

Title/Subject: CASH HANDLING POLICY

Applies to: faculty staff students student employees visitors contractors

Effective Date of This Revision: August 1, 2023

Contact for More Information: Student Account Services & University Billing

Board Policy Administrative Policy Procedure Guideline

PURPOSE:

Central Michigan University faces multiple risks related to cash, cash equivalents, and checks that are received by departments and employees, the greatest of which is loss or theft of funds. The best way to mitigate this risk is to have funds deposited in a university bank account as quickly as possible and by following a consistent set of internal controls for safeguarding these assets. This practice also enables the university to maximize its investment returns on working capital funds.

POLICY:

All university funds, collected by any individual or department of the university, must be deposited into an authorized university bank account as soon as practical, generally on the date of collection. Where this is impractical, the deposit may be made within one business day of collection. This policy will protect university funds as well as facilitate proper cash management. All currency deposits must be in U.S. dollars.

The Financial Services Treasury staff must approve the use of all university bank accounts. The use of personal banking accounts or any other non-authorized bank accounts by Central Michigan University employees for the depositing of and/or safekeeping of university funds is strictly prohibited. Departments are not authorized to open third party payment acceptance accounts such as Paypal, Apple Pay, Venmo, Stripe, etc. on behalf of the university without documented approval from the Financial Services Treasury Office.

Each university department that makes deposits is responsible to have their staff complete training that covers internal controls as well as deposit methods, locations, and procedures. Information on the training program can be obtained on the SASUB departmental website. (<https://www.cmich.edu/offices-departments/finance-administrative-services/financial-services-reporting/student-account-services-university-billing/faculty-staff-resources/cash-check-handling>)

Guidelines:

1. DEPARTMENTAL DEPOSIT LOCATION

Central Michigan University utilizes a centralized cashing function. Services related to payments, deposits and cash disbursements for university business are available at the OneCentral Cashier office located in the Bovee University Center.

2. DEPARTMENTAL CASH HANDLING CONTROLS

University departments must follow proper procedures and exercise internal controls when handling the collection and deposit of cash and checks. An effective system of internal controls is designed to provide reasonable assurance that errors will be detected and corrected in the normal course of activities. Necessary components of this system include:

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- Segregation of duties (whenever possible) between personnel who issue billing/receivables, receive funds, deposit funds and those who reconcile transactions
- Written procedures and documented controls for issuing billing/receivables, receiving funds, depositing funds, and reconciling transactions
- Controlled access to resources such as cash, checks, cash equivalents, deposit supplies, as well as account information and personal information
- Verification and reconciliation of financial information
- Management approval of refunds (refunds must be issued in the same medium as funds were received). If monies are commingled in the student account, any refund issued would be delivered in the manner selected by the student.

A series of high-level process steps is outlined below for establishing departmental funds management controls within three main cash handling activities: Receiving Funds; Depositing Funds; Accounting for and Reconciliation of funds:

A. Receiving Funds

- Determine who is authorized to receive funds, and ensure personnel are properly trained regarding expectations of safeguarding funds and information
- Ensure money is counted, and verified by two individuals, a pre-numbered receipt is issued and a log of funds received is maintained

B. Depositing Funds

- Determine who is authorized to deposit funds, and ensure personnel are properly trained
- Drop off all funds to the cashier's office in a timely manner
- Ensure funds and information are safeguarded at all times, including verifying funds throughout the chain of custody from receipt to deposit

C. Accounting and Reconciliation

- The cashier's office will count and verify deposits match deposit slips. Departments will be contacted if discrepancies exist in deposits and agree with department on any changes to be made
- Departments must verify amount and accounting (cost center and general ledger account) of deposit is correct when posted, inaccuracies should be corrected no later than the month following the deposit.

Please refer to the departmental cash handling internal controls template located on the SASUB website, (<https://www.cmich.edu/offices-departments/finance-administrative-services/financial-services-reporting/student-account-services-university-billing/faculty-staff-resources/cash-check-handling>) for more details related to internal controls.

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3. ACCEPTANCE OF FOREIGN CURRENCY, CHECKS, AND MONEY ORDERS

Central Michigan University does not accept physical foreign currency or checks issued from foreign banks located outside the U.S. or Canada. This includes payments from students, suppliers and other affiliates, regardless of whether checks are issued in U.S. dollar (USD) or foreign currencies.

Accepting checks issued from foreign banks (non-U.S./non-Canadian) presents unique challenges in the collection of the funds. Unlike domestic checks that are cleared through the United States Federal Reserve, foreign-issued checks must be presented and cleared through a variety of channels depending on the banking system associated with the country of origin. Potential impacts due to the more complex clearing process for foreign checks include significant delays; additional layers of fees which could be substantial; higher university administrative time and costs; and foreign exchange risk that could result in less than full payment after conversion to USD.

The university is sensitive to the strategic partnerships held with suppliers and academic affiliates abroad as well as its diverse student population. Accordingly, the OneCentral Office is available to assist students, faculty, and staff in determining cost effective payment alternatives, including foreign wire transfers using Flywire (our international payment processing partner), credit card payments in circumstances where credit card payments are accepted for payment and/or using SWIFT codes to wire monies to U.S. bank accounts held by the payor.

Canadian checks should be made out in U.S. dollars for ease of processing by the cashier office.

Anyone requiring assistance with payment alternatives for foreign payments may contact the OneCentral Office, at OneCentral@cmich.edu or call (989) 774-3618, for more information.

4. CASHIER'S OFFICE FUNCTION

The Cashier's Office is designed to be the centralized depository of the University and is not authorized to cash checks of any type. The Cashier's Office will provide currency and coin to custodians of departmental Cash Funds upon being provided an approved authorized Change Fund form from the Accounts Payable office.

5. STUDENT TRANSACTIONS

Student payments for tuition, fees, housing, telephone charges, and other miscellaneous charges may be made in person at the OneCentral Office, by mail, phone or via online ePayment. For details on these payment options please consult Student Account Services and University Billing at <https://www.cmich.edu/offices-departments/finance-administrative-services/financial-services-reporting/student-account-services-university-billing>

6. CASH EQUIVALENTS

Similar to deposits, each university department that handles cash equivalents is responsible for having proper internal controls in place that safeguard those items.

The term "cash equivalents" refers to items that are easily exchanged for cash, such as tickets, postage stamps and gift cards. Cash equivalent purchases are limited to circumstances allowed under the university business expense policy. Cash equivalents must be stored in a locked safe or cash drawer. All transactions involving cash equivalents, whether purchase, sale, or exchange must be recorded on the general ledger and reconciled appropriately, and any issues must be resolved in a timely manner.

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Central Michigan University reserves the right to make exceptions to, modify or eliminate this policy and or its content. This document supersedes all previous policies, procedures or guidelines relative to this subject.