



Kutztown University Policy A&F -002

Collection of Funds

A. PURPOSE

The purpose of this policy is to provide guidance to help ensure the accountability and safeguarding of University cash and cash equivalents. Department heads and managers of units that collect University funds remain primarily responsible for ensuring that adequate control procedures have been put in place and maintained to secure collections and change funds. 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.

B. SCOPE

This policy applies to employees or representatives collecting funds on behalf of the University.

C. DEFINITIONS

Cash – For purposes of this policy cash is defined to include coin, currency, checks, money orders, credit and debit cards, and electronic funds transfers (ACH and Wires).

Cash Collection Point – A cash collection point is defined as a department, event, club or other entity which collects more than \$1,000 annually, with the exception of those entities whose collections occur infrequently and are for the recovery of expenditures such as telephone, copies, etc. All Cash Collection Points must be authorized by the Comptroller's Office before collections begin.

Internal Controls – Internal controls generally comprise all 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. The establishment of internal controls for cash collections is necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls are also designed to protect employees by defining responsibilities in the cash handling process.

D. CASH COLLECTIONS POINTS

Any department or unit collecting cash on a regular basis is required to obtain written approval from the Comptroller's Office before becoming a Cash Collection Point. Once approved departments or units will need to be re-authorized as Cash Collection Points every three years.

Only those departments or units that can demonstrate the ability to establish appropriate control procedures and comply with prescribed cash handling guidelines will be approved as Cash Collection Points. Responsible individuals within Departments or units functioning as a Cash Collection Point who fail to abide by this policy may be subject to disciplinary action. Any significant changes within a Cash Collection Point relating to personnel duties or procedures should be brought to the attention of the Comptroller's Office.

The Comptroller's Office periodically reviews Cash Collection Points and may request that employees of the areas attend periodic training.

E. GENERAL INTERNAL CONTROL REQUIREMENTS

It is recognized that no one control model effectively or efficiently fits the needs of all cash collection areas. However, there are certain standard control procedures that are expected to be in place, unless there is a demonstrated and justifiable reason for not doing so. In such cases, there would be an expectation that alternative or compensating control procedures be put in place. The standard control procedures generally expected to be established at each Cash Collection Point are as follows:

1. For collections received in person, proper receipting devices should be used (cash registers, cashiering terminals, and pre-numbered receipt forms).
2. Funds should be receipted at the initial point of collection and all customers should be provided a receipt or cash register tape.
3. Cash registers should have appropriate control features and the operator should not have the ability to reset totals. It is recommended that the Comptroller's Office be consulted about any planned cash register purchases.
4. Unused pre-numbered receipt forms should be adequately secured and accounted for. The individual receiving the cash and issuing the individual receipt forms should sign for the pre-numbered receipt forms that he or she had been assigned to use.
5. If unused pre-numbered receipt forms are no longer needed, they should be voided or destroyed in the presence of a representative from the Comptroller's Office.
6. Voided receipts or transactions should generally be approved by supervisory personnel. All copies of the voided receipt form should be retained.
7. Cash handling duties should be assigned so that collections, deposit preparation, and

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reconciliations are assigned to different employees. In addition, employees who handle cash should not be assigned duties for creating invoices or updating accounts receivable records or general ledger records.

8. 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.

9. Deposits should generally be made daily. Exceptions may be made when collections of currency and coins are under \$100 or checks and money orders total less than \$500. No collections should be held more than five business days before being deposited.

10. All funds collected must be deposited in one of the following offices:

- Kutztown University – Bursar’s Office
- Kutztown University Foundation – Foundation’s Business Office
- Kutztown University Student Services, Inc. – Student Services Inc. Accounting Office
- Other Entity as designated by the President – Other Entity’s Financial Accounting Office

11. 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 workstation. Safe combinations should be changed whenever staffing changes occur among those that know the combination.

12. Persons with assigned cash handling responsibilities should be provided clear written departmental procedures regarding their responsibilities for the handling and control of cash collections or change funds.

13. Personal loans or the cashing of personal checks from cash collections or change funds is prohibited.

F. PAYMENTS RECEIVED BY CHECK

1. Checks received should be made payable to Kutztown University (KU).

2. The identity of the individual presenting a check in person should be validated.

a. For checks received from University students, the following information should be recorded on the check:

- Full name
- Residence address
- Phone number
- Student ID number

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b. For checks received from faculty, staff or individuals other than University students, validation may be performed by either:

- Reviewing an employee id, driver's license or state identification, specifying the state of issuance of the presenter, and recording the identification number on the check.

D. Checks should be restrictively endorsed immediately upon receipt.

G. PAYMENTS RECEIVED BY ELECTRONIC FUNDS TRANSFER (EFT) ACH OR WIRE TRANSFER

Departments must request permission from the Comptroller's Office for an agency to electronically transfer payments into the University's bank account. The Comptroller's Office will provide the customer with the necessary banking information.

H. PAYMENTS RECEIVED BY CREDIT AND/OR DEBIT CARDS

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

I. PREPARING AND TRANSMITTING DEPOSITS

1. Daily cash reports should be prepared and overages and shortages appropriately noted. Deposits should be made intact and agree with the totals of the daily sales reports.
2. The deposit is to be forwarded to Bursar's office. Deposits should not be transmitted to Bursar's office through campus mail. Departments should ensure that appropriate security is provided when deposits are transported across campus or from off-campus sites.

J. AUTHORIZATION TO ESTABLISH A PETTY CASH OR CHANGE FUND

A Petty Cash Fund provides departments flexibility to complete minor business cash transactions as part of their daily operations. A Change Fund is a cash advance that is issued to provide change for cashier functions. To request a Petty Cash or Change Fund a department should contact the Comptroller's Office.

K. 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 Comptroller's Office.

L. AUTHORIZATION TO ESTABLISH BANK ACCOUNT

All University funds are required to be deposited through appropriate University accounts. University departments should **never** open an account with a private bank or credit union without the expressed written authorization from the University Comptroller.

M. APPROPRIATE DEPOSITORY FOR VARIOUS TYPES OF FUNDS COLLECTED**University**

- Tuition & Fees for Academic Programs
- Facility Rental Fees
- Grants Provided by Governmental Agencies
- Camps & Conferences (Internal & External) Fees
- Credential Fees
- Library Fines/Fees
- Parking Fines
- SGA Activity Fees (Initial collection point for SGA)

Kutztown University Foundation

- Donations and Charitable Contributions
- Grants Provided by Private Organizations

Student Government Association

- Student Organizations Fundraising and Programming
 - SGA Activity Fees (Transfer from University)
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1. If funds are deposited with the Kutztown University Foundation, the monies must be collected in accordance with the Foundation's Business Office policies.
 2. If funds are deposited with the Kutztown University Student Services, Inc., or Other Entity as designated by the President, the monies must be collected in accordance with the Accounting office's policies

N. EFFECTIVE DATES

- November 12, 1997
- Revised May 15, 2006; August 2007; September 1, 2011; March 2013.

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O. Last Review

August 2013