



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

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 Director of Accounting Services, with recommendations for revisions forwarded to the Executive Vice President of Finance and Operations 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 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.

2. Responsibility for Internal Control

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.

The appropriate Vice President, Dean or Regional Dean with responsibility over operations that include cash funds bears the responsibility for general oversight and guidance to foster an environment that ensures that internal controls are established and followed.

Fund managers are responsible for the financial and operational management of their funds, including establishing internal controls at the department level per HSC OP 50.03 Fund Manager Designation and Responsibilities.

Cash fund custodians are responsible for periodic reviews of the entire cash fund process to ensure that adequate controls are in place and are being followed properly by the cash fund custodian and cash handlers.

Vice Presidents, Deans, Regional Deans, fund managers, deposit custodians, and cash fund custodians should continually consider possible cash vulnerabilities and resolve concerns immediately. Accounting Services, Business Affairs, or Audit Services may be contacted at any time for assistance.

3. **General Guidelines and Recommendations for Cash Fund Control Procedures.**

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.

4. **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 and related instructions is available online at <https://www.fiscal.ttuhsu.edu/accounting/forms/> under the subheading "Frequently Used Forms."

b. **Training.** Each cash fund custodian is responsible for overseeing and documenting cash controls training of all cash handlers for the cash fund.

- 1) Both the cash fund custodian and the fund manager must complete and pass the Cash Fund Training provided by Accounting Services available at www.fiscal.ttuhsu.edu/accounting/procedures/ before the cash fund can be established. 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 related 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.

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

6. **Changes to Cash Fund Control Plans.** When the following actions become necessary related to an existing cash fund, a revised CFCP should be promptly submitted to Accounting Services. Refer to CFCP form instructions for information necessary to request these actions.

- a. Change in Cash Fund Custodian or Fund Manager
- b. Cash Fund Balance Increase or Decreases
- c. Closure of a Cash Fund

7. **Reimbursements.**

a. **Cash Fund Reimbursements.** Reimbursement requests for cash shortages should be submitted to Accounting Services on the *Cash Fund Reimbursement Form* located at <http://www.fiscal.ttuhsu.edu/accounting/forms> under the subheading "Frequently Used Forms."

Reimbursement requests should include an explanation for the shortage and documentation (emails, for example) that proper departments have been notified of the shortage as required by Section 9 of this HSC OP. The completed form and other documentation should be attached to a *TTUHSC Refund Request Form*. The form is available in TechBuy under the heading **TTUHSC Accounting Services Forms**.

- b. **Expense Reimbursements.** Cash funds should be used strictly for making change. The cash fund custodian or alternate should deny reimbursement from a cash fund for reimbursement of expenses. The cash fund custodian will be held responsible for any reimbursement made which is not in accordance with institutional policy. Disbursing under such circumstances may 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 <https://www.fiscal.ttuhsu.edu/paymentservices/swifcardprogram/>

8. **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 and the approved alternate. Cash funds should never be commingled with personal funds.
- b. For the departments or cash fund custodians that have more than one cash fund, each cash fund and its related materials should be kept physically separate from other cash funds, using different bank bags or lock boxes.

9. **Overages and Shortages.**

- a. **Overages.** Overages should be deposited to the applicable FOP that the cash fund is recorded in and account, 570000, using the online Cash Receipts System.
- b. **Shortages.** Shortages greater than \$10 should be reported immediately to Accounting Services. Accounting Services will determine the action necessary to reimburse the cash fund and record the shortage.

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 related 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 record the shortage.

- 10. **Cash Counts.** Cash funds should 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 other appropriate administration. Random, unannounced, discretionary cash counts may be conducted periodically by Accounting Services.

- 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 should remain with the auditors or reviewers during the cash count or audit.

11. **Resolution Process for Cash Issues.** Appropriate cash fund 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 fund custodians are expected to be responsive in promptly addressing cash concerns, even if a resolution is not immediate. Any unaddressed or subsequently unresolved cash concerns will be forwarded to the next higher level of administration for resolution.
 - b. When 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 may result in the denial of additional cash funds for the cash fund custodian and department and/or termination of existing cash funds.