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| System-wide Policy: | |
| FI0310 - Receiving and Depositing Money | |
| Version: 9 | Effective Date: 12/15/2017 |

FI0310 – Receiving and Depositing Money

Topics:

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| Recording Money Received | Collection and Payment Procedures |
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| Concentrating (Transferring) Funds Into The University's Primary Depository Account | Related Policies |

Objective:

To provide guidelines and procedures on receiving and depositing money.

Policy:

General Policies on Receiving Money

1. Money includes currency and other negotiable documents, such as personal checks, money orders, cashier's checks, and traveler's checks, received by a department for

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goods or services or as a refund, reimbursement, or gift, etc. Credit and debit card transactions are discussed in **28-31** of this policy. All money received as payments to the university must be promptly forwarded to the campus central cashier or deposited to the credit of the University of Tennessee General Account in a bank designated as a university depository. When money is deposited in an approved bank, the central cashier must be notified immediately in one of two ways: (1) a deposit document printed from the university's accounting system (see [SAMPLE DEPOSIT TICKET](#)) or (2) a [REPORT OF DEPARTMENTAL COLLECTIONS, FORM T-33](#). The deposit ticket must accompany the printed deposit document or the **FORM T-33**.

2. All money must be deposited or transmitted to the campus central cashier within three business days of receipt. Deposits must be made intact and include all money received. **Expenditures may not be made from money received, and the money may not be retained in a department for its use.**
3. Because of the high cost of negotiating foreign checks, university departments may accept only checks in U.S. dollars drawn on U.S. banks or U.S. branches of foreign banks. The checks must contain ABA encoding (i.e., machine-readable codes at the bottom of the check).
4. Departments that receive money should develop **written** procedures to collect and transmit it to the central cashier or to deposit it into a university depository account. ([SAMPLE WRITTEN PROCEDURES](#))
5. Generally, employees should not serve as custodian for third-party funds (i.e., funds belonging to outside organizations) as part of their official duties. See **32-36** of this policy for exceptions.

[Recording Money Received](#)

6. Departments or activities that receive money must record each transaction in an official [UNIVERSITY RECEIPT BOOK, FORM T-43 \(see sample\)](#); on a cash register in the presence of the customer or payor (see **11-13**); or other method approved by the campus internal audit department.

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- a. **Departments That Use Receipt Books.** All amounts must be spelled out and a notation made on each receipt specifying whether payment was by check or currency. The original receipt must be initialed and given to the payor if the payor is present or when the payment involves currency. Whenever a receipt is voided, the voided receipt must be properly explained and both copies kept on file. Official receipt books are available from the campus central cashier.
- b. **Departments That Are Unable to Issue Receipts.** Every department with a reasonable expectation of receiving payments in currency should obtain an official university receipt book and deposit the payments as described in **14-19**. Departments that are unable to issue an acceptable university receipt (see above) should not accept currency payments. If a payor must transact in currency and the department cannot issue an acceptable receipt, the department must complete a **FORM T-33** in duplicate for this payment and have an employee accompany the payor to the campus central cashier to obtain a receipt. The campus central cashier will receipt and deposit the payment. The receipt number should be recorded on the department's copy of the **T-33**, which should be maintained in the department's records.

Control Guidelines

To help protect the university's assets from theft or misappropriation, departments should follow certain procedures. Some important control procedures in handling money received include the following.

7. **Checks Made to the University.** All checks in payment to the university should be made payable to "The University of Tennessee" and **not** to departments or any university official or employees. Checks should be **restrictively** endorsed immediately upon receipt with the university's official endorsement stamp on the reverse left of the check. The receiving department should be indicated on the endorsement stamp. Third-party checks must be endorsed by the individual cashing the check and then stamped with the endorsement stamp before deposit or transmittal.
8. **Separation of Duties.** When staffing permits, an employee who does not handle money received should perform a monthly reconciliation. A reconciliation consists of

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comparing the original receipts to the deposit document printed from the university's accounting system (or **REPORT OF DEPARTMENTAL COLLECTIONS, FORM T-33**) and the official accounting records. Employees who invoice customers or record payments in accounts receivable records should not have access to money received. If departments are unable to separate duties as described, the campus internal auditors should be contacted to help find an alternate solution.

9. **Safekeeping of Money Received.** Department heads should see that official funds are protected until they are deposited or transmitted to the campus central cashier, as follows:

- a. Proper safekeeping facilities should be used.
- b. Deposits should never be sent through campus mail.
- c. Safe combinations should be changed whenever security is compromised or knowledgeable employees leave the department.
- d. No more than two or three responsible employees should have access to funds stored in a department.
- e. Currency and checks should not be left overnight in cash registers, drawers, or other unsecured locations.
- f. If a deposit includes large sums of currency and checks, the department should consider:
 - Requesting security officers to transport the deposit
 - Using night depository services
 - Making deposits daily (or more frequently)

10. **Money Collected from Students.** Routine laboratory supplies for a course are normally covered by student fees. Other miscellaneous charges must be approved by the campus or institute chief business officer. Such charges should be collected by departmental staff and **not a member of the teaching faculty**. Required course materials and texts for the department will be handled by the university bookstore on consignment. (See [FI0425 - Campus Bookstore Purchases](#) for exceptions.)

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Cash Register Procedures

11. Cash register procedures should be established **in writing** by the department. At a minimum, these procedures should include:
 - Documentation and approval of overrings and voided transactions
 - Documentation of beginning change fund counts by cashiers (i.e., before the first transaction involving that fund, that cashier, or both)
 - Proper reconciliation and check-out steps and documentation
 - Tape retention plans
 - Other procedures considered necessary
12. Whenever possible, access to cash register drawers should be limited to one cashier at a time. Following this procedure can help pinpoint responsibility if a shortage or theft occurs.
13. **Clearing Cash Registers.** Cashiers should never clear cash registers that have resettable cumulative totals. If available, a "clear" key should be placed in the custody of a department employee who has no monetary responsibilities and does not operate the cash register.
14. **Retaining and Documenting Tapes.** Cash register tapes should be retained for audit and be maintained neatly and stored safely. Some suggestions for retaining tapes are:
 - Tapes should be arranged in layers of one day or, at the most, one week.
 - Beginning and ending readings should be the first and last items, respectively, on each tape.
 - Tapes should never be broken.
 - Approximately two inches of blank tape should be included before the first reading and after the last reading. The date of the transactions and the cashier's name should be written at the end of the tape for easy identification.
 - Transaction numbers (if the cash register prints them) should be consecutive from tape to tape.

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Frequency of Transmittals and Deposits

15. To comply with university policy and state law, money received should be deposited or transmitted to the campus central cashier within three business days of receipt. However, whenever large amounts of money are involved, departments should attempt to make deposits more frequently.

Under present university and state regulations, money received by all departments through the close of business on each June 30 (the end of the fiscal year) **must** be deposited promptly on 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.

Preparing Bank Deposits

16. Departments should follow the procedures below when preparing bank deposits:

- a. A bank deposit ticket covering money received should be prepared in triplicate indicating the deposit is to "The University of Tennessee General Account." The checks should be properly endorsed and listed on the deposit ticket with sufficient information to identify the payor (e.g., payor's name, receipt number) and the amount. The original deposit ticket should accompany the deposit to the bank. One copy goes to the campus central cashier, and the third copy remains in the department's files.
- b. Deposit information should be prepared in one of two ways:
 - The department enters deposit information into the university's accounting system and prints the deposit document (see **SAMPLE**). See **16** below for more details.
 - Departments that are unable to enter deposit information should prepare a **REPORT OF DEPARTMENTAL COLLECTIONS, FORM T-33**, in duplicate. The original is submitted to the campus central cashier. See **17** below for more details.

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- c. All checks and currency should be sealed in an envelope, sealed bag, or locked money bag along with the deposit ticket. See **18** below for more details.
- d. If a security officer picks up the deposit, the printed deposit document (or original **FORM T-33**) and a copy of the deposit ticket must be attached outside the sealed envelope or bag. The security officer should sign and date the deposit document (or original **FORM T-33**) or other document. The department should keep a copy of the signed documentation, along with a copy of the deposit ticket, in their files.
- e. If a departmental employee delivers deposits directly to the campus central cashier, the money must either be in a locked or sealed bag or be counted by the cashier's office. The printed deposit document (or a copy of **FORM T-33**) should accompany the deposit. This document will be stamped in the central cashier's office and should be retained in departmental files. See **6b.** above.
- f. Departments should regularly verify that their deposits were credited to the appropriate cost center or WBS element, as indicated on the deposit document (or **FORM T-33**).

Deposit Document (or Report of Departmental Collections, Form T-33)

- 17. Deposit information entered into the university's accounting system should include the responsible employee's name or department; deposit date; deposit ticket number; official receipt number(s); dollar amount(s); general ledger account number(s); and cost center, WBS element, and/or fund number(s) to be credited. The campus central cashier will post the entry in the accounting system.
- 18. The **REPORT OF DEPARTMENTAL COLLECTIONS (FORM T-33)** should indicate the date of the receipt(s); official receipt number(s); payor's name; description of items covered; amount; deposit ticket number; general ledger account number(s); and cost center, WBS element, and/or fund number(s) to be credited.

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Transporting Deposits and Change Requests by Security Officers

19. When circumstances warrant it, departments should consider using security guards to transport deposits and change requests. These deposits or change requests should be placed in a sealed bag or locked money bag. Deposits should **not** be sent through campus mail. If a deposit consists mainly of endorsed checks, it may be sent to the bank in a sealed envelope. The transfer of responsibility should be documented as follows:

- If the transmittal is for deposit (one way), the security officer should sign and date the printed deposit document (or original **FORM T-33**) or other document.
- If the transmittal is to obtain change (round trip), the department should maintain a log that the security officer signs upon pickup and return of the change bag. (See a sample [CHANGE REQUEST TRANSMITTAL LOG](#).)
- **Note:** These steps acknowledge only the receipt of the money bag or envelope. Departments are responsible for the contents of the bag or envelope agreeing with the amount to be deposited or exchanged.

Refunds

20. The university returns funds to individuals, institutions and companies for a variety of reasons including: overpayments, duplicate payments, payments received in error, cancellations and some deposits. Each department that issues refunds must develop and follow its own policy concerning the amount and allowability of refunds. These refund policies must be reviewed and approved by campus Chief Business Officers. Departments are responsible for entering their own refunds in IRIS. (Campus Chief Business Officers can require refund processing to be handled centrally by Campus Accounts Payable Department.)

21. Each refund must be supported by documentation that includes:

- the name of the person, institution or company receiving the refund (original payor)
- the mailing address

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- the reason for the refund
- the university receipt number or deposit information of when the money was originally received
- the dollar amount of refund
- the cost center, fund, WBSE, general ledger account where the refund is to be charged (usually the same cost center, fund, WBSE, general ledger account of the original receipt)
- the department head's approval

See [REFUND FORM](#). The refund form or supporting documentation must be retained in the department for 6 years.

Concentrating (Transferring) Funds Into the University's Primary Depository Account

22. Prudent funds management requires that funds deposited into university bank accounts be concentrated (transferred) into one central bank account in a timely, efficient manner. To facilitate this process, the university has developed an automated cash concentration system. For campuses, institutes, or departments that do not deposit directly into the university's primary depository account, the campus business office is responsible for initiating the concentration process, as follows:

- a. Each time a deposit is made into a local depository bank, the business office must report the amount by calling the Treasurer's Office deposit concentration line at (865) 974-4681. This call must be made before noon the day after the date of deposit.
- b. The Treasurer's Office will monitor the deposit concentration calls daily and initiate an electronic transfer of funds, moving the funds from regional depository banks to one centralized bank account.
- c. The Treasurer's Office will enter the funds transfer into the university's accounting system and forward a deposit report to the central cashier. The cashier is responsible for posting the transfer in the university's official accounting records.

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- d. Questions about the university's automated cash concentration system should be directed to the university's investment officer at (865) 974-2302.

Collecting and Paying State Sales Tax

23. State sales tax must be collected and paid to the Tennessee Department of Revenue for all gross receipts or proceeds from retail sales to a consumer for any purpose. A "sale" is defined as furnishing goods and services or transferring title or possession (or both), as well as exchanging, bartering, leasing, or renting any tangible personal property for payment.

Retail sales to the federal government, the state of Tennessee and its political subdivisions, or qualified institutions (churches, non-profit schools, hospitals, nursing homes, and orphanages) are **exempted** from state sales tax.

Note: All organizations that are exempt from paying state sales tax must furnish university departments a copy of their exemption certificate issued by the Department of Revenue in order to be exempted. Departments should retain these certificates at least three years for audit purposes.

24. State sales taxes **must be collected** on admission charges to the following events:
- a. All athletics, recreational, amusement, and entertainment events sponsored by the university
 - b. All amusement, entertainment, or recreational events sponsored, promoted, or produced solely or in part by an outside organization that does not hold an exemption certificate from the Department of Revenue
 - c. Amusement, entertainment, recreational, or athletics events; exhibitions; or displays that are not sponsored by the university but held in university facilities under a lease agreement providing for ticket sales by the university

25. The following items **are exempt** from the collection of state sales tax:
- All student activities fees

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- University bookstore sales of required textbooks
- The value of complimentary admissions unless given in exchange for valuable contributions to the university

Collection and Payment Procedures

26. Any university department that collects revenue from the retail sale of goods or services or from admission charges to amusement, entertainment, recreation, or athletics events subject to state sales tax must apply for and obtain a certificate of registration number. An application for a certificate of registration may be obtained from the Tennessee Department of Revenue, Andrew Jackson State Office Building, Nashville, TN 37242-0100.
27. After the tax number is issued, the Department of Revenue will mail a **State Tax Form** to the department each month. This form must be completed (original and one copy), signed, and forwarded to the Treasurer's Office by the tenth day of the month after which the tax is due. The monthly tax forms must be completed and forwarded to the Treasurer's Office even when no state sales tax is collected.
28. All state sales taxes collected must be deposited intact with sales receipts and credited to the appropriate income account. Whenever sales are made to the exempted parties listed in **20** above and no state sales tax is collected, departments must maintain appropriate records to identify the exempted sales. These records will facilitate the preparation of the state sales tax form, and the university will avoid overpayment of state sales taxes. Sales tax will be remitted to the state by the Treasurer's Office and charged against the appropriate income accounts. If operations cease, the Department of Revenue and the Treasurer's Office must be notified in writing.

Accepting Credit and Debit Cards

29. Departments or activities that **regularly** receive payment for goods and/or services in routine operations are eligible to accept credit and debit cards as an additional method of payment. (Internal transfers should be used for sales and exchanges between university departments. See [FI0520 - Internal Transfers](#).) Departments interested in accepting credit and debit cards must request approval from the campus business office

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and notify the Treasurer's Office. Departments must seek assistance from the campus internal audit department to ascertain that proper controls and procedures are in place before accepting credit and debit card payments.

The university is assessed a monthly discount fee 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 discount fee. The Treasurer's Office pays the fees and charges each department for the fee applicable to its gross sales. 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, and server use charges) are the responsibility of the user departments. Consideration should be given to these costs to determine whether the advantages of accepting cards warrant the expense.

Note: In performing their official duties, employees are encouraged to confiscate stolen credit cards and may accept any reward offered.

30. See [FI0311 - Credit Card Processing](#) for detailed discussion of Credit Card Processing.

31. **Campus/Department Policies and Procedures.** Departments accepting credit and debit cards must develop comprehensive campus-specific policies and procedures that articulate a framework and security structure. At a minimum, the policies and procedures must contain complete descriptions of the following:

- a. Credit card processing system to be used. (e.g. e-commerce, point-of-sale, etc.)
- b. Steps for reporting deposits into the university depository (including university cost centers and WBS elements to be credited).
- c. Steps for handling voids, returns, chargebacks, and all costs associated with such transactions (including university cost centers and WBS elements to be charged).
- d. The data encryption system for credit card use.
- e. A statement that the participating departments have reviewed the policies with their internal audit staff.

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See [FI0311 - Credit Card Processing](#) for detailed discussion of Credit Card Processing

Credit and Debit Card Deposits

32. Processing Electronic Transactions. 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. Departments or units that receive credit and debit deposits should enter deposit information into the university's accounting system. 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**). All credit or **debit** card payments received must be deposited or transmitted to the campus central cashier within three business days of processing. Deposits must be made intact and include all credit **or debit** card transactions received.

- a. POS Terminal Transactions. Cardholder and transaction information is swiped or keyed into a POS terminal and electronically submitted to the card processor (bank) for authorization or approval. 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.
- b. Internet Transactions. 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. This report must then be reconciled with orders received and

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processed during the same time period. Documentation must be maintained for seven years.

Credit and Debit Card Refunds and Chargebacks

33. Refunds must be issued as a credit against the customer's credit card. The Treasurer's Office (or business office) will be notified of all chargebacks, i.e., items disputed by the customer, through the university's accounting system.

Custody of Third-Party Funds

34. Occasionally, outside organizations (e.g., student organizations such as fraternities) request the university to handle their funds. The standard practice in these cases is to establish an agency fund in the university's accounting system. Generally, University of Tennessee employees should not serve as custodians for the funds of outside organizations as part of their official duties unless the money is recorded in an agency fund with the university. Refer to [FI0312 - Custody of Third-party Funds](#) for information on handling third party funds.

PROCEDURES:

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| Knoxville: | http://budget.utk.edu/fiscal-policy/ |
| Health Science Center: | https://uthsc.policymedical.net/policymed/home/index?ID=de47aa28-16aa-408b-9c96-cb04f232964f& |
| Institute of Agriculture: | https://ag.tennessee.edu/Pages/UTIApolicies.aspx |
| Martin: | http://www.utm.edu/departments/finadmin/procedures.php |
| Chattanooga: | http://www.utc.edu/business-financial-affairs/fiscalpolicies.php |

FORMS:

- [Change Request Transmittal Log](#)
- [Refund Form 20100416](#)

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- [Report of Departmental Collections Transmitted to the Campus Central Cashier T-33](#)

FOR MORE INFORMATION:

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Related Policies: [FI0425 - Campus Bookstore Purchases](#), [FI0311 - Credit Card Processing](#), [FI0520 - Internal Transfers](#)