



# Finance & Operations

## Campus Policy & Procedure (CPP)

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**Policy Name:** Collection Security Guidelines      **Policy Number:** CPP UML-CO-010

**Issuing Office:** Finance & Operations      **Effective Date:** August 7, 2014

**Related Document(s):** University of Massachusetts Treasurer's Office, [Treasurer's Fiscal Procedure No. 08-02 \(April 2008\)](#)

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### **PURPOSE**

The following items are presented to provide managers responsible for operations that collect funds with a listing of operational controls designed to safeguard funds under their supervision. All controls may not apply to each area, but the safeguards intended by the practices should be met by all collection sites. Each collection area manager should develop a specific cash procedure document for their location specifying controls that are established. A copy of the procedures should be filed with the campus Controller's Office and updated as necessary. New collection sites should request receipting approval from the Controller's Office prior to collecting funds. Assistance in developing procedures and evaluating controls is available through the Controller's Office.

### **GENERAL POLICY**

#### **A. Collection Safeguards**

The following are practices that should be considered to secure funds received by a collection site. Funds received could be in the form of cash, checks, money orders, credit card payments, etc. These controls address the act of collection and provide initial assurances of security; however, each area should review its unique operation and assign the items that fit its needs.

1. All funds related to campus functions are to be recorded in the appropriate University financial system accounts established and approved by the Controller's Office and deposited in bank accounts established by the University Treasurer's Office. Under no circumstance should a University unit hold or open a bank account for the purpose of accepting and/or disbursing funds that relate to University functions.

2. Checks received by revenue-producing areas must be made payable to the University of Massachusetts. Immediately upon receipt, all checks should be endorsed "For Deposit Only – University of Massachusetts".
3. Unless specifically approved otherwise by the Controller's Office, checks should only be accepted for the exact amount due. When possible, proper identification (driver's license, student ID) should be obtained and written on the check.
4. All collections received by revenue-producing areas should be properly recorded (If applicable to site) and deposited intact to the Cash Management Office daily. Weekend receipts should be deposited on the first business day following the weekend. In cases where a location only submits transmittal forms to the Cash Management Office, documentation should be signed and dated by the preparer. Date stamps are also encouraged to provide support that receipts are being processed in a timely manner.
5. All revenue received must be kept in a safe or a bar locked cabinet until deposited. (See Item F.)
6. There should be appropriate segregation of duties in the areas of receiving, depositing, recording, and reconciling of receipts. Where possible, these functions should be completed by different people. Sites with limited resources should establish mitigating controls that require collection area managers to review, sign, and date documentation produced from conflicting activities.
7. Where possible, access to collection areas should be restricted. Keys and combinations to location should be safeguarded. Access should be documented and changed as necessary.
8. Operations that need revolving change funds to provide change to their customers should request an amount be provided by the Controller's Office for that purpose. Change funds should be drawn from and coded to the appropriate financial system account as an advance. Change funds should not be established with funds obtained through an operation's collections, but only with approval from the Controller's Office. Approved funds should be reduced during slow periods.
9. Funds should never be left unattended.
10. Cash disbursements for materials, supplies, or personal services from cash receipts or change funds are prohibited. All such expenditures must be made from approved accounts, following general campus procedures.
11. Payroll checks, personal checks, or checks made payable to the University may not be traded for cash from collections or change funds.

12. Any time funds are being transferred internally or externally an acknowledgement/receipt should be produced. Unless the receipts are in a sealed bag, the funds should be counted in the presence of each person. In the case of a sealed bag, the acknowledgement should note that it was in a sealed bag at the time of transfer. The acknowledgement should indicate the amount transferred, date, and signature of both parties involved. This process is necessary to assign responsibility for funds being deposited or transferred. University Police personnel are not required to provide a written acknowledgement of such transfers (See Section E3).

13. At times, a check submitted by a person or an organization is returned unpaid by the bank, due to insufficient funds. This occurrence will result in a reduction of the operation's collections and available cash balance. The unit should undertake action to recoup the lost funds as quickly as possible. Areas should request replacements for returned checks be made by certified check, money order, credit card payments, or cash.

## **B. Reconciliation of Collections**

The following processes are designed to verify that receipts are being handled properly by all areas of the collection process. These practices ensure funds under the control of the operation are being correctly received, deposited, recorded, and reconciled. The items stated provide a minimal level of monitoring to safeguard operation collections.

1. Centralized deposit locations should verify all receipts being received prior to acceptance. Sites transferring receipts are also responsible for confirming deposits made are being properly recorded in PeopleSoft. Any discrepancies should be reported to the Cash Management Office.

2. All receipts should be recorded on a control document (receipt form, cash register, tickets register, meters, etc.) at the time of the transaction. A copy of the receipt should also be provided to the payee of the funds. Receipt control documents should be reconciled to the deposit amount daily or upon shift change. The person responsible for collection and the collection area manager should both sign and date the control document.

3. Ideally, no more than one person should work from the same cash drawer. Minimally, each person collecting funds should have their own lockable cash drawers or method to establish accountability. Each drawer should be separately reconciled to the receipts recorded for that drawer.

4. A record of cash overages and shortages should be maintained and regularly reviewed by the area collection manager. Shortages and overages should be identified and explained on the deposit ticket. Variances should be investigated by the manager and, if necessary, corrective action taken. Overages should not be held to apply against future shortages or other purposes.

5. The campus is responsible under State Internal Control legislation (Chapter 647) to report to the State Auditor's Office any cash and/or property shortages, thefts, losses or variances. A loss occurs when funds were received but lost before being deposited or if funds in the control of the area are misplaced or misused. Each collection area is required to submit a monthly report to the campus Controller specifying any instances of such activity or to report there were no such

occurrences. Monthly reminders of the reporting requirement are issued via email by the Controller's Office and replies to the email reminders may be used to report on the month's activities.

Any loss totaling more than \$50 should be immediately reported in writing to the Controller's Office explaining the situation and any actions taken to correct the situation. A monthly report of all instances is prepared by the Controller's Office and forwarded to the appropriate offices. Additional audit or review of the operation may result from such occurrences.

6. Change fund reconciliations should be done at the beginning and end of each shift, preferably not in view of the public.

7. Manual journal entries to record cash or deposit corrections should be made in a timely manner.

8. Records regarding collections and subsequent reporting and handling should be maintained for seven years.

9. The collection site manager should conduct or review and keep records of their area's collection reconciliations.

**C. Reconciliation of Accounting Reports**

PeopleSoft reports regarding revenue transactions are available to all account managers to aid in administering their respective account(s). Account activity can also be monitored through system inquiry. Assistance in reading the reports and inquiring about its information can be obtained from the Controller's Office.

1. Collection and deposit records should be tracked and reconciled to the appropriate account(s) on the monthly revenue reports.

2. Reconciliations should be documented and any discrepancies resolved with the Cash Management Office. Any discrepancies should be reported to the Cash Management Office.

**D. Financial Stationary Control**

Financial stationary is the paper evidence or means by which collections are controlled at the time of the transaction. Such items as tickets, bills, invoices, and pre-numbered forms are examples of financial stationery.

1. Cash registers should have meters that provide activity summaries that cannot be reset. Meters should be closed out by a manager or under manager supervision.

2. Financial stationary (tickets, receipts, counters, pre-numbered forms, etc.) issued to individuals should be controlled:

- a. An inventory of unused items should be maintained and reconciled.
- b. Assignment to individuals and return of stationary should be recorded.
- c. Amounts indicated on the financial stationary should be reconciled to deposits.
- d. All copies of voided financial stationary items should be collected and filed.
- e. Variances should be investigated and resolved by the area manager immediately.

### **E. Cash Bags**

Cash bags are sometimes used by areas that have high levels of collections, often during off hours or weekends. All deposit supplies should be ordered or approved by the University Treasurer's Office. Guidelines for cash bags apply only to collection points making cash transfers within the University to a centralized deposit location.

1. Whenever cash is transported from one location to another, it should be in a sealed bag and the bag should be concealed.
2. Bag transfers must be properly noted in a logbook. When a deposit bag is released to another individual the following should be recorded in a log: bag number, date, time of pick up, and signatures of personnel releasing and accepting the bag. If University Police is accepting the bag, a signature is not necessary. However, the log should indicate the University Police representative's name.
3. Each bag should contain the collections and a summary of the collections signed and dated by the individual(s) responsible for the deposit.
4. Personnel should not transport cash or collections alone. Campus Police can be used when cash is being transported outside a building. Transfers involving more than \$500 should always be handled by Campus Police. Campus Police can be contacted at 2394 or 2398. When possible, personnel transferring cash within a building should be escorted by a supervisor or his/her designee.

### **F. Safe and Revenue Repository Controls**

The following are guidelines that collection area managers should establish for any safes under their supervision. Receipts should be locked in a safe at all times except when being processed or transferred for deposit.

1. The collection area manager must maintain the following information for each safe under his/her control: location, custodian, date of last lock/combination change, and listing of personnel having access. The knowledge of safe combinations and number of keys should be limited to the least number of persons possible.
2. All safes must be kept locked except when cash is being transferred in and out of the safe.
3. The custodian of the safe must have signatures of the personnel who receive safe combinations or assigned keys.

4. All safe combinations and locks should be changed periodically. Safe combinations or locks should be changed whenever a person who had access to where funds are held leaves University employment or is transferred to another area.

**G. Billing /Receipt Adjustments**

At times, it is necessary to adjust an outstanding bill. Adjustments could be made to increase or decrease dollar amount, change customer information, or cancel a bill partially or completely. Adjustments should not be made to address collection issues or offset University payables. Once a bill is generated, it should only be changed through a formal adjustment process and documented properly. Where possible, personnel with collection responsibilities should be restricted from performing any billing adjustments or voiding receipts. In all cases, the reason for any adjustment should be documented and approved by the collection area manager.

**H. Information Security**

All personally identifiable information (PII) should be kept securely in locked areas to prevent unauthorized access to information by persons internal or external to the University. PII can come in many forms including name, address, SS#, DOB, and bank/credit account information. Processed credit card receipts should not display customer information with entire account numbers. In such cases, information should be manually concealed until the process is deemed compliant with guidelines. Deposited checks should be shredded after 14 days. All personal information should be filed securely until destroyed and not kept longer than necessary.

**I. General Items**

1. This policy does not negate or replace any University cash handling policy. It is intended to enhance any such policy. Collection points that cannot comply with guidelines due to limited resources, should establish mitigating controls to counteract any at risk areas.
2. Unannounced reviews of a collection area's operation may be done at the discretion of University and/or campus administration.
3. University employees are bonded for activities done while acting in their official capacity for the campus.
4. Inappropriate administration of University assets could result in disciplinary action by the campus against all individuals involved in the action. If an obvious theft has occurred, the Controller, Campus Police, and Internal Audit should be contacted immediately. Personnel who suspect a misappropriation or other financial irregularity should contact the Controller's Office.