HSC OP: 50.21, Cash Funds

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish rules and guidelines for managing authorized cash funds.

REVIEW: This HSC OP will be reviewed on April 1 of each year (EY) by the Directors of Accounting Services and Student Business Services, with recommendations for revisions forwarded to the Vice President and Chief Financial Officer by April 15.

POLICY/PROCEDURE:

1. Definitions.
   a. **Cash Funds.** Cash funds are comprised of currency and coins used strictly for making change in the commission of official TTUHSC business.
   b. **Fund Manager.** The fund manager is the person who assigns the cash fund custodian for the cash funds. Although the fund manager assigns the cash fund custodian, the fund manager is responsible for secondary oversight of the cash fund.
   c. **Cash Fund Custodian.** The cash fund custodian is the person to whom the cash fund is issued and who is primarily responsible for safeguarding and overseeing the cash fund even though cash fund activities may be handled by more than one person.
   d. **Cash Handlers.** Cash handlers are those persons to whom the cash fund custodian assigns responsibility for the daily cash fund activities. Although the cash fund custodian assigns responsibility for the daily cash fund activities, the cash fund custodian retains primary responsibility for safeguarding and overseeing the cash fund.


   Establishing and maintaining internal cash controls for each cash fund is critical to prevent the mishandling of funds and to safeguard against loss. Strong internal controls also protect employees from inappropriate allegations of mishandling funds by defining assigned responsibilities in the cash handling process.

   All personnel entrusted with handling cash must be trained in cash controls to comply with state laws, to adhere to TTUHSC policies, to protect employees, and to demonstrate sound fiscal responsibility. Each cash fund custodian is responsible for developing, administering, and documenting the cash controls training of all cash handlers for the cash fund. This training could include, but should not be limited to, cash fund training developed by Accounting Services and control environment and cash controls training developed by Audit Services. Cash fund custodians must perform reviews of the entire cash fund process to ensure that adequate controls are in place and are being followed properly by personnel.

   Establishing safeguard procedures for cash and related materials is mandatory for each cash fund custodian. Deans, Vice Presidents, Regional Deans, deposit custodians, and cash fund custodians must continually consider possible cash vulnerabilities and resolve concerns immediately. Each Assistant VP for Finance and Administration bears the responsibility for the respective regional campus cash controls. Accounting Services, Business Affairs, or Audit Services may be contacted at any time for assistance.
Cash funds that are not recorded on the TTUHSC balance sheet nor operated through the Banner Financial System are prohibited. Anyone with knowledge of an off-the-books fund should immediately notify the Vice President and Chief Financial Officer or the Director of Accounting Services.

No person at the institution has the right to circumvent state law. If it is discovered that state law is being violated, disciplinary action will be taken in accordance with Regents’ Rules, Section 07.03, Fraud Policy. Every employee has the responsibility for contacting Audit Services or the Texas Tech Police Department to report possible fraudulent acts, if there is a reasonable basis.

3. Establishment of Cash Funds.

a. Cash Fund Control Plan (CFCP). The CFCP is used to request a new cash fund or report changes to an existing cash fund. The form is available online at http://www.fiscal.ttuhsc.edu/accounting/forms.

1) All pages of the CFCP should be completed, including the control checklist.
2) Questions and sections that are not applicable should be marked “NA”.
3) All “NA” and “No” responses should be fully explained.
4) The CFCP should provide sufficient information to justify establishing a cash fund.
5) The CFCP should provide sufficient information to clearly present the operation and location(s) of the cash fund.
6) The CFCP should contain the original signature of the fund manager. This signifies that the fund manager has reviewed the CFCP for accuracy, is delegating responsibility for the cash fund to the noted cash fund custodian, and is acknowledging secondary oversight responsibility for the cash fund.
7) The CFCP should contain the original signature of the cash fund custodian. This signifies that the cash fund custodian has reviewed the CFCP for accuracy and is accepting primary responsibility for the management of cash funds in accordance with all TTUHSC policies.
8) The CFCP should be submitted to Accounting Services for review and determination if a cash fund will be issued.

A Banner FOP/cash fund should have a single CFCP with one fund manager and one cash fund custodian unless circumstances exist to indicate that the cash fund should be subdivided due to physical locations which restrict single cash fund custodian oversight. Delegating responsibility for portions of the cash fund to multiple cash handlers (i.e. multiple cash bags/drawers) does not constitute the need for multiple CFCPs or cash fund custodians.

b. Training.

1) Both the cash fund custodian and the fund manager must complete and pass the Cash Fund Training provided by Accounting Services before the cash fund can be established. Cash fund training is available at www.fiscal.ttuhsc.edu/accounting/procedures/. Other cash handlers are encouraged to participate in this training.
2) All cash fund custodians, cash handlers, and fund managers are also encouraged to participate in training provided by Audit Services.

c. CFCP Approval or Denial.

1) Approval of the CFCP will result in a check payable to the cash fund custodian. It is the cash fund custodian’s responsibility to cash the check in the denominations needed in order to properly manage the cash fund.
2) Denial of the CFCP will result in a notification from Accounting Services along with the reason for the denial.

4. Annual Submission of Cash Fund Control Plans. An updated CFCP must be submitted to Accounting Services in May of each year. Failure to timely submit an updated CFCP will result in
the denial of additional cash funds for the fund custodian and department and/or termination of existing cash funds.

5. Changes to Cash Fund Control Plans.
   a. Changes in Cash Fund Custodian or Fund Manager. When a change in cash fund custodian or fund manager becomes necessary, a revised CFCP explaining the change must be immediately submitted to Accounting Services, and should include the new cash fund custodian or fund manager information and signatures. The revised CFCP should also be signed by the outgoing cash fund custodian or fund manager, if possible.

   b. Balance Increases or Decreases. If a balance increase or decrease is needed, a revised CFCP must be submitted to Accounting Services justifying the requested change.
      1) If an increase is approved, a check for the amount of the increase will be issued payable to the cash fund custodian.
      2) If a decrease is necessary, the custodian must deposit the amount of the decrease from their cash fund into the respective depository bank, per normal depository procedures. A cash receipt should be prepared using the online Cash Receipts System, https://www.fiscal.ttuhs.edu/cashreceipts/, as required by HSC OP 50.26. The cash receipt should record the deposit into the respective fund the cash fund is recorded in and balance sheet account, 110000. When entering the FOAP information in the Cash Receipts System, enter Fund number and Acct number (110000) and leave Orgn and Prog blank. A copy of the cash receipt form should also be provided to Accounting Services.

   c. Closing a Cash Fund. If a cash fund is not being used on a regular basis or if the cash fund has outlived its purpose, the cash fund should be closed and a revised CFCP should be submitted to Accounting Services (following the guidelines in section 5.b.2 of this HSC OP).

6. Reimbursements.

   Reimbursement requests must include an explanation for the shortage and documentation (emails, for example) that proper departments have been notified of the shortage as required by Section 8 of this HSC OP.

   b. Expense Reimbursements. Cash funds should be used strictly for making change. The custodian or alternate should deny reimbursement from a cash fund for reimbursement of expenses. The custodian will be held responsible for any reimbursement made which is not in accordance with institutional policy. Disbursing under such circumstances will result in the loss of custodianship and/or termination of the cash fund.

   c. Research Participant/Patient Studies. Cash funds should be used strictly for making change. All payments for research participants and patient studies should be processed through the Swift Card Program. General information, program access and training materials related to the Swift Card Program can be accessed at www.fiscal.ttuhs.edu/busserv/swiftcardprogram.

7. Storage and Security of Cash Funds.
   a Cash funds and related materials (deposit slips and endorsement stamps) must be kept in a secure locked box or safe at all times, accessible only to the cash fund custodian the approved alternate. Cash funds must never be commingled with personal funds.

   b For the departments or cash fund custodians that have more than one cash fund, each
8. **Overages and Shortages.**
   
a. **Overages.** Overages must be deposited to the applicable FOP the cash fund is recorded in and account, 570000, using the online Cash Receipts System. Cash fund custodians must remain cognizant of all overages since they could represent missing receipts.
   
b. **Shortages.** Shortages greater than $10 must be reported immediately to Accounting Services. Accounting Services will determine the action necessary to reimburse the cash fund and/or record the shortage in the financial system.
   
   Shortages or losses occurring from known or suspected theft and shortages or losses of $100 or more must be reported immediately to Audit Services, the Texas Tech Police Department, and Accounting Services. At the conclusion of the investigation, Accounting Services should be provided with the audit or police report in order to determine the necessary action to reimburse the cash fund and/or record the shortage in the financial system.

9. **Cash Counts.** Cash funds must be maintained and reconciled so that they are available for audit at any time by the State Auditor, Audit Services, Accounting Services, Business Affairs, or the appropriate regional administration. Random, unannounced, discretionary cash counts may be conducted periodically by Accounting Services and appropriate regional administration.
   
a. The cash fund custodian should request all auditors or reviewers to show proper identification prior to making the funds available for an audit or cash count.
   
b. The cash fund custodian must remain with the auditors or reviewers during the cash count or audit.

10. **Regional Responsibility.** Each Assistant VP for Finance and Administration is responsible for the respective campus cash controls. Regional deans, cash fund custodians, deposit custodians, and cash collection custodians must continually consider possible cash vulnerabilities and resolve concerns immediately. Accounting Services, Business Affairs, or Audit Services may be contacted at any time for assistance.

11. **Resolution Process for Cash Issues.** Appropriate custodians and fund managers will be notified by a representative from Accounting Services, Business Affairs, or Audit Services in the event of cash control questions or concerns.
   
a. Cash concerns must be addressed by the custodian immediately, even if a resolution is not immediate. There will be zero tolerance for unresponsiveness and/or failure to resolve concerns in a timely manner. Custodians are expected to be responsible. Any unaddressed or subsequently unresolved cash concerns will be quickly forwarded to the next higher level of administration for resolution or disciplinary action.
   
b. Where needed, custodians should seek assistance from Accounting Services, Business Affairs, or Audit Services in researching, assessing, and addressing cash concerns.

12. **Noncompliance.** Noncompliance with this policy will result in the denial of additional cash funds for the cash fund custodian and department and/or termination of existing cash funds. Continued violation will result in the termination of the Banner fund associated with the cash fund.