**University Income Recognition and UPPS No. 03.01.05**

**Associated Cash-Handling Procedures Issue No. 10**

**Effective Date: 01/09/2020**

**Next Review Date: 11/01/2024 (E4Y)**

**Sr. Reviewer: Treasurer**

**01. POLICY STATEMENTS**

01.01 This policy sets forth requirements and procedures for the collection and recording of Texas State University income, as well as associated cash-handling and electronic payment procedures, in order to safeguard the assets of the university.

01.02 Account managers whose departments may collect and record university income must develop and implement written cash-control policies and procedures. These policies and procedures should ensure that all employees that are processing and handling university funds are fulfilling their responsibilities over the collection, custody, and depositing of university funds.

01.03 All income received, deposits, and reconciliations are subject to audit and review by the Texas State University Systems (TSUS) Office of Internal Audit at Texas State University or Student Business Services (SBS). These offices are also authorized to conduct cash counts without prior notice.

**02. DEFINITIONS**

02.01 University Income – may originate from a variety of sources including:

1. state appropriations;
2. services provided to students, faculty, staff, or the community;
3. sale of supplies, equipment, or land;
4. externally-funded grants and contracts;
5. interest and investment earnings;
6. rental of university property;
7. property or security deposits; and

h. donations.

02.02 Funds and Monies – currency, coins, checks, travelers’ checks, cashiers’ checks, money orders, or other negotiable instruments readily converted to cash. It also includes payments made to the university via electronic payment method such as cards (e.g., credit, debit, or stored value), electronic checks, ACH transfers, and wires.

02.03 Cash-Handling Procedures – a generic term that encompasses all procedures related to the collection, receipting, recording, depositing, and securing of university income.

**03. PROCEDURES FOR RECEIPT AND DEPOSIT OF FUNDS**

03.01 SBS Cash Operations is the depository and custodian of all monies received for the university and has primary responsibility for receipting, recording, and depositing income into the financial records of the university. Departments must always deposit checks payable to Texas State or any cash paid to the department into a university account.

03.02 The university requires departments that receipt university income to have written procedures for controlling these funds. Departments may contact SBS Cash Operations or the TSUS Office of Internal Audit at Texas State University for assistance and [guidance for proper cash-handling procedures](https://www.sbs.txstate.edu/departments.html).

03.03 Separation of Duties – Different individuals should perform each of the duties of collecting funds, maintaining documentation, preparing deposits, and reconciling records. However, staffing, timing, and other constraints may necessitate that one individual perform two of these duties. In such cases, individual accountability and thorough management supervision and review are required.

03.04 Recording University Income – University departments must account for and document funds as soon as funds are received. Department records must detail the purpose, source, date, and amount of payment prior to the funds’ deposit with SBS Cash Operations.

Departments should examine cash for counterfeit and, if suspected, refer to the [U.S. Department of The Treasury website](http://www.treasury.gov/about/organizational-structure/offices/Treasurer-US/Pages/if-you-suspect.aspx) for information on how to detect or respond to counterfeit money.

It is the responsibility of departments receiving checks to ensure that the checks meet the following criteria:

1. are made payable to Texas State University;
2. are not post-dated checks;
3. are not dated more than 90 days prior to the date of acceptance, unless a shorter time period is indicated on the face of the check before the check becomes stale-dated;
4. the numerical dollar amount and the written dollar amount on the check are consistent and correct;
5. are from single party accounts and are signed by the account holders;
6. are drawn against a bank registered within the United States (U.S.) and in U.S. dollars; and
7. are not restricted as payment in full or equivalent.

 One of the following methods, either collection receipts or a support record system, must be utilized when recording university income:

1. Collection Receipts – Each payer must receive a receipt detailing the date, amount, and purpose, regardless of which form of receipting is chosen.
2. Pre-Numbered Receipt Books (at least two parts) – Departments will use the receipts in numerical order; account for each receipt, including voids; and maintain used books in a secure area. Use receipts as follows: one copy to payer (if cash payment or requested) and one copy remains in receipt book for audit purposes.
3. Cash Registers or Point of Service (POS) Systems – Retail business operations may use a cash register or POS system to record income after consulting with the manager, SBS Cash Operations, to ensure compliance with security.
4. Computer-Generated Receipts – Identify receipts by a unique receipt number. Include on the printed receipt: Texas State University, department name, department phone number, date, method of payment, and amount of payment.
5. Admission Tickets for University Events – Tickets may be printed locally if the printer uses a computer software program designed for ticketing purposes with appropriate security precautions, including pre-numbering tickets, accounting for seats sold, and reporting daily sales. All ticket receipts must be accounted for, including sold, lost, and complimentary tickets.
6. On-Line Receipting – An office or department that receipts a high volume of income may contact the director of SBS to determine the feasibility of utilizing electronic receipting methods.
7. Other Approved Methods – contact the director of SBS.
8. Support Records Systems – Transactions should be recorded at the time of payment.
9. Checks Received Log (maintained on a spreadsheet or database program) – Logs include, as a minimum requirement, the check date, received date, check number, remitter’s name, and check amount. Departments should keep a copy of the log. If departments copy checks (not a recommended practice), they must ensure the account number information is masked, secure the check copies, and destroy them when no longer needed. Check endorsements, made immediately upon receipt, should include:

For Deposit Only

Texas State University

Department Name

1. Registration Forms – Record payment information on the form at the time of payment. If the form allows for credit card information, the department must secure the form with limited access, process the card information immediately, and destroy the payment information on the form as soon as business processes allow, but no longer than department credit card retention rules.
2. Invoices and Account Statements – Identify each invoice and account statement with a unique number, update at time of payment with date and payment method, record the unique identifier such as check number or credit card reference number (not credit card number), and mark as paid.

03.05 Safeguarding of Funds – All departments must provide adequate safekeeping and security of funds received. Examples are a lockable cash box kept in a locked file cabinet, locked credenza, desk, or a locked safe.

03.06 Daily Collections Balancing – Departments must balance monies received to recorded receipts daily. The SBS [website](http://www.sbs.txstate.edu/departments.html) contains deposit forms and guidelines to follow when preparing deposits.

03.07 Timeliness of Deposits – Departments must ensure funds are received by SBS Cash Operations no later than the close of business on the next workday after receiving the funds. This time frame is necessary to assure deposits to the university’s depository bank meet the state’s requirement for deposit within seven days of the date of collection (see [Texas Education Code §51.003-(b)](http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.51.htm#51.003)). A department may never withhold money from daily receipts to create any type of miscellaneous fund.

a. Departments that fail to make their deposit with SBS Cash Operations within one business day after receipt may receive a charge against their operating account for lost interest, calculated at the current money market rate for the time the funds were not on deposit.

03.08 Delivery of Deposits – All deposits should be delivered by hand, or contracted courier, in a secured bank bag to SBS Cash Operations. Deposits should never be delivered through campus mail. High-volume departments may use an armored car or security service to transport deposits. The Treasurer’s Office will negotiate the use of this service on behalf of the departments and may allocate the costs accordingly. Upon request, the University Police Department will assist with escorting of funds when an appropriate safety need exists.

1. All deposits must be accompanied by a [deposit form](http://www.sbs.txstate.edu/departments/dept_receipting.html) detailing the tender types included in the deposit, the sum total of each tender type, and the account coding detail.
2. Departments may contact the manager, SBS Cash Operations, for access to create the deposit document directly in the SAP Financial System for SBS Cash Operations to post and update.

A receipt for each deposit posted will be sent electronically to department staff who prepared the deposit or a paper copy may be requested.

**04. CASH-HANDLING PROCEDURES**

04.01 Departments must issue a receipt for all cash transactions.

04.02 Employees receiving cash funds must count the cash, and any change given to the customer should be counted out.

04.03 Departments are not authorized to use collected funds for any purpose other than for deposit.

04.04 Departments may not hold cash receipts for the purpose of creating unofficial and unapproved departmental petty cash funds.

04.05 Departments can only have authorized change funds and cannot comingle funds with other monies.

04.06 Generally, two employees should collect from the post office box, open, and process the department’s mail.

**05. RECONCILIATION PROCEDURES**

05.01 Departments must review the SAP financial system and reconcile that funds collected and funds deposited were posted for the correct amount to the correct account.

05.02 Departments should perform reconciliations monthly to ensure timely error identification and correction of any errors.

05.03 A different person than the one who collected the funds or prepared the deposit should perform reconciliations.

05.04 SBS Cash Operations will answer questions regarding deposit amount or the general ledger account to which the deposit was posted.

05.05 The account manager must review and sign off on all reconciliations.

**06. PROCEDURES FOR ACCEPTING CREDIT CARDS AND OTHER ELECTRONIC FORMS OF PAYMENT**

06.01 The Treasurer’s Office, along with SBS, is responsible for determining activities for which the acceptance of credit cards and other forms of electronic payment (e.g., wire transfer and electronic checks) may benefit the university. Such determination may include a cost and benefit analysis, security risk evaluation, separation of duties review, anticipated volume, and other relevant factors. Departments with delegated receipting duties may accept credit cards and other forms of payment only with prior approval from Treasurer’s Office or SBS staff. The Merchant Services & eCommerce specialist will establish the department as an approved merchant with the university’s bankcard service provider and will provide initial training for credit card procedures and equipment.

06.02 Cost of Credit Card Acceptance and Other Electronic Forms of Payment – SBS will add fees charged by bankcard service providers, financial institutions, and associated processors to the department accepting such payment forms for departments.

06.03 Electronic Payment Standards and Practices – Numerous external entities expect and require university compliance with various standards and practices for handling electronic payments. Among these are merchant and bankcard service providers that adhere to the [Payment Card Industry’s Data Security Standards](https://www.pcisecuritystandards.org/pdfs/pcissc_overview.pdf) (PCI DSS). The [Texas Department of Information Resources](http://dir.texas.gov/) (DIR) also promulgates rules to assure the security of the electronic payment systems used by state agencies and higher education institutions. These standards and practices continue to evolve along with the technologies employed, making it impractical to list them in this policy.

To facilitate ongoing compliance with these ever-changing standards and practices, university departments are required to seek an analysis of any new or modified electronic payment methods or processes, from the Treasurer’s Office or designee, prior to their implementation. This review will require a risk assessment by IT Security to identify and address security and technology issues. The university does not guarantee it will authorize departments accepting electronic payment by one method (e.g., to process credit cards via payment terminal) to accept electronic payments by another method (e.g., online via the internet).

No university computer system may store payment card information (e.g., credit or debit card numbers, card expiration dates, checking account numbers, etc.) for any period longer than is necessary to process the individual payment transactions.

06.04 Online Payment Applications – Departments conducting business via online payment applications shall utilize the university’s established, certified [PCI DSS](https://www.pcisecuritystandards.org/pdfs/pcissc_overview.pdf) compliant gateway. This gateway has been certified [PCI DSS](https://www.pcisecuritystandards.org/pdfs/pcissc_overview.pdf) compliant and is critical to the stability and security of the university’s online business.

Departments wishing to conduct business via online payment applications shall obtain prior approval via the university established Electronic Payment Infrastructure (EPI) Team. The EPI Team will assess a department’s various needs and determine the resource required to create, implement, and support an online payment application. All online payment application projects will be prioritized by university-established priorities committees.

SBS, with assistance from Technology Resources and EPI resources, will monitor all online payment applications for production fitness in accordance with this document.

06.05 Offices processing debit or credit card transaction documentation, including duplicate debit or credit card transaction records, must keep the records in a secure location such as a vault, locked cabinet, or a locked room with restricted access, as long as business needs require, but no more than two years after the month of transaction execution.

**07. FINANCIAL RECORDS**

07.01 The director of SBS, or designee, oversees the deposits to Texas State to ensure that they are receipted as directed and deposited in the bank to the proper fund group.

**08. REVIEW OF DECENTRALIZED CASH COLLECTION OPERATIONS**

08.01 The director of SBS, or designee oversees the decentralized cash collection operations. If departmental cash collection sites fail to follow this policy or inquiries disclose irregularities, the director of SBS, or designee, may modify cash collections at a decentralized site, up to and including cessation of such activities. The director of SBS, or designee, will work with the department’s administrative management regarding problems found and changes to such operations.

**09. RELATED POLICIES**

09.01 Departments receipting university funds should know related university policies including the following:

* 1. [UPPS No. 03.05.01](http://www.txstate.edu/effective/upps/upps-03-05-01.html), Soliciting, Accepting and Processing Gifts and Grants from Private Sources; and
	2. [Finance and Support Services policies and procedures](http://policies.txstate.edu/division-policies/finance-and-support-services.html).

**10. REVIEWERS OF THIS UPPS**

10.01 Reviewers of this UPPS include the following:

Position Date

Treasurer November 1 E4Y

Director, Student Business Services November 1 E4Y

Chief Information Security Officer November 1 E4Y

Director, School of Music November 1 E4Y

**11. CERTIFICATION STATEMENT**

This UPPS has been approved by the following individuals in their official capacities and represents Texas State policy and procedure from the date of this document until superseded.

Treasurer; senior reviewer of this UPPS

Vice President for Finance and Support Services

President