

<b>System-wide Policy:</b> <b>FI0310 - Receiving and Depositing Money</b>	
<b>Version: 9</b>	<b>Effective Date: 01/22/2025</b>

## SECTION 1. Policy Statement

### I. Generally

- A. Money includes coin, currency, credit card revenue, debit card revenue, and other negotiable documents, such as personal checks, money orders, cashier's checks, and traveler's checks, and electronic fund transfers such as Fed wire and ACH.
- B. The University receives funds from individuals and organizations for various reasons, such as when the University sells goods or services, or when a vendor provides a refund to the University.
- C. Departments must not make expenditures from the money they receive, and departments must not retain the money for their future use (the sole exception to this prohibition is where the UT System Treasurer has approved a department to exchange cash for money orders). For petty cash accounts, please see FI0525—Petty Cash.
- D. When a department receives money in the last 3 business days of the fiscal year, they must ensure that they deposit the funds no later than on July 1 or the first working day after July 1. The transmittals must be clearly designated "July 1 as of June 30" so that credit for this money is reflected on the records for the proper fiscal year.
- E. For purposes of this policy and any associated procedures, a "business day" is a day that the U.S. Federal Reserve Bank is open.

### II. Digital Receipts/Settlement Reports

- A. If a department's credit card system generates digital receipts or digital settlement reports, or both, the department does not have to maintain physical receipts of transactions that for which the department can generate digital records.

### III. Official Receipt Required

- A. The University maintains an online system to record all money that the University's departments receive, excluding sponsored-projects receivables. Departments must utilize this online system to document all funds that the department receives within one business day.
- B. If a department issues paper receipts, departments must utilize the online receipting system. If a department performs batch receipting, the department must utilize the online receipting system and perform a secondary count of cash or utilize batch totals from a third-party software for transactions.

### IV. Checks Made to the University

- A. Domestic bank checks only
  - 1. Due to the high cost of negotiating international checks, University departments may accept only checks in U.S. dollars drawn on U.S. bank accounts or U.S. branches of international banks.
- B. Correct Payee

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1. The University may only accept checks that are made payable to “The University of Tennessee” or “University of Tennessee.”
  2. Departments must not accept checks that are made payable to a specific University department or to a University employee.
- C. Statement indicating full or final payment.
1. The University’s staff must carefully review checks before depositing the check. Specifically, University staff must not deposit a check if the check contains any of the following statements or similar statements, except as allowed in this policy:
    - a) Full payment
    - b) Final payment
    - c) Full and final payment
    - d) Full satisfaction
    - e) Paid in full
    - f) Payment in full
    - g) Similar statements claiming to provide full payment
  2. If a department receives a check with a statement indicating full or final payment, the department staff member who receives the check must consult with a supervisor or the applicable University employee. Unless the check is written for the full amount that the payor owes the University, the University must return the check to the payor with a note stating that the University refuses to accept the check because it is insufficient.

## **V. Separation of Duties**

- A. When a department receives an individual cash payment, the department is required to issue the customer an official receipt using the online receipting system. When a department holds events with high volume cash sales (i.e. field days) and staffing levels permit, the department head shall ensure a secondary cash count is performed by an individual that did not perform the collection and receipting of cash receipts.
- B. The online receipting system provides financial controls relating to finalized receipts. For example, when a receipt becomes parked (i.e. “finalized”), specific data elements within the parked receipt cannot be edited (i.e. customer name, date of receipt, dollar amount, and payment method). Users of the online receipting system are not permitted to void receipts once parked. Receipts are only able to be voided by a separate administrator of the online receipting system.
- C. The Controller’s Office shall perform monthly bank reconciliation of deposits.

## **VI. Safekeeping of Money Received**

- A. Departments must take reasonable steps to protect money until the funds are deposited.
- B. At a minimum, departments must comply with the following:

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- 1.Utilize proper safekeeping facilities, such as locked offices.
  - 2.Do not send cash deposits through campus mail.
  - 3.Departments that utilize a combination safe must change the combination when the security of the combination is compromised or when a knowledgeable employee leaves the department.
  - 4.Departments must limit the number of employees who have access to funds stored in the department to no more than three employees.
  - 5.Departments are not permitted to leave funds in cash registers, drawers, or any other unsecured location outside of business hours.
- C. When a University department receives funds, the department must deposit the funds to a bank designated as a University depository.
- D. If a department's cash deposit contains \$1,000 or more, the department must, if possible, take additional steps to secure the money by:
- 1.Request security officers to transport the deposit; or
  - 2.Use night depository services; or
  - 3.Make deposits frequently, including multiple times per day.

## VII. Cash Registers

- A. Departments that maintain cash registers must comply with the procedures associated with this policy.
- B. Additionally, departments that maintain cash registers must create written procedures that, at a minimum, address the following:
  - 1.Documentation and approval of overrings and voided transactions
  - 2.Documentation of beginning change fund counts by cashiers (i.e., before the first transaction involving that fund, that cashier, or both)
  - 3.Proper reconciliation and check-out steps and documentation
  - 4.Tape retention plans
  - 5.Other procedures considered necessary.

## VIII. Refunds

- A. The University returns funds to individuals or institutions for a variety of reasons, including, but not limited to: overpayments; duplicate payments; payments that the payor sent to the University is error; cancellations, etc.
- B. Departments are responsible for entering refunds into the University's ERP System or an approved method as permitted by the Treasurer's Office. Campuses or institutes may issue a procedure that requires a central office to process refunds for the campus or institute.

## IX. Accepting Credit and Debit Cards

- A. Generally

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1. Departments that regularly receive payment for goods and/or services in routine operations are eligible to accept credit and debit cards as an approved method of payment.
2. Departments that currently accept or seek to accept, credit or debit card payments must comply with FI0311 – Credit Card Processing.
3. When a University department conducts a transaction with another University department, the departments must utilize internal transfers (See FI0520 – Internal Transfers).
4. Departments interested in accepting credit and debit cards must request approval from both the campus business office and the Treasurer’s Office.
5. The University is assessed fees on all credit card deposits. Each month the University’s depository bank(s) credit card processor sends detailed departmental merchant statements to the Treasurer’s Office for payment of the fee. The Treasurer’s Office pays the fees and charges the respective department for the fees that the department’s transactions generated.
6. The Treasurer’s Office will ensure that each department receives a copy of its activity statement to review and confirm. All fees related to the processing of credit and debit cards (e.g., equipment rental, forms, tokenization, and server use charges) are the responsibility of the applicable departments.

## B. Credit and Debit Card Deposits

1. Two types of electronic transactions may be made, through point-of-sale (POS) terminals or the Internet, both of which rely on the electronic capture of data necessary for processing the transaction.
2. Departments that receive credit and debit deposits must enter deposit information into the university’s online receipting system.
3. Departments or units that are unable to enter deposit information must prepare a REPORT OF DEPARTMENTAL COLLECTIONS (FORM T-33) for each deposit and forward to the appropriate campus/institute office for processing and posting to official university records. Batch release reports generated by the POS terminals or the Internet payment system must be attached to the bank deposit statement (or FORM T-33).
4. All credit or debit card payments received must be receipted in the cash University’s online receipting system within three business days of processing. Deposits must be made intact and include all credit or debit card transactions received.
5. POS Terminal Transactions.
  - a) Cardholder and transaction information is swiped or keyed into a POS terminal and electronically submitted to the card processor (bank) for authorization or approval.

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- b) At the close of each business day, the department or unit reconciles all transactions processed through the POS terminal to the actual sales drafts and transmits the batch of transactions to the card processor (bank) for settlement. Many cash registers are equipped with POS capabilities and can be used in lieu of separate POS terminals. Departmental or unit sales drafts must be maintained for seven years.

6. Internet Transactions.

- a) Cardholder and transaction information is captured via the Internet and transmitted electronically to the university's processor for authorization or approval. Each day at a predetermined time, all approved transactions are submitted to the processor for settlement. Each department or unit will receive a daily batch release report detailing all transactions processed by its Web site.
- b) This report must then be reconciled with orders received and processed during the same time period.
- c) Departments must maintain applicable documentation for at least seven years.

C. Credit and Debit Card Refunds

- 1. If a University department needs to refund all or part of a transaction to a customer and the customer paid the University via credit or debit card, the University must issue the refund to the customer's credit or debit card.

D. Chargebacks

- 1. The Treasurer's Office will notify applicable departments about any chargebacks ("chargebacks" are purchases that a customer disputes with their credit card or debit card provider).

**X. Unrelated Business Taxable Income (UBTI) and Sales Tax**

- A. For information related to UBTI and Sales Tax, please see FI0330 and FI0331.

**XI. Custody of Third-Party Funds**

- A. See FI0312 (Custody of Third-Party Funds) when handling funds that belong to a third party (i.e. funds that do not belong to the University).

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**SECTION 2. Reason for the Policy**

This policy outlines the University's controls in place related to receiving and depositing money.

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### SECTION 3. Scope and Application

This policy applies to all departments that receive funds from third parties.

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### SECTION 4. Procedures

See Procedures.

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### SECTION 5. Definitions

N/A

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### SECTION 6. Penalties/Disciplinary Action for Non-Compliance

Violations of this policy might result in adverse human resources actions, up to and including progressive disciplinary actions.

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### SECTION 7. Responsible Official & Additional Contacts

Subject Matter	Office Name	Telephone Number	Email/Web Address
Policy Clarification and Interpretation	Blake Reagan	865-974-3971	<a href="mailto:breagan@tennessee.edu">breagan@tennessee.edu</a>

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### SECTION 8. Policy History

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### SECTION 9. Related Policies/Guidance Documents

FI0120—Records Management  
FI0310—Receiving and Depositing Money

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FI0311—Credit Card Processing  
FI0330—Unrelated Business Taxable Income (UBTI)  
FI0331—State and Local Sales and Use Tax  
FI0405—Procurement  
FI0420—Contracts

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