

PROCEDURE NUMBER: FINA 5.10 Procedure
SECTION: Administration and Finance

SUBJECT: Cash Management
DATE: October 1, 2023
REVISION:

Procedure for: All Campuses
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Issued by: Administration and Finance – Controller’s Office

Procedure

The University Administration and Finance Division, Controller’s Office, will ensure compliance with University Policy FINA 5.10 through the guidelines and procedures outlined below. This procedure is applicable to all cash management, regardless of the source of funds.

Cash Collections

The following best practices should be implemented, where feasible, to maximum security and efficiency with collections:

- Systems or methods to detect “prior offenders” of nonsufficient funds (NSF) checks should be developed and implemented.
- Accounts receivable should be consolidated internally, if possible, to minimize billing efforts and to identify high risk accounts.
- All accounts receivable should be monitored and aged as part of the write-off process. Aged accounts receivable must be analyzed periodically for collection feasibility and appropriate action taken to collect the debt.
- All clients should be encouraged to utilize electronic transactions for payments.
- All collection policies must conform to the Fair Debt Collection Practices Act.
- All invoices are to be issued on a “due upon receipt” basis, if feasible.
- Employees involved in the collection process should be provided adequate training in collection actions, client interaction, and established procedures.

- If necessary to fulfill the collection process, the University may contract with a collection service for delinquent accounts. Accounts delinquent over 120 days should be especially targeted for collection service designation.
- All checks returned to the University as NSF should be aggressively pursued for payment. Utilization of banking tools such as an automatic re-presentment or date targeted Automated Clearing House (ACH) transactions should be evaluated for possible use to assist in these collections.
- To the extent allowed by law, a return fee of at least \$25 shall be applied to any check returned for NSF (physical or electronic checks and transactions).
- Monetary gifts or contributions must be recorded and deposited with the appropriate office within one business day.

Cash Handling

A. Internal Controls

1. All requests for cashiering or depository funds will be made to the Controller's Office in writing stipulating the location, justification, and responsible party assigned to the fund. Upon establishment of a cashiering or depository fund, a fund custodian will be appointed.
2. No petty cash funds are to be established from cashiering or depository funds by any department.
3. The custodian is responsible for the fund and the collection, balancing, reporting, and disbursement of all cash and assets of the fund. A change in custodian will require a written notification to and approval by the Controller's Office.
4. Cash and assets must never be left unsecured or unattended. All assets must be physically protected in safes, locked cash drawers, etc. at all times. Combinations or keys for cash receptacles must be maintained only by designated custodians and supervisors. Access to combinations and keys should be reviewed regularly by a supervisory official.
5. Every cashier shall be assigned an individual cash drawer. No cash drawers are to be shared. Only the assigned cashier and the custodian of the fund should be allowed access to the drawer.
6. All checks are to be endorsed with the University's name and a cashier identifier upon receipt. If immediate endorsing is not operationally possible, all checks must be endorsed before the cash drawer is closed and balanced.
7. Each cash drawer is to be established for an amount of funds dependent upon the use of the drawer. An annual review shall be made of each cash drawer's assigned cash balance.

8. Change drawers are not to be used for petty cash or cashing of personal, payroll, or expense checks.
9. Sequentially numbered receipts must be used for all transactions and daily balancing of the receipts, or system reports, to the drawer is required in the closing process.
10. Cash drawers are to be balanced and closed out at the close of each cash handler's work period.
11. All overages/shortages are to be reported to the custodian of the fund at daily closing and must be documented as an overage/shortage in the balance process.
12. Overages/shortages of \$25 in a single incident or in aggregate during a one-month period by a cash handler must be investigated by the custodian/supervisor and may result in disciplinary action up to and including termination.
13. All deposits shall be verified twice, preferably by two individuals.
14. All computer and credit card terminals are to be closed out at the end of a cashier's shift or at the end of the day.
15. Documentation in the form of a summary sheet for each deposit must be prepared before deposit to the bank or central depository indicating the amount of funds, the breakdown of funds, the accounts to be credited, and identification of the depositor. Copies of the deposit should be retained accordingly for recordkeeping purposes.
16. Checks requiring additional research or internal handling shall be photocopied by the department without delay of the deposit.
17. A practical timetable of deposit dates must be established considering armored transport service schedules.
18. All deposits must be balanced to bank receipts, or electronic downloads from the bank, daily.

B. Locations

1. Adequate working space should be provided for each cashier in order to maintain control of the cash handling process and allow space for the processing of deposits and cash. Adequate and secure areas should be designated for balancing operations.
2. All cashiering areas should provide for security and separation between cash handlers and customers.

C. Counterfeit Currency

1. All counterfeit currency must by law be confiscated and segregated immediately by the cashiers. If a counterfeit note is discovered subsequent to acceptance as tender for the transaction, then it must be segregated by the cashier and the account will not be credited. A Counterfeit Note Report must be filed with the U.S. Secret Service within

one business day. A complete description of the passer shall be made by the cashier immediately following the transaction in accordance with Secret Service Procedures.

Petty Cash

A. Establishment

1. To establish a fund or increase an existing fund, a supervisory official must submit a written request to the Controller's Office containing the following criteria:
 - the stated purpose of the petty cash fund, including justification for how the fund will be used and the amount of petty cash needed;
 - the name and job classification of the fund's designated custodian;
 - the process for maintenance of the fund;
 - the location and planned securitization of the fund;
 - the chartfields from which the fund will be funded;
 - an explanation of why standard purchasing procedures are inadequate for the stated purpose;
 - a statement that the petty cash fund being requested, and the level of funds requested is necessary; and
 - signatory approval from the department head.

After approval, the Controller's Office will request approval from Audit & Advisory Services and the South Carolina Office of the State Auditor accordingly.

2. Upon receipt of the necessary approvals for the petty cash fund, the Controller's Office will record the fund and the custodian's name in the general ledger.
3. Petty cash funds are subject to periodic inquiry and review by the Controller's Office to confirm the funds are being used and are consistently justifiable.

B. Custodian

1. The custodian's supervisor will ensure that the custodian understands the written procedures for processing petty cash transactions and acknowledges that he/she is responsible for maintaining records to support the amount of the petty cash fund.
2. The custodian's other regular duties may not include the receipt, disbursement, or reconciliation of other cash funds, or the recording of charges or credits to customer and vendor accounts.
3. The custodian must keep the funds under lock and key at all times, with the key in his/her possession.

4. Control of the fund may never be split between two or more employees without written authorization of the Controller's Office. The custodian will be solely responsible for the full amount of the fund.
5. The custodian must balance petty cash funds after each payment. The fund should be balanced at least monthly by the custodian regardless of use.
6. Any discrepancy in petty cash funds will be the personal responsibility and liability of the custodian and the department head. Discrepancies should be immediately disclosed to and discussed with the Controller's Office. Shortages must be fully documented in writing and overages must be deposited with the Bursar's Office using the current chartfields.
7. To change custodians, a supervisory official completes and submits a [Cash Custodian Supplier Form](#) and [Petty Cash Reconciliation Form](#) to the Controller's Office for approval.

C. Operation

1. At all times, cash on hand plus paid receipts must equal the original amount of the petty cash fund.
2. No expenditures for wages, cash advances, loans, or unallowable commodities may be made from petty cash.
3. In addition to receipts, a [Petty Cash Receipt Form](#) should be completed and submitted to the custodian to support each disbursement.
4. Annual reconciliation is required by the Controller's Office in order to maintain these funds. The [Petty Cash Reconciliation Form](#) must be completed by the custodian, and an independent supervisory official, and submitted to the Controller's Office for review by the end of May each fiscal year.
5. Petty cash funds are to be used for business purposes only.
6. Petty cash must never be commingled with personal or other University funds and under no circumstance should these funds be deposited in a personal bank account.
7. Disbursements from the petty cash fund may not be held for future use by any employee for an excessive period.

D. Replenishment

1. Replenishments of the petty cash fund must be submitted through a Payment Request in the financial system. The request must be accompanied by a completed [Petty Cash Reconciliation Form](#), all applicable receipts, and Petty Cash Receipt Forms.
2. Upon receipt of the appropriate request and supporting documentation, the Controller's Office will record the replenishment in the financial system and issue a check. All check payments will be payable to the custodian and will directly reference the fund.

3. Requests to replenish the fund are to be submitted to the Controller's Office in sufficient time to prevent depletion of the fund. The fund should be replenished at least monthly. Each time the custodian performs a count, the Controller's Office must be notified of any identified shortages.

E. Closure

1. To request the closure or decrease of a petty cash fund, the Controller's Office should be notified through completion of the Petty Cash Reconciliation Form. Subsequently, the Controller's Office will notify Audit & Advisory Services and the South Carolina Office of the State Auditor accordingly.
2. Upon notifying the Controller's Office of closure, the petty cash funds must be deposited with the Bursar's Office using the current chartfields.
3. If the need for the fund ceases to exist, or the fund is handled improperly, it will be closed and removed from the department.

Change Funds

A. Establishment

1. To establish a fund or increase an existing fund, a supervisory official must submit a written request to the Controller's Office containing the following criteria:
 - the stated purpose of the change fund, including justification for how the fund will be used and the amount of change needed;
 - the name and job classification of the fund's designated custodian;
 - the process for maintenance of the fund;
 - the location and planned securitization of the fund;
 - the chartfields from which the fund will be funded;
 - a statement that the change fund being requested, and the level of funds requested is necessary; and
 - signatory approval from the department head.

After approval, the Controller's Office will request approval from Audit & Advisory Services and the South Carolina Office of the State Auditor accordingly.

2. Upon receipt of the necessary approvals for the change fund, the Controller's Office will record the fund and the custodian's name in the general ledger.
3. Change funds are subject to periodic inquiry and review by the Controller's Office to confirm the funds are being used and are consistently justifiable.

B. Custodian

1. The custodian's supervisor will ensure that the custodian understands the written procedures for managing change funds.
2. The custodian's other regular duties may not include the receipt, disbursement, or reconciliation of cash, or the recording of charges or credits to customer and vendor accounts.
3. The custodian must keep the funds under lock and key at all times, with the key in his/her possession.
4. Control of the fund may never be split between two or more employees without written authorization of the Controller's Office. The custodian will be solely responsible for the full amount of the fund.
5. The custodian must balance change funds after each exchange. The fund should be balanced at least monthly by the custodian regardless of use.
6. Any discrepancy in change funds will be the personal responsibility and liability of the custodian and the department head. Discrepancies should be immediately disclosed to and discussed with the Controller's Office. Shortages must be fully documented in writing and overages must be deposited with the Bursar's Office using the current chartfields.
7. To change custodians, a supervisory official completes and submits a [Cash Custodian Supplier Form](#) and [Change Fund Reconciliation Form](#) to the Controller's Office for approval.

C. Operation

1. At all times, cash on hand must equal the original amount of the change fund.
2. No expenditure may be made from the change fund.
3. Annual reconciliation is required by the Controller's Office in order to maintain these funds. The [Change Fund Reconciliation Form](#) must be completed by the custodian, and an independent supervisory official, and submitted to the Controller's Office for review by the end of May each fiscal year.
4. Change funds must never be commingled with personal or other University funds and under no circumstance should these funds be deposited in a personal bank account.

D. Closure

1. To request the closure or decrease of a petty cash fund, the Controller's Office should be notified through completion of the [Change Fund Reconciliation Form](#). Subsequently, the Controller's Office will notify Audit & Advisory Services and the South Carolina Office of the State Auditor accordingly.
2. Upon notifying the Controller's Office of closure, the change funds must be deposited with the Bursar's Office using the current chartfields.

3. If the need for the fund ceases to exist, or the fund is handled improperly, it will be closed and removed from the department.

Cash Advances

A. Request

1. Each recipient of a cash advance must be registered in the University's Supplier Self-Service Portal to receive payment. If not already an existing supplier, the [Cash Custodian Supplier Form](#) must be completed and emailed to APSupplr@mailbox.sc.edu for proper registration.
2. Each individual requesting a cash advance must be submitted separately via a Payment Request in the financial system by completing and attaching a [Request for Cash Advance Form](#). The Controller's Office must approval all requests, with requests for restricted funds requiring additional approval from Grants and Funds Management.
3. Upon receipt of the appropriate approval, the request will be processed and recorded in the general ledger, with the custodian's name recorded accordingly by the Controller's Office.
4. The established amount of the advance must adhere to the limitations of a short period of time. Specifically, the period typically does not exceed 90 days, and never exceeds one year.
5. If the need for the advance ceases to exist, or the advance is handled improperly, it will be rescinded and the custodian will be required to return all funds immediately, along with any appropriate documentation for expenses incurred to date.
6. If proper documentation for the disbursement of funds is not provided as requested or within 30 days after the end date, the amount of the cash advance may be deducted from the custodian's paycheck as agreed to per the signed request.
7. Cash advances are not authorized for research participant payments. Such payments should use the Program Expense Card.

B. Custodian

1. The custodian's supervisor will ensure that the custodian understands the written procedures for processing cash advance transactions.
2. The custodian must keep the cash advance under lock and key at all times, with the key in his/her possession.
3. The advance may never be split between two or more people without written authorization of the Controller's Office. The custodian is solely responsible for the full amount of the advance and assumes all liability for any discrepancies.

4. To change custodians, a letter including the following must be prepared and submitted to the Controller’s Office:
 - authorization from the supervisory official requesting a change and appointing a new custodian, along with an effective date; and
 - signed acceptance by the new custodian of the cash advance, plus paid receipts amounting to the total of the cash advance.

C. Operation

1. At all times, the cash on hand plus paid receipts must equal the original amount of the advance.
2. No expenditures for wages, loans, or unallowable commodities may ever be made with proceeds from the cash advance.

D. Settlement

1. All cash advances must be settled within 30 days of the ending period of the advance. Upon completion of the programs, trips, etc. for which the advance was issued, the custodian of the funds must complete a Cash Advance Settlement Form and attach all required documentation, submitting it to cash advance mailbox (cashadv@mailbox.sc.edu). Supporting documentation must include, but is not limited to, the following:
 - vendor receipts; and
 - deposit receipts for residual funds.
2. All monies advanced must be accounted for with the submission of a settlement form or return of cash on hand.
3. For any amount spent over the advance, a voucher will be completed by the Accounts Payable department for any amount due after the settlement clears.
4. The Controller’s Office reserves the right to request additional information as needed to settle the advances.

History of Revisions:

DATE OF REVISION	REASON FOR REVISION
October 1, 2023	New Procedure
July 1, 2025	Added History of Revisions section