

## Cash Management Policies

519.03

### Purpose:

The University of Michigan faces multiple risks related to cash, cash equivalents, and checks that are received by departments, the greatest of which is loss or theft of funds. The best way to mitigate this risk is to deposit the funds in a University bank account as quickly as possible. This practice also allows the University to take advantage of options that will maximize investment returns that could result in reduced economic burden for students, faculty, and staff.

It is also important that the proper internal controls are in place to reduce the risk and temptation of fraud and to ensure the deposits are recorded accurately in the University's general ledger.

### Policy:

All funds collected by any unit or department of the University must be deposited into a University account on the date of collection. Where this is impractical and where the total deposit is less than \$500, the deposit may be made within one business day of collection. This policy will protect University funds as well as facilitate proper cash management. All currency deposited must be U.S. currency. The Treasurer's Office must approve any exceptions to this policy.

It is the responsibility of each University department making deposits to have their staff complete the Depository Certification Program that covers internal controls as well as deposit methods, locations, and procedures. Information on the program can be obtained at <http://www.treasury.umich.edu/deptraining.html>.

#### I. Departmental Deposit Locations

The Ann Arbor central campus Cashier's Office is designated for activities related to tuition and student accounts, as well as requests for currency and coin (see Requests for Currency and Coin). Departmental revenue or expense reimbursements should not be deposited at the central campus cashier. The Treasurer's Office will work with departments to determine the appropriate deposit method according to each department's depository needs:

- Using automated deposit stations located throughout campus
- Making deposits at the designated University depository bank branch in person (Requires prior arrangements / approval by Treasurer's Office; see the Treasury website, <http://www.treasury.umich.edu/> for more information)
- Making deposits at the designated University depository bank branch via Treasury-approved courier (Requires prior arrangements / approval by Treasurer's Office; see the Treasury website, <http://www.treasury.umich.edu/> for more information)

The Dearborn and Flint campuses utilize a centralized cashing function. Services related to payments, deposits, and disbursements for University business are available at these two campus locations.

Each individual campus may have more restrictive policies governing payments and disbursements, such as travel and business hosting advances. [Standard Practice Guide 501.02-1](#) contains more specific information pertaining to imprest cash funds. Please refer to the appropriate website below for specific policies and services offered for each campus.

Central Campus Cashier Web Site: <http://www.cashiers.umich.edu/>

Dearborn Web Site: <http://www.umd.umich.edu/cashiers/>

Flint Web Site: <http://www.umflint.edu/studentaccounts/>

#### II. Departmental Cash Handling Controls

University units must follow proper procedures and exercise internal controls when handling the collection and deposit of cash and checks. A system of internal controls is designed to provide reasonable assurance that errors will be detected and corrected in the normal course of activities. Necessary components of this system are:

- Segregation of duties between personnel who issue billing/receivables, receive funds, deposit funds, and those who reconcile transactions;
- Written procedures and documented controls for issuing billing / receivables, receiving funds, depositing funds, and reconciling transactions;
- Controlled access to resources such as cash/checks, cash equivalents, deposit supplies, account information, and personal information;
- Verification and reconciliation of financial information;
- Approval of refunds / issuing refunds in like kind;

A series of high-level process steps is outlined below for controlling departmental funds management within three main cash handling activities: Receiving Funds; Depositing Funds; and Accounting and Reconciliation. The process steps are as follows:

#### **A. Receiving Funds**

- Determine who is authorized to receive funds, and ensure personnel are properly trained
- Ensure money is counted / verified and a pre-numbered receipt is issued
- Ensure funds and information are safeguarded

#### **B. Depositing Funds**

- Determine who is authorized to deposit funds, and ensure personnel are properly trained
- Deposit all funds into a University Treasury approved bank account (per [SPG 519.01](#)) in a timely manner
- Ensure funds and information are safeguarded

#### **C. Accounting and Reconciliation**

- Ensure deposits post to the appropriate chartfield
- Reconcile receipts / deposits with Statement of Activity

Specific policies regarding acceptance of credit card payments are detailed in a separate section, [SPG 501.06](#).

Please refer to the internal controls matrix located on the Treasury website, <http://www.Treasury.umich.edu/> for more details related to internal controls.

### **III. Foreign Check / Foreign Money Order Acceptance**

Policy:

The University of Michigan does not accept checks of any kind issued from foreign banks located outside the U.S. and Canada. This includes payments from students, vendors and other affiliates, regardless of whether payment is issued in U.S. dollars or foreign currencies.

Purpose:

Accepting checks issued from foreign banks (non-U.S. / non-Canadian) presents unique challenges in the collection of the funds. Unlike domestic checks that are cleared through the United States Federal Reserve, foreign-issued checks must be presented and cleared through a variety of channels depending on the banking system associated with the country of origin. Impacts of the more complex foreign check clearing process include:

- Increased cost for clearing which can exceed the amount of small deposits. Some banks will not process foreign checks under \$250.00 USD. Each bank that is involved in the chain of clearing a foreign check can add service fees that reduce the amount of the deposit. Costs for clearing foreign checks are charged back to each depositing unit.
- Foreign checks must be handled through a separate labor intensive process from domestic checks.
- Delay in clearing (as much as 12 weeks) as check clearing laws vary per country.
- Foreign exchange risk can be encountered on some currencies.

The University is sensitive to the strategic partnerships held with our vendors and academic affiliates abroad as well as our diverse student population. The Treasurer's Office is available to assist students, faculty, and staff in making the

determination of the most cost effective payment alternative. Suggested payment alternatives include wire transfer through the SWIFT payment network and credit card payments for non-tuition & fee payments.

Anyone requiring assistance with establishing the acceptance of credit card payments or details for receiving wire transfer payments may contact the Treasurer's Office, <http://www.treasury.umich.edu/> for further instructions.

#### IV. Check Cashing

The Cashier's Office is only authorized to cash checks drawn on University accounts. Custodians of Imprest Cash Funds may cash University reimbursement checks to replenish such funds. Cashing of other types of checks, including personal checks, is not permitted.

#### V. Requests for Currency and Coin

The Cashier's Office will provide currency and coin to University departments for change making purposes, subject to availability.

#### VI. Student Transactions

Student payments for tuition, fees, housing, telephone charges, and other miscellaneous charges may be made in person at the central campus Cashiers Office, by mail to our lockbox, or via online ePayment. For details on these payment options please consult the Student Financial Operations website: <http://www.sfo.umich.edu/StudentPage.html#payments>

Credit cards are accepted at Flint for payment of their students' tuition and fees. The Ann Arbor and Dearborn campuses do not accept credit card payments for student tuition and fees.

#### VII. Cash Equivalents

Similar to deposits, each University department that handles cash equivalents is responsible for having proper internal controls in place that safeguard those items.

The term "cash equivalents" refers to items that are easily exchanged for cash, such as tokens, tickets, postage stamps, and gift cards. Cash equivalents must be stored in a locked safe or cash drawer. All transactions involving cash equivalents (purchase / sale / exchange) must be recorded on the general ledger and reconciled appropriately, and any issues must be resolved in a timely manner. Please visit the Treasury Website, <http://www.treasury.umich.edu/> for more information.

SPG number: 519.03	Applies to: All Departments and Units of the University	Related policies: <a href="#">Acceptance of Credit Card Payments</a> <a href="#">Banking and Treasury Services</a> <a href="#">Imprest Cash Fund</a>
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