

Policy Title: Cash Receipts, Deposits and Petty Cash

Policy Type: Finance/Administration

New/revised: Revised

Old Policy #: B-080, FP-2, FP-3

Approval level: Board of Trustees
 President
 Vice President
 Other (specify here)

Purpose: The purpose of this policy is the establishment of procedures for deposit of funds, recording of receipts, and management of petty cash funds.

Policy:

I. General

- A. All payments received on behalf of the University must be promptly deposited.
- B. All checks in payment of amounts due the University must be made payable to East Tennessee State University. Checks must not be made payable to departments, department heads, or any University official or employee by name. If checks are received made payable to an individual, they must be appropriately endorsed before transmittal to the Financial Services Office. The endorsement must be preceded by "pay only to ETSU". If a check which is made out improperly is in payment of an item of a repetitive nature, the maker must be instructed to make future checks payable to East Tennessee State University.
- C. All receipts must be deposited intact. No expenditures may be made or checks cashed from cash receipts. No receipts may be retained within a department for departmental use.
- D. No "unofficial" funds may be maintained in any department. Any such funds currently on hand are in violation of this policy and must be transmitted to the Financial Services Office with a statement as to source.

II. Recording of Receipts

- A. All departments or activities regularly receiving funds in routine operations must record each transaction on carbon pre-numbered receipt books, (receipt books can be purchased from office supply stores by each department), or record the transaction on a cash register in the presence of the customer or payee. When the payment involves currency to be recorded in an official receipt book, the original receipt must be delivered to the payer. A notation must be made on each receipt specifying whether payment was by check or cash and the purpose for which the money was collected including course numbers, where applicable.
- B. Departments or activities which are not authorized by the University Financial Services Office to accept payments and do not maintain a receipt book must not accept payment but should direct the payer to the Financial Services Office for the purpose of obtaining an official receipt. Checks which are received by such departments by mail should be promptly forwarded to the Financial Services Office with a statement covering the purpose of the payment.

- C. Every person making a payment to the University for any purpose is entitled to, and must be given an official receipt for any such payment.
 - D. When necessary to void a receipt, the original must be retained and stapled to the copy.
- III. Transmittal and Deposit of Receipts
 - A. Frequency of Transmittals and Deposits – the Family Practice Centers, Registrar’s Office, Off Campus Centers, and other departments having significant daily income must deposit each day's receipts no later than noon of the following day. Other departments must deposit receipts intact within three days; however, a department must deposit funds each day when \$500.00 in funds have been accumulated. Receipts are to be deposited in the Bursar's Office or in a bank account approved by the University.
 - B. Procedure for Preparing Deposits of Receipts with the Financial Services Office
 - 1. When a deposit is prepared by a department maintaining an official receipt book, an adding machine tape must be prepared of the items appearing in the receipt book subsequent to the last deposit. This tape must be attached to the receipt book opposite the last receipt covered by the current deposit, and on it must be noted the date of the deposit and the inclusive receipt numbers. The person presenting the monies to the Financial Services Office for deposit will insure that a copy of the Financial Services Office receipt is attached to the receipt book in the same manner as the adding machine tape.
 - 2. The back of each check should be stamped "For Deposit Only - East Tennessee State University, Department Name" upon acceptance.
 - C. Procedures for Depositing Receipts Off-Campus
 - 1. Off campus centers and clinics may deposit funds in a bank account authorized by the University. A copy of each deposit slip validated by the bank teller must be transmitted to the Financial Services Office with a deposit summary showing the purpose for which funds were collected.
- IV. Special Fiscal Year End Closing Procedures
 - A. Under present University and State regulations, all funds received by the Financial Services Office by noon on the last work-day of the fiscal year must be deposited as of that date. Funds receipted by departments as of the close of business on the day prior to the last work-day of the fiscal year must deposit funds in the Financial Services Office or in an authorized bank account by noon of the next day.
 - B. Receipts written after the fiscal year deposit must be dated July 1 or the first work-day in the new fiscal year.
 - C. Final fiscal year deposit slips received by the off-campus centers or clinics must be transmitted immediately to the Financial Services Office for recording.
- V. Custody and Safekeeping of Receipts

Department heads must insure that proper safekeeping facilities are available and that proper safeguards are taken to protect official funds until deposited. Currency must never be transmitted through US Post Office or campus mail or left overnight in cash registers. If unusually large sums are on hand, arrangements should be made for bank night deposits or overnight storage in the Financial Services Office vault.
- VI. Cash Overage and Shortage

If at any time a department's petty cash fund or daily receipts should be over or short, the overage or shortage should be reported by telephone to the Financial Services Office (439-4414) immediately. If the amount of overage or shortage is determined to be significant by the University Financial Services Office, a written report regarding the circumstances of the overage or shortage must be submitted to the University Business and Finance office for a formal report

to the Chief Financial Officer and the State Comptroller's Office as required by law (T.C.A. § 8-19-501).

VII. Petty Cash Funds

- A. When the nature of certain departmental operations requires a fund for frequent cash purchases of minor items, the Financial Services Office will, upon proper justification, advance to the Department Head a Petty Cash Fund to be maintained by the Department on a custodial basis. Such advances are not chargeable to the department's operating account but are reflected on the accounting records as an advance to the Department Head, who is accountable for proper fiscal and physical control of the fund.

VIII. Proper Custody and Control of Petty Cash Funds

- A. The custody and control of Petty Cash Funds may be delegated to appropriate personnel; however, accountability and responsibility for proper use and care of the funds remain with the designated Department or Unit Head.
- B. The Department Head must insure that facilities for safekeeping of funds are available and must be approved by the Financial Services Office.
- C. Petty Cash Funds, other than advances used in making change, must be kept separated from all other funds, including personal funds, and not co-mingled.
- D. The Petty Cash Funds are subjected to audit and should frequently be balanced to ensure that the cash plus paid receipts on hand equal the amount of the fund.
- E. If, for any reason, petty cash funds are inadvertently deposited or used in a manner not compliant with policy, the Bursar's Office must be notified immediately.

IX. Limitations on Use of Petty Cash Funds

- A. Office supplies and materials which are available through other sources may not be purchased through the petty cash account except in emergency situations. If such a purchase is necessary, an explanation must be attached to the voucher.
- B. Unless exceptions are specially approved by the University Financial Services office, Petty Cash should be used only when the purchase from one vendor is less than twenty-five dollars (\$25.00).
- C. As a state institution, the University is exempt from the payment of City and State Sales Tax and Federal Excise Taxes. Exemption forms are available from the Financial Services Office.
- D. Loans or advances to employees for personal use from Petty Cash Funds are forbidden. No checks may be cashed from Departmental Petty Cash Funds.
- E. Meals, food, flowers, travel, personal services, contractor services, and dues or subscriptions cannot be reimbursed by Petty Cash funds.
- F. A single petty cash fund may not be used as both a change fund and a disbursement fund.

X. Securing of Proper Receipts for Petty Cash Expenditures

- A. Receipts for Petty Cash expenditures must be obtained from the vendor and must meet the following requirements:
 - 1. All receipts must be originals.
 - 2. The receipts must provide a complete description of the materials purchased or service rendered. The only exception is when a firm uses standard business forms and issues their receipt on a standard multi-part form which indicates Customer Copy of Receipt.
 - 3. The vendor's invoice must clearly indicate that it has been paid either by being stamped with the official "PAID" stamp of the firm and containing the name

of the firm; by being made out to "CASH SALE"; by having the firm's cash register "CASH SALE".

4. Receipts cannot be accepted for reimbursement which show evidence of alteration.
5. At fiscal year-end, a reimbursement request must be made before June 15th. Unless grant funded, any reimbursement requests not submitted by this time and carried forward must be approved by the Associate Vice President or Comptroller of Financial Services.
6. The index and account to be charged should appear on the request for reimbursement along with the signature of the approving authority.

XI. **Reimbursement of Petty Cash Expenditures**

Whenever the cash in the fund is depleted to the extent requiring replenishment, or, in any event, at least once each fiscal quarter, the paid invoices should be submitted to the Financial Services Office for reimbursement.

XII. **Cash Overage and Shortage**

If at any time a department's petty cash fund or daily receipts should be over or short, the overage or shortage should be reported by telephone to the Financial Services Office (439-4212 or 439-4414) immediately. If the amount of overage or shortage is determined to be significant by the University Financial Services Office, a written report regarding the circumstances of the overage or shortage must be submitted to the University Financial Services Office for a formal report to the Chief Financial Officer, the Board of Trustees, and the State Comptroller's Office as required by law (T.C.A. § 8-19-501).

XIII. **Closing a Petty Cash Fund**

- A. If it is deemed that a petty cash fund is no longer needed, all unreimbursed cash disbursement receipts along with all remaining cash should be returned to the Petty Cash Accountant in the Bursar's Office. All receipts must be properly documented with the business purpose of the purchase and the index and account to be charged.