RADFORD UNIVERSITY

Policy Title: Funds Handling Policy	**Effective Date: 12/1/2010**
Policy Number: FA-PO-1202	**Date of Last Review: 2/14/2022**
Oversight Department: Office of the Bursar	**Next Review Date: 2/1/2025**

1. PURPOSE

The *Funds Handling Policy* for Radford University outlines the University's funds handling requirements, provides a structured framework for the collection and deposit of funds, and minimizes risk by ensuring that deposits are made timely and in accordance with state regulations.

2. APPLICABILITY

The *Funds Handling Policy* applies to all departments, offices, organizations, and persons handling funds and/or accepting payments in any form on behalf of the University at all campuses and locations at which University business is conducted.

3. DEFINITIONS

Bait money: Monetary bills for which serial numbers have been recorded to aid in tracking thieves.

Banner System: A comprehensive and integrated administrative information system that contains student, financial aid, accounts receivable, finance, and human resources information and transactional data.

Collection point: An approved site where funds are accepted on behalf of the University.

Depositor: The person in a department assigned responsibility for depositing funds received with the Office of the Bursar.

Detail Code: A unique 4-digit identifier in Banner Accounts Receivable for various types of transactions, which includes mapping to the FOAP Code(s) where the transactions will post in the Banner Finance System.

Division Head: President, Provost, or applicable Vice President.

FOAP Code: The acronym used to identify the components of the Chart of Accounts (i.e. fund, organization, account, and program codes) used to capture financial transactions in the Banner Finance System for proper accounting and reporting.

Funds: As used in this policy, funds are all forms of payment to include currency, coin, checks, or payment card transactions (i.e. credit cards).

Funds Handler: Any person within a department assigned responsibility for collecting, handling, and/or settling funds received from departmental funds collection activity.

Reconciler: The person in a department assigned responsibility for reconciling deposits to the deposit receipt generated by the Banner System.

4. POLICY

A. As a public institution of higher education of the Commonwealth of Virginia, the University will properly account for, report, and manage deposits of funds received in the manner prescribed by the State Treasurer and in accordance with the Code of Virginia.

B. The Office of the Bursar will provide instructions to departments, as necessary, for the daily deposit of funds and ensure departments are properly advised of the *Funds Handling Policy.* The Office of the Bursar will also offer departments access to appropriate training.

C. Departments responsible for handling funds must ensure that at least one departmental representative completes training annually. Departments must prepare written procedures detailing each step in the funds handling process for the director, department head, and/or manager; the funds handler; the depositor; and the reconciler.

D. The Vice President for Finance and Administration & Chief Financial Officer (VPFA/CFO) may revoke funds handling privileges if a department fails to comply with this policy.

5. PROCEDURES

A. Approvals

1. Fees: In accordance with the Radford University *Fee Policy*, all departments assessing fees to any groups and/or persons **must** obtain prior written approval from the VPFA/CFO before the fee may be assessed or a current fee is modified or waived. For new fees, the deposit accounting information (i.e. FOAP or Detail Code) must be obtained from the Office of Budget & Financial Planning or Controller's Office.

2. Banking arrangements: All University banking arrangements are established by the University Controller. Bank accounts may **not** be established at the departmental level in Radford University's name or federal identification number. Additionally, establishing bank accounts in the name of any person or group for the conduct of University business is **strictly prohibited**.

B. Recording Funds Collected

1. Method/Timing: All funds collected, regardless of type, must be properly recorded and documented through an internal tracking method as they are received. Collections may be recorded by using a cash register, pre-numbered receipt book, log, etc., depending upon the nature of the transactions.

2. Pre-numbered Receipt Books: The following requirements must be followed when using pre-numbered receipt books:

a. Triplicate Copies: Receipt books must provide triplicate copies of each receipt with distribution of the three copies as follows:

i. First copy to the person from whom funds were received;

ii. Second copy to the Office of the Bursar with the deposit; and

iii. Third copy to remain in the receipt book for departmental records.

b. **Information Documented:** Individual receipts within the receipt book must include the following information:

i. Dollar amount;

ii. Date of transaction;

iii. Pre-numbered receipt number;

iv. Description of payment;

v. Name of the person from whom funds were received; and

vi. Signature of the person completing the receipt.

c. **Order Used:** Departments must ensure that receipts are issued in numeric order.

d. **Voided Receipts:** If receipts are voided, all three copies of voided receipts must remain in the receipt book for audit purposes.

e. **Reviews:** Pre-numbered receipt books must be reviewed regularly for missing receipt numbers by someone not involved in completing receipts or handling cash.

C. **Specific Requirements for Certain Types of Transactions**

1. **In Person/Point-of-Sale:** All funds collected by departments in person (i.e. point-of-sale), regardless of method of payment, must be recorded in a pre-numbered receipt book or in a cash register/point-of-sale terminal.

2. **Mail or Lockbox:** All funds received through the mail or a lockbox must be promptly recorded in a log. Mail boxes or lockboxes must be checked on a daily basis when funds are expected. An example Check Receipt Mail Log is provided in Appendix A showing recommended elements.

3. **Checks:** Checks must be made payable to **Radford University.** All checks must be examined for correct dates, amounts, and signatures. The following requirements also apply when accepting checks:

a. **Information Requested:** The following information should be requested to be documented on the face of the check:

i. Name of person payment is from or being made on behalf of, if applicable;

ii. Current address;

iii. Telephone number;

iv. ID of the payer (e.g., RUID, driver's license number);

v. Amount paid; and

vi. Date.

b. **Restrictive Endorsement:** Checks must be restrictively endorsed **immediately upon receipt** using a departmental endorsement stamp. If an endorsement stamp is needed, please contact the Office of the Bursar. The endorsement must include the following (contact the Bursar for specific information):

i. For Deposit Only to: Radford University – Department Name;

ii. Bank Name, Address; and

iii. Bank account number.

c. **Returned Checks:** Occasionally, checks are returned from the bank because of insufficient funds, uncollected funds, stop payments, etc. If collection attempts are unsuccessful, the department may be charged for the amount of the check. The returned check will be forwarded to the department so an attempt may be made to collect payment from the payer of the check.

4. **Payment Cards:** Arrangements to accept payment cards must be approved in accordance with the Radford University *Payment Cards Policy*.

D. Deposits

1. **Timing and Delivery:** All funds collected by University departments must be deposited with the Office of the Bursar **no later than the next business day from the time the funds are initially received by any employee of the University, regardless of the amount.** Deposits must be delivered directly to the Office of the Bursar. Taking deposits home for deposit the next day is prohibited**. Campus mail must not be used to deliver funds to the Office of the Bursar**. If bags are needed for deposits, contact the Office of the Bursar.

2. **Balancing:** When preparing deposits for submission to the Office of the Bursar, all funds collected must be totaled and balanced to related departmental records supporting the collection of the funds. Any discrepancies noted must be documented; see Section 3.D.5. below.

3. **Transmittal Form:** A cashier/deposit transmittal form must be completed for each deposit showing the information as presented in Appendix B, Cashier's Transmittal Form (transmittal). The transmittal must be completed and signed by the person that prepared the deposit. If another person delivers the deposit to the Office of the Bursar, the person delivering the deposit must count the funds to ensure that the amount agrees with the amount the preparer listed on the transmittal and sign the transmittal to acknowledge the change in custody. The original and two copies of the transmittal must accompany the deposit submitted to the Office of the Bursar with one copy retained by the department.

4. **FOAP/Detail Codes:** University funds **must be deposited only into appropriate University bank accounts through the Office of the Bursar** using appropriate FOAP/Detail Codes. The deposit of University funds into accounts such as RU Foundation accounts, club or organization bank accounts, or personal bank accounts is strictly prohibited. Departmental deposits may not be accepted by the Office of the Bursar without the proper FOAP/Detail Code(s).

5. **Overages/Shortages:** All deposits must be made intact, inclusive of any over/short amounts, which must be documented on the transmittal.

6. **Cashier Verification:** Upon receipt, the cashier will sign and date the transmittal with the calendar date to indicate that the deposit has been received in the Office of the Bursar and will return one copy to the person making the deposit. As it is not always possible for the cashier to verify the deposit amounts at the window, deposit amounts may be verified at a later time. When verified, the cashier will return one copy of the transmittal to the depositing department with a signature and date indicating that the deposit has been

verified. Once keyed into the Banner System, the cashier will also return a numbered Banner Cash Receipt (see Appendix C) generated by the system to the depositing department. The Office of the Bursar will maintain the original of the transmittal.

7. **Departmental Review/Reconciliation:** Upon receiving the numbered Banner Cash Receipt (see Appendix C) generated by the Banner System from the Office of the Bursar, the depositing department must match the amount(s) and FOAP/Detail Code(s) on the deposit receipt to the transmittal, and reconcile funds collected to supporting documentation to ensure completeness and accuracy of the deposit. This review should be made by someone other than the person receiving funds or making deposits, if possible. Unexplained discrepancies must be discussed with the Head Cashier or the Bursar who will assist departments in resolving problems encountered in the reconciliation process. The department must maintain written documentation to support the completion of this review/reconciliation.

8. **Timeliness Review:**

   a. The Office of the Bursar will review deposit dates to ensure deposits are made timely. If it appears funds are being held beyond the next business day after receipt, a memo will be sent to the department noting the noncompliance with University policy. Departments may be asked to provide additional documentation regarding the deposit along with a corrective action plan.

   b. If departments fail to make corrective action regarding the timeliness of deposits, the University Controller will send second notification letters informing the department that subsequent noncompliance with timeliness requirements will be sent to the VPFA/CFO, the department's respective division head, and the Office of Audit and Advisory Services.

E. Security of University Funds and Records

1. **Physical Security:**

   a. A minimum amount of funds should be maintained in cash registers, drawers, etc., in a location that is not visible to unauthorized personnel. Do not leave funds unattended or unsecured during the workday. While unattended, all funds must be kept in a locked safe, locked file cabinet, or other secure location.

   b. Safe combinations and keys should be restricted to a minimum number of employees. A list should be maintained, typically by a manager or supervisor, identifying who has safe combination and keys.

   c. Safe combinations and keys should be changed when an employee having the combination or key transfers or terminates employment. The University Locksmith may be able to assist with combination changes.

   d. Routine procedures (e.g. using the same time and route for deposits) that can be observed by a would-be thief or robber should be avoided. If possible, deposits should be disguised to prevent drawing attention.

   e. A University police officer should be used as an escort when transporting large sums of money.

   f. University funds are required to be kept separate from personal funds.

g. Check cashing, disbursements, and/or IOUs from change funds or revenue collected by departments is **strictly prohibited**.

2. **Written Procedures:** Departments must prepare written procedures following the Instructions for Preparing Written Funds Handling Procedures (see Appendix D). In writing procedures, departments must ensure the following:

   a. Responsibility for funds received, from time of receipt to time of deposit, is clearly defined and documented within each authorized collection location.

   b. Adequate backup procedures are in place sot that, in the absence of an employee involved in the process, departmental responsibilities and deadlines can still be met.

   c. Adequate separation of duties is established. Funds collection handling, recordkeeping, and reconciliations should be assigned to different employees. For those departments that do not have adequate staff to support proper separation of duties, sufficient alternative controls or procedures must be established to ensure procedures are followed and to mitigate any risk of loss or theft of funds.

3. **Records:** Funds and their associated records must be kept in secure locations. The records should be stored separately from the actual funds to maintain accountability for loss of funds should a theft occur. Records must be maintained for three years plus the current fiscal year for auditing purposes. Such records may include, but are not limited to, revenue logs, cash register tapes/reports, transmittal copies, reconciliations, etc.

F. Missing Funds

If funds are discovered to be missing by means such as breaking and entering, embezzlement, etc., notify University police immediately and secure the area to prevent evidence from being destroyed. If an office is broken into, do not enter; the suspect could be hiding inside. Go to a safe place and telephone the police.

6. EXCLUSIONS

Exceptions and exclusions to this policy must be approved by the Vice President for Finance and Administration & Chief Financial Officer.

7. APPENDICES

Appendix A: Check Receipt Mail Log

Appendix B: Cashier's Transmittal Form

Appendix C: Sample Banner Cash Receipt

Appendix D: Instructions for Preparing Written Funds Handling Procedures

8. REFERENCES

Code of Virginia § 2.2-1802, "Payment of state funds into state treasury; deposits in state depositories; credit of fund not paid into general fund; exceptions as to endowments and gifts to institutions; appropriations by federal government."

Commonwealth of Virginia Accounting Policies and Procedures Manual (CAPP Manual), Topic 20205, "Cash Receipts Accounting"

9. INTERPRETATION

The authority to interpret this policy rests with the President of the University and is generally delegated to the Vice President for Finance and Administration & Chief Financial Officer.

10. APPROVAL AND REVISIONS

In July 2012, the *Funds Handling Policy* and related procedure were reformatted into the new University-wide standard policy and procedure templates with appropriate revisions. The revised policy was reviewed and approved by the President's Cabinet and the revised policy was signed by the President on July 12, 2012.

In November 2015, the *Funds Handling Policy* and related procedure were reviewed by the oversight department. Minor editorial changes were made, but no substantive changes were made that would alter the scope or application of the policy.

Effective February 19, 2018, the *Funds Handling Policy* was reviewed by the oversight department and the Office of Policy and Tax Compliance. The policy was placed into the University policy template with minor revisions; however, no substantive changes were made that would alter the scope or application of the policy.

Effective February 14, 2022, the *Funds Handling Policy* was reviewed by the oversight department and the Office of Policy and Tax Compliance. Only minor clarifying and editorial changes were made that did not alter the scope or application of the policy.

For general information concerning University policies, contact the Office of Policy and Tax Compliance – (540) 831-5794. For questions or guidance on a specific policy, contact the Oversight Department referenced in the policy.