

CASH RECEIPT POLICY

3a. Daily Cash Receipting Policy

The following documents the process in place to deter a potential fraud in the Accounting department with regards to the Cash Receipts Process for non-student related checks:

Cost Center Receiving Checks

- Any checks received at the University must be deposited immediately on a **daily** basis.
- If any department receives a check, the check should be recorded on an official log
- Departmental logs must be submitted to the Comptroller's Office each Monday.
- When communicating with parties sending checks to the University, they should be advised that the checks should be sent directly to the Bursar's Office with a description indicating the purpose of the check(s).
- All checks made payable to Alabama State University must be endorsed by Alabama State University and deposited into Alabama State University accounts.

Receiving Checks in the Accounting Office

All checks should be received by the Comptroller's Office with the exception of Financial Aid, Ticket Sales, and the Trust for Educational Excellence. All mail will be opened by the department Secretary. **All** checks received will be entered in a cash receipt log by the department Secretary. The log would include the check number, payee, date, amount, target key (key used to indicate where to deposit), and the individual submitting the deposit. The Accountants will direct the individuals bearing cash receipts to the Secretary to ensure that there is a central receipting point. (All checks will be entered into the cash receipts log including intercompany/transfer checks, Perkins loan payments, fines, scholarship checks, etc).

The department Secretary or designee as assigned by the Comptroller or Chief Accountant will make copies of all checks received for distribution to the Office Manager with oversight of the Chief Accountant or Comptroller, for posting. To verify that checks are properly accounted for, the Chief Accountant will work with the Office Manager and the Secretary to determine the proper account for posting and depositing respectively. The original checks will be given to the cashier for deposit. Prior to taking the log with original checks to the Cashier's office, the log will be approved by the Comptroller or designee assigned by the Comptroller. The receipt log will be sorted by target key. For example, all checks coded with a target key AC_DP_RSTR will be deposited into the Restricted Bank Account. If the Comptroller is unavailable, the Chief Accountant will approve the daily log. The cash receipt log will be signed by the Cashier's Office indicating the checks have been received. The certified receipt log will be maintained by the Secretary. In the absence of the Secretary in the Comptroller's Office, the Senior

CASH RECEIPT POLICY

Section 3

Page 2

Accountant II or designee assigned by the Comptroller or Chief Accountant will update the daily log.

The daily cash log will be prepared on a daily basis and submitted to the Cashier's office. The deposit will be made to the bank on the next morning via the deposit procedure described below. The log composite will be emailed to the following offices: VP for Finance, Student Accounts, Grant Accounts, Accounts Payable, and Auxiliary Services, etc.

Student Checks

On occasion, there are student checks that are received in the Accounting Office via the mail or through the Financial Aid Office. These checks will be entered in the cash receipts log and forwarded to the Cashier. A copy of the checks will be provided to Student Accounts. These checks will be posted by the Cashier's Office. If there is a question regarding the allocation of the payment, the Cashier's Office will communicate directly with Student Accounts.

Daily Deposit

Each morning, an Accountant will prepare the daily deposit for the cashier. This is done via a query which is compared to the Cashier's drawer total for that day. See appendix A4.

Posting to the General Ledger

Unrestricted Checks – All checks received will be posted by the Office Manager or designee of the Comptroller or Chief Accountant.

Restricted Checks – All checks received will be posted by the designated Grant Accountant assigned by the Grants and Contracts Chief Accountant.

Restricted Fund Agency Account Deposits and Cash Advance Funds Return

Agency account deposits will be delivered directly to the cashier's office by the various departmental designee. These deposits should be made daily. Funds will be accompanied by a deposit transmittal properly filled out with type, number and amount of negotiable instruments (checks, money orders, etc.) and total cash. (see Exhibit B2). The deposit transmittal will be signed by the person delivering the transmittal and funds. The funds received will be verified and the deposit transmittal sign by cashier receiving the funds for depositing to the restricted bank account (Regions). A certified copy of the deposit transmittal and receipt will then be provided for them to submit to the Grants and Contracts accounting.

CASH RECEIPT POLICY

Section 3

Page 3

Cash advance funds returned to the University will be taken to the cashier's office and accompanied by the cash advance envelope (see Exhibit B3). Upon verifying the return of the cash advance funds, the cashier will sign the envelope and forward a copy to Grants and Contracts accounting if the target key begins with a five (5).

Unrestricted cash advance funds returned are taken to the cashier. The cashier receipts the returned funds and provides the employee with a receipt. The employee then submits all of their receipts to Accounts Payable for verification. The Accounts Payable supervisor approves the cash advance package and follows the open item accounting process (see A15).

Reconciliation of the Cash Receipt Log to the General Ledger

On a daily basis, the Office Manager re-classes the checks from the clearing account (liability) to the proper account number. The Office Manager verifies that the checks on the log is receipted in the clearing account with the exception of Perkins and Trust checks. The accountant verifies the Perkins and the Trust items upon re-classing the cash clearing to the proper cash account. Any discrepancies will be communicated to the Chief Accountant and/or the Comptroller.

3b. Bank Reconciliations

- A Download detail ledger for cash account which includes all receipts and disbursements.
- B The ending balance on the bank statement should equal to the Balance per Bank on the reconciliation. Download the bank file in excel or a hard copy of the bank statement can be utilized.
- C Tick the receipts on the general ledger that was determined in (A) to the deposits on the bank statement. If a deposit is on the bank statement and not on the G/L or vice versa, then record a reconciling item on the reconciliation.
- D Everything on the bank statement if not recorded on the G/L should be reconciling items. (i.e. interest income, withdrawals, service charges, and deposits)
- E Usually the bank attach debit or credit forms to indicate transfers and/or banking errors.
- F The outstanding check list must be prepared. Review current month disbursements and previous outstanding checks to determine if they cleared the bank. If they did not clear the bank, the checks should remain on the outstanding list (see exhibit A2).

CASH RECEIPT POLICY

Section 3

Page 4

- G Everything on the previous month bank reconciliation should be reviewed to determine if it should remain on the current month bank reconciliation. Do not remove previous month reconciling items until posted to the G/L.
- H All bank errors should be corrected within 30 days by calling the bank or posting to the G/L.
- I. All bank reconciliations are due by the 20th of the following month.

Formula for Reasonableness Test

Previous Month Outstanding Checks

Current Month Disbursements

Less Checks that Cleared the Bank

Equal Current Month Outstanding Checks

3c. Daily Cash Reports

Daily Cash Report

- Log on to Regions
(<https://itreasury.regions.com/wcmfd/wcmpw/CustomerLogin>) using your assigned organization ID, User ID, Password, and token.
- Click on reporting and then select the date needed
- Select transaction detail report
- Select account numbers
- Select Display
- Print bank balances and then double click each account number in order to print the detail
- Log on to Compass (<https://online.compassweb.com>)
Select the construction account
- Log on to First Tuskegee Bank (<http://www.firsttuskegeebank.com>) using your access id and password
- Click Submit
- Select the construction account and double click

Open the daily cash report form and update bank balances (see exhibit B4). The line of credit balance is printed an updated daily.

CASH RECEIPT POLICY

3d. Bank Transfers

In order to transfer money via wire, ACH or inter-bank transfer, the requesting employee must prepare the Funds Transfer Form (exhibit B27) and obtain approval from the Comptroller and the Vice President for Business and Fiscal Affairs. Prior to the forms being submitted to the VP for Finance for approval, the Comptroller reviews the forms transfer form. After the approval, the necessary forms are forwarded to the appropriate financial institution or the information is entered on-line in order to initiate the transfer. If the transfer is entered on-line, the VP for Finance approves and releases the wire by phone or on-line. Copies of all supporting documentation or forms are submitted to the accounting staff for receipting and/or disbursement entries.