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Cash Receipts

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I. REASON FOR THIS POLICY

To describe the guidelines and rules regarding receipts of cash at the University of South Dakota.

II. STATEMENT OF POLICY

CASH RECEIPTS PROCESSING – GENERAL

- A. In general, the acceptance of currency should be discouraged in favor of payments by check or credit card. Also, whenever possible, processes should be designed whereby students/customers to make payments directly to the University Business Office to minimize the handling of cash receipts within other departments of the University.
- B. Because of the nature of the services they provide, certain departments may have responsibility for handling cash, checks or credit card charges. Every effort should be made to centralize responsibility for processing the receipt of payments in a department in order to minimize the number of areas operating on cash receipts. Departments must document in writing their specific procedures for handling the receipt of payments. Procedures established must address the controls described below in section IV. Procedures.
- C. Cash receipts must be processed promptly through the receipting and deposit processes to deposit funds the same day as they are received, and to minimize funds on hand in the department at the end of the business day. If it is necessary to retain funds in the

department overnight, see separate procedures for “Temporary Safekeeping of Funds” below.

- D. Funds MUST be deposited with the University Business Office NO LATER than the end of the business day following the day of receipt. Departments receiving less than \$50.00 a day, on average, must deposit at least weekly regardless of total receipts.
- E. Checks received by the University Business Office that are electronically scanned for deposits to the bank must be retained until the completion of the monthly bank reconciliation by the accounting office. After that time, the checks should be shredded.

CASH RECEIPTS PROCESSING – REMOTE SITE

- A. In general, remote acceptance of payments for any reason should be discouraged in favor of customers/students mailing payments directly to the University Business Office.
- B. Because of the nature of the services they provide, certain departments may have operations remote from the university campus in Vermillion or the University Center in Sioux Falls that are responsible for receiving and handling cash, checks, or credit card charges. These operations must document in writing their specific procedures for handling such payments. Procedures established must address the controls described below in section IV. Procedures.
- C. Funds MUST be deposited with the University Business Office or the local bank NO LATER than the end of the business day following the day of receipt. Departments receiving less than \$50.00 a day, on average, must deposit at least weekly regardless of total receipts.

TEMPORARY SAFEKEEPING OF FUNDS

In general, all cash and checks received in a department should be deposited with the University Business Office the same day they are received. However, there may be occasions when funds cannot be deposited because of late receipt and must be retained in the department until the next day. Procedures established must address the controls described below in section IV. Procedures.

III. DEFINITIONS

UNIVERSITY BUSINESS OFFICE – refers to both the office located at the University of South Dakota in Vermillion and the office located at the University Center in Sioux Falls

IV. PROCEDURES

CASH RECEIPTS PROCESSING – GENERAL

Departments should have the following controls over cash receipts:

1. A two-part receipt must be prepared for all funds received in person at the department (cash, check or credit card charge) unless a cash register is used for tallying receipts.
 - i. Receipts should be prenumbered and used in sequential order.
 - ii. The original receipt must be retained by the department.
 - iii. One copy of the receipt and the corresponding cash or check must be forwarded to the department “deposit clerk” (see point 2 below).
 - iv. One copy of the receipt is to be provided to the customer.
 - v. Receipts are not required for deposits received through the mail however the department should be prepared to provide a receipt upon request from the payer.
2. Whether or not handling of cash receipts within a department is centralized, responsibility for preparing deposits should be limited to one area of the department (a “deposit clerk”).
 - i. All funds and one copy of each receipt (including receipts for credit card charges) must be forwarded to the deposit clerk for preparation of a university Deposit Advice form.
 - ii. If individual receipts are not prepared, one receipt with the total dollars provided to the deposit clerk should be prepared and sent to the department accounting area and to the deposit clerk.
3. All checks must be restrictively endorsed immediately upon receipt as follows:

For Deposit Only
University of South Dakota

Any deviation from this form of endorsement must be approved by the University Accounting Office. In addition, close attention should be paid to how the check has been written to ensure the check is not stale dated. (i.e. more than 180 days old)

4. A standard University Deposit Advice form must be completed by the deposit clerk for each deposit made by the University Business Office. A Deposit Advice form must also be prepared for any credit card charges (these deposits can be on the same form as the cash and checks). After preparation by the deposit clerk, Deposit Advice forms and supporting documentation (cash, checks, copies of receipts) must be reviewed and approved by a supervisor. This approval must be documented by the supervisor signing the Deposit Advice form.
5. A copy of the Deposit Advice form and the supporting receipts must be forwarded to the department accounting area. The department accounting area will match the original customer receipts received from the preparer with the copy of the Deposit Advice form and list of items (receipts) deposited received from the deposit clerk. These documents should be retained in the department as a record of the transaction.

6. After supervisory approval, the original copy of the Deposit Advice form along with cash, checks, and credit card charges must be delivered to the University Business Office by an individual not involved in the preparation of receipts or the deposit. Any discrepancies found on the Deposit Advice form during review by the Business Office cashier will be communicated to the supervisor who signed the deposit.
7. The department may enter the deposit into the Banner prior to delivering the money to the University Business Office. Detailed procedures for entering deposits can be found on the University of South Dakota myUSD portal. Otherwise, the deposit will be entered into by the Business Office cashier.
8. Should corrections to the account coding be required after a deposit has been posted to the Banner, all recodes should be completed by the department. The following procedures should be followed:
 - i. Journal type should be ZRC when recoding revenue
 - ii. The original document number should be provided in the description field
 - iii. An explanation for the recode must be in the FOATEXT

Additional departmental procedures to help ensure proper control over cash receipts should include the following.

1. Management should periodically verify that prenumbered documents are used in numerical order and investigate when a document is not used in numerical order or is not processed in the department in a timely manner.
2. The supply of unused prenumbered documents should be controlled by an individual who does not use the document on a day-to-day basis. A record must be kept of the document numbers in stock, and each sequence of documents is issued to a user. This record must include the document sequence issued, the date issued, and the name of the individual receiving the documents. Blank stock should be independently verified at least annually, accounting for all unused documents. A record must be kept of this verification.
3. Management should provide clear instruction to personnel to accept only originals of forms, not photocopies.
4. Spoiled or incorrectly prepared prenumbered documents (receipts, etc.) must be properly voided (all three copies of voided receipts must be retained) so they cannot be reused and must be forwarded to the department accounting area so the entire document sequence can be accounted for.
5. Review of Deposit Advice forms and supporting documentation by the department accounting area should include sequential use, timely processing, proper and complete preparation, agreement of receipts to the Deposit Advice form, and evidence of supervisor approval. The complete sequence of prenumbered documents must be accounted for, including voided documents.

6. In general, the following duties should be segregated among individuals in the department: preparation of receipts for customers/students; preparation of deposits; delivery of deposits to the University Business Office; and entry of cash receipts into department accounting records.

CASH RECEIPTS PROCESSING – REMOTE SITE

Departments should have the following controls over cash receipts when operating at a remote site:

1. All funds must be deposited in a University of South Dakota bank account. (First Bank & Trust or First Premier)
2. A prenumbered, two-part receipt must be prepared for all funds received in person (cash, check, or credit card charge). Receipts must be prepared in ink or electronically and must be used in sequential order. One copy is to be provided to the customer.
3. All checks must be restrictively endorsed immediately upon receipt as follows:

For Deposit Only
University of South Dakota

Any deviation from this form of endorsement must be approved by the University Accounting Office. In addition, close attention should be paid to how the check has been written to ensure the check is not stale dated. (i.e. more than 180 days old)

4. A bank deposit slip must be prepared for each day's receipts.
5. All cash and checks must be deposited daily. The bank night depository should be used after normal banking hours.
6. Preparation of receipts, preparation of deposits, and delivery of deposits to the bank should be performed by different individuals if possible. Every effort should be made to segregate responsibilities for these functions.
7. The deposit slip and supporting documentation (cash, checks, receipts) must be reviewed and approved by a supervisor before deposit. This approval must be documented by the supervisor initialing the deposit slip.
8. A copy of the approved deposit slip must be forwarded to the University Accounting Office for reconciliation of the monthly bank statement.
9. A copy of the approved deposit slip and the original copy of each supporting receipt must be forwarded to the department in Vermillion for entry in the department's accounting records.
10. Spoiled or incorrectly prepared prenumbered documents (receipts, etc.) must be properly voided so they cannot be reused and must be forwarded to the department.
11. The supply of unused prenumbered documents should be controlled by an individual who does not use the documents on a day-to-day basis. A record must be kept of the document numbers in stock, and each sequence of documents is issued to an individual. This record must include the document sequence issued, the date issued, and the name of the individual receiving the documents. Blank stock should be independently verified at least annually, accounting for all unused documents. A record must be kept of this verification.

Additional departmental controls to ensure proper execution of procedures by remote operations should include the following.

1. Review of deposit slips and Deposit Advice forms and their supporting documentation in the department to assure sequential use, timely receipt in the department, proper preparation, agreement of receipts to the deposit slip/Deposit Advice form, and evidence of supervisor approval. The complete sequence of prenumbered documents must be accounted for, including voided documents.
2. Management verification of documents that are used in numerical order, and investigation when a document is not used in numerical order or is not received in the department in a timely manner.
3. Clear instruction to personnel to accept only originals of forms, not photocopies.
4. Periodic surprise visits to the remote operation to review compliance with departmental procedures for handling cash receipts.

TEMPORARY SAFEKEEPING OF FUNDS

If funds are retained in a department temporarily (e.g. overnight), physical security and procedural control must be sufficient to reasonably minimize the risk of unauthorized access to the funds.

1. The funds must be locked in a drawer, cabinet or safe, acceptable to the University Accounting Office.
2. There must be a named custodian responsible for temporary safekeeping of funds. This individual should be someone independent of the processes of preparing or handling receipts or deposits.
3. Possession of the key or knowledge of the combination should be limited to the custodian, and a duplicate should be secured in the office of the dean.
4. Any funds temporarily safe kept in the department must be logged in and logged out through the custodian. Each time funds are placed with the custodian for safekeeping, they must be counted in the presence of both the custodian and the individual placing the funds, and an entry should be made in a log noting the date, time, amount (cash and checks listed separately), name of person the funds were received from and name of person the funds were received by. Both the custodian and individual placing the funds must begin the log. A similar process of counting and logging must be followed when funds are removed from safekeeping.
5. Department management should periodically review the log to ensure entries are being properly recorded, and that funds are not being retained in the department longer than overnight. This review should be documented by initiating the log or preparing a brief memo to be retained in the department.
6. Department management should periodically conduct or initiate an independent verification of funds, being kept safely, assuring all funds on hand agree with entries in the log. This verification should be documented by a brief memo to be retained in the department.

V. RELATED DOCUMENTS, FORMS AND TOOLS

[Banner Deposit Advice Form](#)

[Entering Deposits into Banner](#)