

Standard Practice Guide Policies

Cash Management Policies

519.03

Applies to: All Departments and Units of the University

1. Purpose:

The University of Michigan faces multiple risks related to cash, cash equivalents, and checks that are received by departments and units, the greatest of which is loss or theft of funds. The best way to mitigate this risk is to have funds deposited in a university bank account as quickly as possible. This practice also enables the university to maximize its investment returns on working capital funds.

2. Policy:

All funds collected by any unit or department of the university must be deposited into an authorized university bank account as soon as practical, generally 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 deposits must be in U.S. dollars. The Treasurer's Office must approve the use of all university bank accounts as well as any exceptions to this policy.

Each university department that makes deposits is responsible to have their staff complete the Depository Certification training (TME101) that covers internal controls as well as deposit methods, locations, and procedures. Information on the program, along with additional depository training resources, can be obtained on the Treasurer's Office (<http://www.finance.umich.edu/treasury/deposit-services/training>) website

Specific policies regarding acceptance of credit card payments are detailed in [SPG 519.01](http://www.spg.umich.edu/policy/519.01) (<http://www.spg.umich.edu/policy/519.01>).

1. 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 below) and accordingly, should not be used for deposits of cash and/or checks received as departmental revenue or expense reimbursements. The Treasurer's Office will work with departments to help determine the most appropriate deposit method(s) to meet each department's depository needs, which may include:

- Using local Remote Deposit Capture (RDC) technology to deposit checks electronically;
- Using university deposit stations located throughout campus to deposit cash and/or checks;
- Making deposits at the designated university depository bank branch in person (requires prior arrangements/approval by Treasurer's Office; see the Treasurer's Office (<http://www.finance.umich.edu/treasury/deposit-services/training>) website 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 Treasurer's Office (<http://www.finance.umich.edu/treasury/deposit-services/training>) website for more information)

The Dearborn and Flint campuses utilize a centralized cashiering 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 or Imprest Cash Funds (see SPG 507.02). Please refer to the appropriate website below for specific policies and services offered by the Cashier's Office for each campus location.

- Central Campus Cashier Web Site (<http://www.finance.umich.edu/finops/cashier>)
- Dearborn Student Accounts (<https://umdearborn.edu/students/student-accounts>)
- Flint Cashier/Student Accounts (<http://www.umflint.edu/studentaccounts>)

2. DEPARTMENTAL CASH HANDLING CONTROLS

University units must follow proper procedures and exercise internal controls when handling the collection and deposit of cash and checks. An effective 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 include:

- 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, as well as account information and personal information;
- Verification and reconciliation of financial information;
- Management approval of refunds when refunds issued in same media as receipted funds;

A series of high-level process steps is outlined below for establishing departmental funds management controls within three main cash handling activities: Receiving Funds; Depositing Funds; and Accounting and Reconciliation:

A. Receiving Funds

- Determine who is authorized to receive funds, and ensure personnel are properly trained
- Ensure money is counted and 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 (/policy/519.01)) in a timely manner
- Ensure funds and information are safeguarded at all times

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 519.01 (<http://spg.umich.edu/policy/519.01>).

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

3. ACCEPTANCE OF FOREIGN CURRENCY, CHECKS, AND MONEY ORDERS

The University of Michigan does not accept physical foreign currency or checks issued from foreign banks located outside the U.S. or Canada. This includes payments from students, suppliers and other affiliates, regardless of whether checks are issued in U.S. dollar (USD) or foreign currencies.

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. Potential impacts due to the more complex clearing process for foreign checks include significant delays; additional layers of fees which could be substantial; higher university administrative time and costs; and foreign exchange risk that could result in less than full payment after conversion to USD.

The university is sensitive to the strategic partnerships held with suppliers and academic affiliates abroad as well as its diverse student population. Accordingly, the Treasurer's Office is available to assist students, faculty, and staff in determining cost effective payment alternatives, including foreign wire transfers through the SWIFT payment network and/or credit card payments in circumstances where credit card payments are accepted for payment.

Anyone requiring assistance with payment alternatives for foreign payments may contact the Treasurer's Office (<http://www.finance.umich.edu/treasury/deposit-services/training>) for more information.

4. CASHIER'S OFFICE FUNCTION

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.

5. REQUESTS FOR CURRENCY AND COIN

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

6. 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, or via online ePayment. For details on these payment options please consult the Financial Operations (<http://www.finance.umich.edu/finops/student/payments>) website:

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

7. 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, whether purchase, sale, or 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 Office (<http://www.finance.umich.edu/treasury>) website for more information.

File Attachments

Printable PDF of SPG 519.03 (<http://www.spg.umich.edu/sites/default/files/519x03.pdf>)

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Related Policies:

Imprest Cash Funds (</policy/507.02>)

Treasury Services: Banking, Debt Issuance and Credit Card Acceptance (</policy/519.01>)

Related Links:

Treasurer's Office (<http://www.finance.umich.edu/treasury/deposit-services/training>)

Central Campus Cashier (<http://www.finance.umich.edu/finops/cashier>)

Dearborn Student Accounts (<https://umdearborn.edu/students/student-accounts>)

Flint Cashier/Student Accounts (<http://www.umflint.edu/studentaccounts>)

Student Financial Operations (<http://www.umflint.edu/studentaccounts>)

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