



Handbook Of Operating Procedures

PETTY CASH, CHANGE FUNDS, AND CASH HANDLING POLICY

I. T.E.C. POLICY:

Texas Education Code, Subtitle A, Higher Education in General, Chapter 51. Provisions Generally Applicable to Higher Education, Section 51.008, Certain Receipts to be Deposited in State Treasury, p. 414-415.

(a) The governing board of every state institution of higher education is directed to designate special depository banks, subject to the approval of the state treasurer, for the purpose of receiving and keeping certain receipts of the institution separate and apart from funds now deposited in the state treasury. The receipts have referred to are described in subsection (b) of this section....(b) The governing board of every state institution of higher education shall deposit in the state treasury all cash receipts accruing to any college or university under its control that may be derived from all sources.For the purpose of transferring of such institutional receipts to the state treasury, each institution shall open in a local depository bank a clearing account to which it shall deposit daily all such receipts.

II. PURPOSE AND SCOPE

A. Guidelines and Procedures

The purpose of this policy is to provide guidelines and procedures for the handling of all cash activities at The University of Texas at Brownsville and Texas Southmost College (UTB/TSC) Partnership, and, in particular, cash funds maintained and cash payments and deposits made at the departmental level. This policy and required procedures apply to all university funds, as well as agency funds, and all UTB/TSC Partnership departments and projects.

B. Cash Transactions

All cash transactions involving UTB/TSC Partnership are subject to the guidelines set by state laws and regulations and university policies and procedures. University employees have a fiduciary responsibility to the university to handle cash transactions in accordance to this policy.

C. Limits and Restrictions

The limits and restrictions defined in this policy are the maximum allowable at the departmental level and each individual department may choose to set more restrictive internal controls or limits for their areas.



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III. POLICY STATEMENTS: Petty Cash Funds, Change Funds, and Cash Handling

A. Petty Cash Funds

Petty cash funds are established in cases where an extraordinary need exists. The fund request must be approved by the Director or Associate Director of the Business Office and the departmental administrator. The departmental administrator is ultimately accountable for safeguarding, proper use and documentation of the fund. The use of these funds should be minimized and used to reimburse an employee who has expended personal funds where unforeseen circumstances precluded following normal procurement procedures. The departmental administrator is solely accountable and liable for petty cash purchases. The maximum allowable and approved amount for a petty cash fund is \$500.00.

B. Change Funds

Change funds are established for the purpose of conducting sales or service transactions. Change funds must be approved by the Director or Associate Director of the Business Office. Change funds may be established only in areas where a need for such a fund can be clearly demonstrated. In all instances, change funds are the responsibility of the departmental administrator and it is their fiduciary responsibility to ensure that the fund is maintained and safeguarded in accordance with university policy.

C. Cash Handling

Cash handling includes the authorization of persons to accept cash, segregation of duties, offsite cash collection procedures, maintenance of cash receipts logs, security and reconciliation of cash, and preparation, approval, and transmittal of cash to the Business Office.

IV. POLICY AUTHORIZATION

The Business Office, major cash handling departments, and all other UTB/TSC Partnership departments must have in place internal procedures and guidelines to cover receipt of cash and checks. The guidelines shall include authorization of persons to accept cash; segregation of duties; offsite cash collection procedures; maintenance of a cash receipt log; security and reconciliation of cash; preparation, approval, and transmittal of cash to the Business Office;



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periodic review of cash receipts and reconciliation; and assurance that the cash handling policy is being followed. The guidelines must also include a procedure for the recording and processing of revenue that enables a transaction to be traced from the receipt of funds to the deposit of those funds in the university's bank accounts and the recording of the receipts in the university's general ledger, appropriate accounts receivable, or departmental revenue account.

- A. Business Affairs Division:** This division is responsible for the compliance and adherence to applicable laws, regulations, and policies of governmental and institutional authorities. The following authorized members have cash handling policy responsibilities:

Vice President for Business Affairs
Assistant Vice President for Business Affairs
Director of the Business Office
Associate Director of the Business Office
Accounting Group Supervisor/Cash Manager, Business Office

- B. Business Office:** This office is the primary UTB/TSC department responsible for revenue collection from tuition, fees, and other billed charges. The Business Office is responsible for the initial review of revenue transactions prior to the depositing of funds to the university's bank accounts.
- C. Major Cash Handling Departments:** These departments have, as a principal element of their departmental mission, the responsibility for the collection of revenue in support of their own or other university operations. These departments must have personnel with primary cash handling operations and accounting responsibilities. These departments must have set, written guidelines in accordance to this policy. These guidelines must be strictly adhered to. These departments fund accounts are subject to unannounced review by representatives of the Business Office and to audit by the Internal Auditing Department.
- D. Incidental Cash Handling Departments:** These departments are those that do not collect revenue as part of their primary mission and do not have personnel with primary cash handling and accounting responsibilities. These departments must adhere to guidelines as set in accordance to this policy.
- E. Prohibited Cash Handling:** Should a department successfully demonstrate a need for a change fund, the fund is to be managed for that specific authorized purpose in accordance with the provisions of this policy. **Co-mingling various types of funds or using a change fund as a petty cash fund is strictly prohibited.** All departmental cash funds require the approval of the departmental administrator and



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the Director or the Associate Director of the Business Office and are subject to annual review and reauthorization.

Cash is not to be accepted or issued by any university employee for any purpose unless that employee has been authorized by the Director of the Business Office, the Associate Director of the Business Office, or the departmental administrator to handle cash for the purpose specified. Should cash be received by a university employee or department, it is to be deposited in accordance with this policy and procedures. Retention of cash received from outside sources for use as petty cash or change-making purposes is **strictly prohibited** and may be cause for the withdrawal of cash acceptance privileges by the Business Office.

Departmental petty cash funds will be authorized by the Director of the Business Office only in extraordinary cases where need and accountability can be demonstrated. Individual reimbursements within specified limits should be processed via purchase vouchers through Accounts Payable.

V. PETTY CASH REIMBURSEMENTS

- A. Employees required to expend personal funds to meet emergencies or make small dollar purchases should seek reimbursement through Accounts Payable. In special circumstances, such as time or funding constraints, the employee may expend personal funds and be reimbursed via a Petty Cash Reimbursement Request. All petty cash reimbursement requests must be approved by the Director or Associate Director of the Business Office.
- B. An expenditure may be reimbursed through the petty cash reimbursement system if the total amount is less than \$100.00 per reimbursement (one item or multiple), is not a prohibited expenditure, and is supported by proper receipts. (The splitting of purchases to stay within the limitation is not permitted.)
- C. Reimbursements through the petty cash reimbursement system must be requested within 30 days of the date of purchase. If a request for reimbursement is made after 30 days it must be processed on a purchase voucher through Accounts Payable. Reimbursements will be issued by check to the employee.
- D. Prohibited Transactions: Expenditures that may be reimbursed through the petty cash reimbursement system have the same restrictions as the budget account to which the reimbursement is charged and are subject to all university expenditure guidelines.

The following transactions are prohibited as petty cash reimbursements:



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1. Travel or registration expenses.
2. Sales tax reimbursements.
3. Consulting fees.
4. Reimbursements for meals, alcoholic beverages, or tickets to social or cultural events.
5. Payments to individuals or other noncorporate entities for personal services.
6. Transactions for which an original invoice is not available. (A copy of an original invoice which is certified by the departmental administrator may be processed through Accounts Payable on a purchase voucher.)
7. Expenses of any kind charged to a credit card.

VI. DEPARTMENTAL CHANGE FUNDS - GENERAL

- A.** The Director or Associate Director of the Business Office may approve a request for a departmental cash fund when a need can be clearly demonstrated and a written request is submitted to the Business Office by a departmental administrator.
- B.** Departmental administrators are responsible for ensuring that cash funds in their areas are managed in accordance with this policy and procedures and that internal guidelines are in place to ensure adequate control of funds. To assure a system of checks and balances, the fund custodian (appointed by the departmental administrator) may not be the employee with approval or reconciliation responsibilities for the department's account.
- C.** All funds are subject to unannounced review by representatives of the Business Office and to audit by the Department of Internal Audits.

VII. ACCEPTANCE OF PERSONAL CHECKS AS PAYMENT

- A.** Personal checks provided to the university in payment for goods and services must be made out to The University of Texas at Brownsville.
- B.** When submitting a personal check, the following information is required on the face of the check: driver's license number, physical address (not a P.O. Box), telephone



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number, and the student ID number. The cashier will verify the printed driver's license number and ID number with the actual documents.

- C. Before payment is accepted by check, the university employee is required to review the name on the check against the university's "Master Check List". This list indicates those who have written a check to the university that has been returned unpaid within the past year, and/or those who have written a check that has never cleared. The employee is responsible for verifying that the check writer's name is not on the "Master Check List" and that the required verification procedures indicated above are followed. **No check is to be accepted from anyone whose name is on the "Master Check List" without approval from a supervisor in the Business Office.**

VIII. CASH DEPOSITS AND OTHER CASH TRANSMITTALS

- A. Gifts: Any gift (check, cash, negotiable stocks or bonds, tangible items) received by a university employee or department must be forwarded to the Office of Institutional Advancement within one working day of receipt.
- B. Found monies: Any monies found should be surrendered immediately to the UTB/TSC Police/Security Department.
- C. Auxiliary enterprise and departmental operations, fees, and sales of services:

University departments may run auxiliary enterprise departments engaged in the routine sale of goods or services. These units are subject to the following guidelines.

1. Regular fees and payments over \$25.00 are to be made directly by the payer to the UTB/TSC Business Office, 80 Fort Brown, Brownsville, TX. 78520.
2. Checks, money orders, or credit cards are the preferred payment methods and should be encouraged. **In cases where currency is the only means of payment, the currency must be secured and appropriately deposited in accordance with this policy and procedures.**
3. Any monies received totaling \$100.00 or more must be deposited with the Business Office in accordance with cash deposit procedures within one working day of receipt. The Business Office will, in turn, deposit funds to the university's bank accounts within three working days of receipt.



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4. The departmental administrator is responsible for ensuring the safeguarding of all monies in a safe, locked drawer, or locked file.
5. It is strictly prohibited to accept and deposit a payment to a departmental account when the purpose and recipient of the payment cannot be identified. Unidentifiable payments that are received should be referred to the Business Office for research and recording to the appropriate departmental revenue account.

IX. DEFINITIONS

- A. Auxiliary Enterprise: A university operation that furnishes goods or services to students, faculty, or staff; charges a fee for the goods or services; and is managed as a self-supporting entity.
- B. Cash: Currency, personal or institutional bank drafts, money orders, cashiers checks, or travelers' checks.
- C. Change Fund: A fund established for the purpose of supporting a sales or service operation. The change fund is used to make change for direct purchases of goods or services or to support indirect services (i.e., duplication machines in the library).
- D. Currency: For purposes of this policy: U.S. dollars and cents.
- E. Departmental Cash Fund: Any type of cash fund maintained at a decentralized level: petty cash or change.
- F. Fund Custodian: The departmental employee specifically authorized by the departmental administrator to manage monies in the departmental cash fund. The fund custodian is responsible and accountable for the fund's safekeeping and ensuring that monies are expended and accounted for in accordance with the university's policies and procedures.
- G. Petty Cash Fund: A fund established at the decentralized departmental level for the purpose of expediting small dollar purchases under \$100.00 where unforeseen circumstances preclude following regular procurement procedures.