

BILLING, RECEIPT HANDLING, AND DEPOSITS

POLICY NUMBER: RESERVED FOR FUTURE USE

RESPONSIBLE OFFICIAL TITLE: SENIOR VICE PRESIDENT OF ADMINISTRATION AND FINANCE

RESPONSIBLE OFFICE: ADMINISTRATION AND FINANCE

EFFECTIVE DATE: 4/27/2015

NEXT REVIEW DATE: 4/27/2019

SUPERSEDES POLICY DATED: 7/11/2012, WHICH REPLACED ADMINISTRATIVE REGULATION "CASH COLLECTION POLICY" (AR-II-3.0-2)

I. POLICY STATEMENT

Students and other customers of Northern Kentucky University will be billed on time and in accordance with published schedules and contractual agreements. Effective internal controls are to be in place to assure that payments received are deposited in a timely manner in the university's bank account and are accurately recorded in the accounts of the university's financial reporting system.

The Office of Student Account Services, under general administrative supervision of the Comptroller, is vested with University authority to receive all monies due and payable to the University. No other person is authorized to officially receive or accept payments due the University unless and until they have been so authorized by the Director of Student Account Services in writing and approved by the Vice President for Administration and Finance.

No funds belonging to, or intended for, the University shall be maintained by any person in any place, or in any account other than with the Director of Student Account Services and in the official University account.

No student or other person shall be assessed or charged any other fee unless such charge or fee shall first have been authorized and approved in writing by the President and the Board of Regents.

All monies collected on behalf of the University for services provided shall be properly accounted for as revenue and included in the budgetary process. Direct reimbursement of expenses not related to a service provided by the University shall be credited against that expense when deemed appropriate by the Office of the Comptroller.

Funds received by the University include State appropriations, tuition, room, board, other receipts resulting from billable charges, sales of goods and services, and gifts. These funds may be in the form of cash, paper check, cashier check, money order, credit cards, financial aid, and electronic funds transfers received by University locations.

II. ENTITIES AFFECTED

NKU departments, faculty, staff, students, organizations and individuals who, on behalf of the University collect, bill, process financial transactions and prepare departmental deposits.

- Office of the Comptroller
- Internal Audit
- Risk Management and Compliance

III. RESPONSIBILITIES

Employees in the departments authorized and responsible for receipt of such funds should, 1) adhere to this policy and its accompanying procedures, and 2) safeguard and accurately account for these assets while in their possession. All departments receiving funds will ensure operating procedures are written, outlining internal controls and safeguards over funds to include, but not limited to, the process used to track funds from initial receipt to final disposition. Refer to Attachment A for information on key internal controls.

The University Office of the Comptroller and the Office of Student Account Services are responsible for:

1. Providing authorization to departments and employees for the handling of cash funds and related assets.
2. Evaluating and approving all billing procedures.
3. Control of the funds and bank deposits.

All areas that accept credit card payments such as Visa, MasterCard, Discover and American Express must comply with the Credit Card Processing and Security Policy. This policy outlines requirements of the Payment Card Industry Security Standards.

It is the responsibility of the Director of Student Account Services, under the direct supervision of the university Comptroller to provide guidance to all revenue collecting departmental entities, to better ensure protection of university assets.

IV. PROCEDURES

Departments – Controls and Procedures for Receipt Handling

A. *Physical Control of Receipts*

1. Checks must be made payable to Northern Kentucky University but may also include the name of the University program or organizational unit. If checks are to be received by mail, the senders should be notified in advance to make their checks payable as indicated above and to mail them to the attention of the department involved.
2. Upon receipt, all checks must immediately be restrictively endorsed by the department in ink (stamp or pen) with the words, "For Deposit Only -Northern Kentucky University" and include the depositing department's name and NKU account number on the back.
3. Checks inadvertently made payable to persons or departments must be immediately endorsed by the payee or department head, and then further restrictively endorsed above and included in the deposit. If necessary, the payer should be contacted and advised that the payee name is incorrect and should request corrective action.
4. Check cashing privileges are not available. The following actions are prohibited in the departments:
 - a. Cashing personal checks out of the department's cash receipts for any reason
 - b. Use of department cash receipts or change funds for expenditures where a Purchase Order or Purchasing Card should be used.
5. Receipts must be safeguarded during operating hours and secured in a safe or locked file drawer or cabinet safe overnight.
6. Receipts must not be left unattended and should be concealed from the general public or any University employees that are not directly responsible for receipt handling activities.

7. Secure deposit bags are to be used by the Departments to secure cash and checks, while they are being transported to the Office of Student Account Services or bank for deposit. These secure bags may be obtained from Central Receiving Store.
8. Departments must ensure that cash and checks are transported to the Office of Student Account Services or the bank in accordance with the Depositing Frequency Schedule found in Attachment B. All funds received must be accumulated in a secure place and access must be restricted until deposited.
9. Credit card terminals must be closed out and balanced daily and corresponding revenue totals recorded in their designated University accounts. A Departmental Transmittal Form must be prepared (to include other receipts (cash and checks) and sent to the Office of Student Account Services daily for each day's (terminal closeout) total credit card receipts in accordance with the Depositing Frequency Schedule.
10. Northern Kentucky University does not accept checks drawn on banks outside the continental United States.
11. Any fees or exchange rate associated with a check drawn on a foreign bank will be charged back to the respective customer and/or department account.

B. Accounting for Billing and Receipts

1. Each department is responsible for accurately accounting for safeguarding and recording all funds received by them. The following internal controls must be in place.
 - a. Mail must be opened at least once each business day to account for all receipts. A check register or log of all cash, checks or credit card receipts must be prepared or recorded by an employee who does not have update access to the accounting records. Upon receipt of any payment, immediate action should be taken to verify whether or not the payment relates to the department's operations. If the payment cannot be identified as belonging to the department, the unidentified payment and any related correspondence should be sent to the Office of Student Account Services for handling and disposition within 5 business days of receipt.
 - b. Accounts receivable credits must be recorded by entry:
 - i. to an account in the University's Billing/Receivable system or;
 - ii. into the operation's subsidiary detail account.In both cases, the recording of the transaction should be completed by an employee who does not open the mail.
 - c. All receipts must be recorded in the University's financial system accounts,
 - i. by electronic transfer from the Billing/Receivable system, or
 - ii. by manual entry using a department transmittal form.
 - d. Sales invoices, cash register receipts or other supporting documents must be used to account for and record retail sales transactions in the University's Financial Accounting System. Retail sales must be controlled with a cash register or other point of sale terminal. Also, retail sales may be subject to State of Kentucky Sales or Use taxes. Questions regarding Sales or Use taxes should be directed to the Office of the Comptroller.
 - e. Cash registers are to be located so that the customer can observe amounts being recorded for their respective transaction. Areas without cash registers must supply a handwritten receipt.

- f. Control totals from cash registers (e.g., machine tapes and printout) must be verified at least daily, by the Associate Director of Student Account Services.
 - g. Receipts must be delivered, in accordance to the Deposit Frequency Schedule (Attachment B), to the Office of Student Account Services or designated bank (authority to make deposits directly at the bank must be granted by the Office of the Comptroller) by an employee who cannot update the detail accounting records.
 - h. Deposit tickets should be reconciled and compared to supporting records, (e.g., cash and checks) and initialed by an employee who does not regularly handle receipts or has limited update access to accounts receivable records. A copy of register control tape will be added to the deposit slip and verified to daily totals.
 - i. The departments must maintain all detailed documentation supporting all deposits, receipts and billings in accordance with the University's Records Management Policy and Retention Schedule.
2. When the University's Billing/Receivable system is used:
 - a. For third party billing and accounting, receipt handling by departments is eliminated since customer payments must be tendered at the Office of Student Account Services.
 - b. Student or other billable activity payments must be directed to the Office of Student Account Services (e.g., in person, mail or via the Web using electronic payment options such as e-check or valid credit card).
 3. When receipts are made electronically into a University bank account, the billing department must notify the Office of the Comptroller of the amount and account number to receive credit and the name of the payer. The Office of the Comptroller accounting area will complete the receipting functions for any funds electronically deposited to University bank accounts with the exception of credit card activity.

Departments – Reconciliation and Accounting for Receipts

A. Departmental Deposit Form(s) – A departmental deposit form is to be prepared for cash, checks, and credit card receipts and transported to the Office of Student Account Services. Departments needing this form can access and print the needed form at:

<https://inside.nku.edu/studentaccountservices/dept-forms-merchant-services/depositforms.html>. The Departmental Deposit/Transmittal form must include the following information:

1. The Agency/Department Name, Building and Room #, Bag Number, Person Depositing the Funds, Phone Number and the Date of the Deposit for accounting, reconciliation and audit trail purposes.
2. A Short Account Assignment Code, an explanation who the payment is from, a description of the nature of the deposit and the amount of each deposit line item are required on the form.
3. A total of all receipts (listed separately as cash, check and credit cards). This accounting total should be reconciled to the information taken from the bank deposit amount (e.g., cash and checks) and credit cards sales total (e.g., print-outs or tapes).
4. The preparer's signature and date showing when the Departmental Deposit/Transmittal Form was prepared.

5. The approver's signature and date approved to confirm and verify Departmental Deposit/Transmittal Form, supporting documents and total receipt/deposit amount.
6. Upon receipt of the validated Departmental Deposit/Transmittal Form, the Office of Student Account Services will properly record the amounts in the designated accounts. The validated Departmental Deposit/Transmittal receipts are to be attached to the daily deposit and receipt activity for audit purposes

B. Deposit Slip – If daily receipt volume is high, the Office of Student Account Services personnel may ask some departments to complete a bank deposit slip. The bank deposit slip form must have following information:

1. For each check, the payer's name and amount. If the department's daily deposit include 10 or more checks, then an adding machine tape with each check amount listed is acceptable. Then the grand total of checks is listed on the deposit slip.
2. The amount of currency and coin.
3. The credit card batch summary. The credit card activity will not be included in the deposit, but will be used to prepare the daily Departmental Deposit/Transmittal Form as indicated above.
4. The department name, the date, and the total of the deposit (includes cash and checks only).
5. All University departments should prepare three (3) separate adding machine tapes showing a total for each payment type (e.g., check, currency/coin and credit card slips). All adding machine tapes are to be included as support for the deposit, daily receipts and maintained for audit purposes.

Office of Student Account Services - Controls and Procedures

A. Physical Control of Receipts – Deposits with a properly prepared Departmental/Transmittal Form may be:

1. Transported in a sealed bag to Student Account Services located on the second floor of the Lucas Administration Building in accordance with scheduled office hours.
2. Left with a Student Account Services Cashier to be processed. A signed copy(s) of the Departmental/Transmittal Form will be ready for pick up as time permits.

B. Reconciliation and Accounting for Receipts

1. All University departments will retain a copy of the bank deposit slip with supporting documents for each deposit that is transported directly to the University depository bank.
2. On a daily basis, the Office of Student Account Services and/or other designated departments will forward the original Departmental Receipt forms to the Office of the Comptroller for recording in the designated University account.
3. All receipts with overages or shortages of \$50.00 or representing an unusual or reconciling problem must be investigated immediately by the Office of Student Account Services and reported to the Office of the Comptroller.
4. All corrections to amounts (increase or decrease) made by the Office of Student Account Services on a Departmental/Transmittal Receipt form should be lined through (a single line) and the correct amount recorded next to the incorrect amount. The date and initials of the employee making the change should be included on the Departmental Deposit/Transmittal form.

Office of the Comptroller - Controls and Procedures for Receipt Handling

- A. All deposits in the University's Accounting System accounts use the Departmental Transmittal Form as the source document. The original copy of all Departmental Receipt forms is maintained by the Office of the Comptroller.
- B. Other receipts are recorded in University's Accounting System through a feed from the Billing/Receivables detailed accounting system, automated upload and other departmental controlled subsidiary systems.

V. REFERENCES AND RELATED MATERIALS

REFERENCES & FORMS

References:

Attachment A – Internal Controls – Cash, Receipt Handling and Deposit Processing and

Attachment B – Frequency of Deposits Schedule and Guidelines:

<https://inside.nku.edu/content/dam/policy/docs/AdditionalResources/BillingReceiptHandlingAndDepositAttachments.pdf>

Related Forms:

Departmental Deposit Form:

<https://inside.nku.edu/studentaccountservices/dept-forms-merchant-services/depositforms.html>

RELATED POLICIES

Credit Card Processing and Security:

<https://inside.nku.edu/content/dam/policy/docs/Policies/CreditCardProcessingandSecurity.pdf>

REVISION HISTORY

REVISION TYPE	MONTH/YEAR APPROVED
Minor edits to correct URLs, punctuation, formatting, and revision history	August 4, 2019
Edits & Formatting	August 3, 2015
Revision & Name Change	April 27, 2015
Revision & Name Change – Cash Collection Policy Replaces AR-II-3.0-2	July 12, 2012
New Policy – Cash Collection Policy - Administrative Regulation AR-II-3.0-2	June 23, 1986