deposit summary form must be reconciled to the cashier check-out screen in the Banner cash receipt system. Any unidentified differences must be documented and reported to the Comptroller/Director of Accounting, Associate Vice Chancellor for Financial Operations, and Chief Finance Officer at the end of each day and month.

OVERAGES AND SHORTAGES

Overages and shortages are recorded to the Cash over/short account in the Deposit Fund. The System campus's Bursar/Cashier's office must maintain a list of all overages/shortages. The listing of small (under \$100) cash overages/shortages must be reported to the Comptroller, Associate Vice Chancellor for Financial Operations, and Chief Finance Officer at the end of each week. Non-routine (\$100 or above) cash overages/shortages must be reported to the Comptroller, Associate Vice Chancellor for Financial Operations, and Chief Finance Officer at the end of each day.

MONITORING THE CASH RECEIPTS PROCESS

It shall be the responsibility of System campus management (Bursar, Comptroller, Associate Vice Chancellor for Financial Operations and Chief Finance Officer) who are not directly involved with the cash receipt process to periodically review the nature and extent of overages and shortages, compare actual deposits recorded with expected receipts, review daily cash activity reconciliations, compare the method of payment (coin/currency or checks) with the coin/currency and checks totals on the validated deposit summary form, and evaluate overall internal controls to ensure reasonable controls exist to safeguard cash. These responsibilities may be assigned to various levels of management.

PETTY CASH AND CHANGE FUNDS

A petty cash fund shall be maintained by the chief cashier or a designated cashier to handle small emergency cash transactions on a reimbursement basis. This fund shall be used to reimburse employees who are authorized to make small miscellaneous cash purchases for the System Campus

in accordance with established System and System campus' policies and procedures. Petty cash funds are for reimbursement of purchases of \$100 or less where extraordinary circumstances may preclude a System Campus' department from adhering to regular payment and reimbursement processes. Although authorized petty cash funds are established for extraordinary situations, the use of the state purchasing card is preferred. Under no circumstances shall petty cash be used to circumvent state purchasing regulations. Purchases made in violation of State purchasing regulations shall become the personal and sole responsibility of the System employee making the purchase.

Change funds are established for the purpose of conducting sales and service transactions. Change funds of \$1,000 or less to be used for daily sales and service transactions must be approved by the System Campus' Chief Finance Officer. Change funds must be returned to the Bursar before the close of each fiscal year and may be reissued in the next fiscal year upon the approval of the System Campus' Chief Finance Officer on the departmental request form.

PETTY CASH HELD IN VARIOUS UNIVERSITY DEPARTMENTS

All petty cash funds in the custody of a System campus department must be approved by the System Campus' Chief Finance Officer. If approved, the department head requesting the approval must maintain petty cash in a secure (locked) location at all times. The department head shall be the designated custodian for petty cash funds on hand in the department. Approval by the Chief Finance Officer will be granted under only unusual and emergency circumstances. Departments are strongly encouraged to use the state purchasing card. Under no circumstances shall petty cash be used to circumvent state purchasing regulations. Purchases made in violation of State purchasing regulations shall become the personal and sole responsibility of the employee making the purchase.

PERIODIC REVIEW OF PETTY CASH AND CHANGE FUNDS

Departments authorized and approved for petty cash and change funds are subject to unannounced reviews by the internal auditor. Unannounced reviews may be conducted throughout the fiscal year. The department head is responsible for reconciling petty cash funds under his/her control on a regular basis. The objective of the unannounced reviews is to determine whether the cash custodian has safeguarded and maintained accountability over these funds in accordance with the Southern University System cash handling procedures.

SPECIAL CASH ADVANCES TO MAKE PURCHASES

System employees receiving cash advances, or assuming responsibility for delivering a check made payable to a vendor by hand, to obtain System/Campus merchandise or services, shall be held liable and responsible for the amount received in cash or check, pending the return of the required documentation to the University. The employee will be required to sign a responsibility form acknowledging his/her responsibility to return the required documentation within the specified time line. Failure to return the appropriate documentation will result in a personal payroll deduction equivalent to the amount advanced.