

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
BUSINESS PROCEDURES MANUAL

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Effective: January 1, 2011

Supersedes: Business Procedure 3.12 dated July 1, 2008

Applies To: Colleges and System Office

Procedure Responsibility: KCTCS Business Services

Cash Accounting

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Section 3.12.1 - General

Only approved employees shall be authorized to handle cash. Non KCTCS employees are not allowed to handle KCTCS related cash under any circumstances - period. Controls must be established to assure that all funds due are collected, safeguarded, and promptly transmitted (including recorded properly into the KCTCS accounting system) for deposit. All funds while in the possession of KCTCS units are to be kept in safes, locked boxes or drawers, or in closed cash register drawers. The practice of making change from KCTCS/college cash accounts to students and employees if not within a KCTCS business transaction format is prohibited, i.e., if someone wants to change a \$20 bill for smaller bills to use in vending machines. This practice increases the risk of overages/shortages and is not allowed.

Any cash gift received is to be coordinated with the Office of Institutional Advancement with all gifts (cash or in-kind donations) going through the Office of Institutional Advancement. Please consult with your local college institutional advancement officer for the specifics.

This procedure outlines the proper handling of cash overall and is not an all-inclusive or exhaustive list of area which cash may be handled. Additional

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detailed local procedures for handling of cash are to be developed by individual business units (college and System Office) to provide for local working procedures, directions and informative notes.

Section 3.12.2 – Definition of Cash

The term “cash” as used in this procedure, refers to U.S. currency, coin, checks drawn on U.S. banks and written in U.S. dollar values (including travelers, cashiers, and certified checks), money orders, credit card sales drafts, ACH payments, wire transfers and foreign funds (currency or check).

Section 3.12.3 – Deposit Principles

A. Deposit Considerations

1. Deposits must be made with KCTCS Treasury Services in Versailles or the authorized depository bank in college campus locations according to the following considerations:
 - a. daily, if cash receipts accumulate to \$500, although more than one deposit a day is not required, or
 - b. if receipts are less than \$500 per day, when deposits accumulate to \$500, or
 - c. on the last working day of the week if cash is on hand, plus
 - d. by 2:30 p.m. eastern standard time (Treasury Services) or the local bank's cut-off time (college campus locations) on the last working day of the month if cash is on hand. This is to insure that activity is included in the correct accounting period.
2. All cash must be deposited intact. This means no checks may be cashed or disbursements made, including reimbursement of imprest cash expenditures, from receipts.

B. Currency, Coin, Checks and Credit Cards

Currency for transmittal and deposit should be neatly organized. Example, bills faced the same way, sorted by denomination and banded (\$1 bills in \$100 bundles, other denominations in \$500 bundles) and bands stamped with department number or name. Coins in rolls and unrolled coins should be in a coin envelope. Endorsed checks should also be neatly organized with an adding machine tape in the same sequence as the checks. For credit card deposits please see Section 3.12.9 *Accepting Credit Cards*, below.

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- C. Written cash receipt form or signatory acknowledgement is to be issued and/or used for all cash received. The form of receipt may be a written cash receipt, a cash register tape, or a paid stamp. If written, a carbon copy must be maintained. Pre-numbered receipts are required. (Vendor payments received by mail are exempt from the required issuance of a receipt. The check stub and copy of the vendor payment should be retained as part of the deposit documentation.)
- D. A department must have the appropriate authorization to make an assessment before charges may be assessed and collected.
- E. All checks received must be restrictively endorsed immediately with the name of the department/college/KCTCS as applicable. Endorsement stamps are available to order by contacting KCTCS Treasury Services at 859-256-3206, or through the college local depository banks.
- F. Cash duties are to be appropriately separated among employees.
 - 1. In units having a number of employees, different persons shall be designated to receive cash, deposit cash, and record transactions so that no single person has control over the entire process.
 - 2. In all units, cash operations (cash receipts and recording) should be reviewed daily and approved by someone (preferably a supervisor) in addition to the person receiving the funds. Proof sheets, including a class roster for non PeopleSoft transactions shall be included for audit documentation purposes. In cases where this is the opted method of review/approval and reconciliation, that the query should be printed out and all transactions contained on the query report should be verified. Then, it should be signed by reviewer that it has been reviewed/ approved and verified, and subsequently filed for auditing purposes. This should be done NO LESS than monthly and ideally more often than that depending on volume of quick post transactions.
- G. All sales are to be made on a cash basis unless expressly approved by the college business office. Such approval will be granted only upon submission of a written proposal. The proposal should include the average amount of expected receivables, method of maintaining detail, reconciliation process and general ledger account information sheet. These criteria help ensure that any accounts receivable of the college resulting from credit sales made by any department will be recorded and monitored.

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- H. Checks are accepted only for amounts owed. In an instance where a student brings a third party check for an amount greater than the student's balance, the check shall be deposited and the student's account credited with any overage refunded through the normal refund process.
- I. Cash is not to be sent by U. S. mail. Likewise, campus mail in transmitting cash is discouraged. If sent by college mail controls must be in place to ensure its safeguard and timely transmittal. This includes funds locked within bank deposit bag and transit being person to person versus the cash being enclosed in a regular manila envelope and left unsecure for sorting, etc. prior to actual delivery.
- J. Exception to any points within this section, Deposit Principles, must be approved by the KCTCS Treasury Services with the exception filed in writing with the KCTCS Office of Business Services for audit documentation purposes.

Section 3.12.4 - Cash Collection Points

Cash collection points should be kept to a minimum. For example, testing fees could be collected in the business office, thereby eliminating testing centers as a cash collection point. Refer to [Business Procedures 1.7 - Internal Controls](#) for additional information.

When collection points are outside the business office, documentation of the transaction and collection of the payment, including type of payment – cash, check, credit card, etc. – shall be maintained for audit purposes. All cash collection points at a college must be expressly approved by the college chief business officer. Personnel collecting cash shall be properly trained prior to engaging in the collection of cash, including periodic spot audits of the processes and procedures.

Sufficient level of documentation shall accompany the funds submitted to the business office to reconcile the payment(s) and deposit - in detail, i.e. proof sheet, participant rosters, course charge(s) per participant, copy of the check, deposit ticket, etc. PeopleSoft cashiering shall be used to post, record, and reconcile all payments for all credit course offerings. See *Section 3.12.12 - Recording Receipts into PeopleSoft* for more detail. *The college business office or designee shall regularly reconcile payments received to receipts and deposits.*

Note: In instances where KCTCS has contracted with a vendor to provide services (CDL training for example) collection and receipt of payment(s) are to be made with college personnel, not with the third party. A recommended practice includes maintaining daily attendance records for each student with student signatures as documentation of attendance. Sufficient independent verification

of student attendance should be made by college personnel to determine that all cash receipts due have been collected, rather than relying solely on information furnished by the vendor. Any missing documentation (proof sheet, roster, course charges per participant, check copies, etc.) shall be reviewed and signed off on by the immediate supervisor and/or college business officer or designee. Actions to ensure proper safeguards, including “refresher training courses,” are to be employed to prevent any further absence of proper supporting documentation. Continued lack of documentation should result in disciplinary action, as necessary, to correct the problem.

Section 3.12.5 - Vending Related Activities

Outsourced Vending: Appropriate controls must be in place to verify the commission payments received from contracted vending and grill operations and other contracted services where commissions are paid. Depending on the detail provided in the sales and commission report that accompanies the payment, it may be possible to use the report document to validate the commission payments. The college business office should pick a reporting period and spot check the amount of funds collected from the machine against the month-end sales report to insure the totals and commission percentages being used are accurate. The verification report should be kept on file in the vending records. The comparison of the sales should be for the same time period in the prior year. If sales are comparable and enrollment has not increased or decreased and the commission rate is the same, the commission payment for the current period and the comparison period should be within an acceptable range, not to exceed a 10% tolerance of \$100 dollar amount difference. Basically, it's a current period to prior period in previous year comparison with adjustments to factors that affect sales and commissions. If it is determined that current commission payments aren't aligning with comparison periods, further investigation may become necessary which could entail selective machine monitoring, observing re-stocking, getting product counts for selective products, obtaining enough data that would facilitate a comparison model. In such an instance where matters look in question, please notify the KCTCS Office of Audit Services about the extra measures that are being put in place to evaluate sales.

Included within the type of reports the college should seek from the vendor for outsourced vending should include the gross receipts, commission earned, location, sales by machine, quantity, spoilage and refunds. Where possible hands on spot checking when the vendor stocks the machine(s) should be performed.

Insourced Vending: In instances where the college self-operates its vending machines, the appropriate exercise of internal control for cash handling and/or reconciliation of sales shall be exercised. A designated college business office employee(s) shall collect from the vending machines on a scheduled periodic

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basis. Example, a scheduled weekly pickup of vending receipts during the fall and spring semesters with a lesser pickup done between terms when there is less activity on campus. Two employees should perform the pickup for security and verification purposes. Funds collected are recommended to be separated in different collection bags for each vending type for purposes of accountability, i.e., Pepsi machine, Coke machine, personal hygiene dispenser, copier, etc.).

Restocking of the machines should occur timely. If the restocking is performed by a contractor (i.e., the Pepsi distributor) then the stocking should be scheduled where possible and verified by a college employee. All money taken from the machines is taken to the college business office for deposit. If part of the college's approved local cash handling procedure, the deposits may be taken directly to the bank under dual control (college business office employee and another full-time employee or campus security guard). When taken directly to the bank for deposit, the deposit must be made the same day the funds are collected from the machines. From the time of collection to the time of delivery at the bank, the money should always be under dual control and transported to the local depository by two employees. When taken directly to the bank, the funds are to be counted by the bank employee and verified by the college personnel and the bank deposit made. The deposit ticket should be signed by both college employees making the deposit.

The keys to all college-operated vending machines and change machines must be kept with the college's business office in a safe or locked key box. A log is to be maintained in the college business office for purposes of checking the vending machine keys in and out of the safe. Both individuals entrusted to perform the vending machine collection must sign the log when the keys are removed from and returned to the business office.

During the collection process a log shall also be maintained to capture any counter numbers from the machines. College business office personnel are responsible for reconciling counter numbers to the cash collected per each machine. Also, sales from period to period will be evaluated to determine consistencies and patterns.

If contracted with the vendor to restock the machines (i.e., Pepsi and Coke) the machines must have a locking device to safeguard the cash when the Pepsi or Coke vendor replenishes the machines.

Section 3.12.6 – Designated Cashier

- A. Each business unit that accepts cash (checks, currency, coin, credit/debit cards) must, to the extent feasible, designate a cashier and an alternate cashier to:
 - 1. Be responsible for all funds collected.

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2. Write receipts to individuals from whom funds are collected.
 3. Endorse all checks "For Deposit Only" at the time they are received.
 4. Prepare the daily deposit.
 5. Prepare a daily proof sheet, balance all funds collected, and account for shortages and overages. **Note:** a supervisor must approve and sign off on all shortages and overages greater than \$5^{.00}. The college business officer may delegate to supervisors (in writing) at their discretion the review and approval of lesser dollar amount for overages and shortage amounts. "Kitties" to cover shortages and overages are strictly forbidden.
 6. Each business unit shall designate appropriate individual(s) to make the daily deposit with the unit's bank.
 7. Cashiers shall not perform bank reconciliations. Any exceptions must be preapproved in writing through the System Offices of Business Services and Audit Services.
- B. If funds are not set up as a sweep account moving local funds to the central depository of KCTCS. The business office must call in the electronic fund transfer to move funds from the local depository bank account to the KCTCS central depository bank account as described in [Business Procedures 3.5 - Banking Relationships](#). Please contact KCTCS Treasury to establish a nightly sweep of funds to the KCTCS central depository.
- C. The unit's chief business officer is responsible for cash handling policies and procedures enforcement, including local procedures and designation of a Head Cashier, and an alternate as back up to the Head Cashier. Additional personnel may also be designated to handle cash including segregation of tasks with cash handling, e.g. processing of returned checks.

For access to PeopleSoft Financials, the submission of [Form BA5 – Access Request for Financials](#) is required. Completed BA5 Forms should be submitted to the KCTCS Financials Administrator. For purposes of separation of duty, cashiers should not have access to student financials billing or accounts receivable billing within PeopleSoft, nor should cashiers post tuition waivers or scholarships without written supervisor approval.

Section 3.12.7 – General Receipting of Cash

The procedures below should be followed in handling all cash receipts:

A. Cash Receipts Forms

A written acknowledgment should be made for each cash payment received. Acceptable cash receipts forms are cash register tapes (by departments having cash registers that produce a customer receipt copy), receipts written on preprinted forms, and paid stamps. Preprinted forms are frequently used by departments that do not have a cash register. Such forms should include:

1. amount of the payment
2. mode of payment (cash, check, etc.)
3. name of person making payment
4. purpose of payment
5. date of payment
6. account payment applied to, if applicable
7. signature of employee receiving funds

Manually prepared cash receipts forms should be sequentially pre-numbered, accounted for, and maintained for audit purposes. Computer generated receipts are numbered by the computer and meet the requirements established above. For audit purposes, all incorrectly completed cash receipts forms must be voided and retained in numeric order.

Some departments may use "paid" stamps as a means of receipt. In such cases the employee receiving funds should stamp a copy of the payee's bill and sign it beside the paid stamp.

B. Transmittal Form

A Transmittal Form (departmental spreadsheet, written detailed listing, etc.) if not the BA19-B form must be used to account for funds by all individuals, departments, and administrative offices of KCTCS and its colleges. The transmittal form must accompany and record the deposit of cash. Departmental transmittal forms must be approved by the local college business officer. Within the System Office, the KCTCS Office of Business Services must approve a department's transmittal. Please see form [BA19-B Cash Receipt for non-gift accounts](#)

Transmittals should be prepared according to the following guidelines:

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1. Complete all standard information required on each transmittal form. Departments should use the copy of the transmittal to verify the amount on the ledger.
2. Use a separate line for each different chartstring. All receipts for an account should be combined into one line. In other words, if you have three checks for deposit to the same account number, list each check on the transmittal but only list the account one time with the total of all three checks. If a query that provides this detail, it may be used in lieu of listing each check.

C. Reduction of Expense

A reduction of expense occurs when a refund is received directly from the vendor. Any credit to an expense account must be accompanied by a copy of the original document used to pay the expense. If proper documentation is not attached, the receipt must be deposited to a general income account.

Funds collected from students or other sources external to KCTCS as payment for services or materials rendered must be recorded as income, even though reimbursement may be at cost. If no specific revenue G/L account is applicable, 44700 (reimbursement - other income) may be used. Refunds from vendors for prior fiscal year expenditures are also recorded as income, using G/L account 44300 (other income).

KCTCS employees are often involved with professional associations external to KCTCS, and may use some KCTCS resources such as copying or duplicating for activities related to these organizations. The correct way to handle these transactions is to deposit funds from the organization into a liability account in advance and charge the account for the services used. It is not permissible to use KCTCS funds for these activities. Any remaining funds would be returned to the organization through a check request.

From time to time, because of an extended lower price offered to KCTCS, an employee may wish to take advantage of the offer and make a personal purchase and then reimburse KCTCS, thus avoiding sales tax. It is not permissible for a unit to purchase items for an employee even though the employee reimburses KCTCS.

Examples of items which have been reclassified to income from reduction of expenditure are co-sponsorship payment by outside an organization and repayments by vendors of expenditures which took place in a prior

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fiscal year. **Note:** An insurance recovery claim may be coded as a reduction of expense to offset the replacement of the repurchase of the insured item. If however, the insurance claim check crosses fiscal years and the repurchase of the insured item occurred in the prior year, the check must be deposited as income, using G/L account 44300. In short, the offset to the reduction of expense must match fiscal years.

D. Overages and Shortages

Overages and shortages must be reported and explained on the transmittal form. Shortage amounts must be denoted by a hyphen and are counted as a negative figure when the amount column is totaled. Overages and shortages are the responsibility of the department head, who should sign off on the transmittal for their awareness. The college business office will review overages and shortages for unusual differences. Discrepancies in transmittal forms and the accompanying cash are to be reported immediately to the person making the deposit, and, if over \$100, to the KCTCS Office of Audit Services. For continuing differences, a listing should be sent to the following offices: KCTCS Office of Treasury, Audit Services and Business Services for their awareness and possible investigation.

E. ACH Deposits or Wire Transfer Deposits

It is the responsibility of KCTCS colleges desiring to send an ACH or wire transfer to an outside entity to submit to KCTCS Treasury Services an ACH transmittal form. KCTCS colleges accepting ACH credits or wire transfers as a mode of payment must complete an ACH or Wire Transfer Information Form and send it to KCTCS Treasury Services to ensure these receipts are posted to the appropriate chartstring. Unidentified ACH transfers can result in a difficult process of determining to whom the cash belongs, i.e. third party veteran tuition payments to a college. Please contact KCTCS Treasury Services for the necessary forms.

F. Off-Campus Locations

Funds collected from off campus locations should be prepared as follows:

1. A deposit slip for the total of cash receipts should be prepared in duplicate.
2. Money should be taken to the college business office for deposit. Or, if approved, deposited in the authorized bank in the community in which the unit is located. Local Fire and Rescue Units are to forward their transmittals into the System Office Fire and Rescue Office.

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3. Where possible, emailing an electronic copy of the cash transmittal is encouraged. Duplicates of all deposit tickets and bank debits or credits should accompany the transmittal. On the first working day of the month, a transmittal for any days of the preceding month not previously reported must be sent to the college business office for purposes of reconciliation.

G. Deposit Slips

Cash and check transmittals must be completed with an accompanying deposit slip. All departments have been delegated the responsibility to complete their own deposit slips (known as pre-deposits) and forward them and the cash/checks to the college business office.

To the extent feasible, transmittals and bank deposit slips are to be prepared by an individual other than the cashier or bookkeeper. If this is not practical given limited personnel, the supervisor for internal control purposes must review daily the reconciliation of cash receipts transactions to the transmittal and deposit slip.

Section 3.12.8 – Defining Types of Cash Receipts

- A. Unrestricted Funds - Current unrestricted funds are resources received by KCTCS that have no limitations or stipulations placed on them by external agencies or donors. Receipts of these type funds will comprise the majority of all funds received, both in dollars and transactions processed. Types of general unrestricted fund receipts include tuition and student fees (credit or noncredit) and sales and services of educational activities.

- B. Restricted Funds - Restricted funds are resources provided to KCTCS that have externally established limitations or stipulations placed on their use, but are intended to be used for current purposes. Examples of restricted current funds are gifts, grants and contracts. Only restricted gifts may be deposited to a gift number in the project chartfield. Gifts are designated for specific program objectives.

Receipts that should not be deposited into a gift account include payments for goods and services, even if the gift account may have been used to purchase the items that were sold. Sales of services or activities are examples of inappropriate items, which have been submitted by units as deposits to gifts.

- C. Refunds - Cash or credit card refunds for merchandise are permitted only upon presentation of the receipt issued at the time of sale. Credit card refunds must be processed on a credit card refund draft according to procedures provided by your bank. The credit card should be present for the refund. It is not permitted to give refunds by cash or check for

purchases made by credit card. All other refunds should be done by check request charging the revenue account originally credited.

Returned Checks – College must complete a separate cash receipt form and include the debit from the bank as a negative item on that cash receipt form. The account, which was originally credited, will be charged. The designated representative who receives returned checks is responsible for maintaining physical control while collection efforts are being made, not the cashier.

Returned checks that were originally receipted in the PeopleSoft student module on a student's account are to be reversed from the account and the NSF fee is to be posted, along with the FIN service indicator. The returned check is noted on the daily Cashier Balance Sheet, and the EFT for that day is reduced by the amount of the returned check. The student is sent a letter advising them of the returned check and the NSF fee. Returned checks and NSF fees must be paid by cash, money order, or certified check. Personal checks are not accepted to settle returned checks/NSF balances.

Returned checks for noncredit courses and miscellaneous services are recorded on the cash journal as a debit to account 41370 – Returned Check and a credit to the cash account. The returned check is noted on the daily Cashier Balance Sheet, and the EFT for that day is reduced by the amount of the returned check. The payer is sent a letter advising them of the returned check and the NSF fee. The department that provided the service is notified as well. In instances where an address is not available (i.e., transcript fees or testing fees paid by a third party), the department providing the service is notified. Only cash, money orders, or certified checks are accepted to settle a returned check/NSF situation. When the individual pays the returned check/NSF fee balance, account 41370 is credited and the cash account is debited on that day's cash journal.

Section 3.12.9 – Receipting Various Methods of Payment

While the above sections describes the general procedures for the handling of cash and define the types of cash receipts within KCTCS as a system, there are additional procedures and processes that relate to the method of payment received and certain exceptions to the general policies that each unit that collects cash will need to employ. These are as follows:

A. Cash Sales

When cash is received by an employee, either a cash register recording is made or a pre-numbered cash receipt form (showing at a minimum the date,

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amount, payer, and nature of the payment) is to be prepared. The payer is given a copy of the receipt. Copies of the cash receipts forms should be retained in numbered sequence, including any "voided" forms.

Employees handling cash must balance cash collected to the cash register totals or to totals of the pre-numbered cash receipts forms prepared. Any difference in the total of the actual cash and the total of the register or pre-numbered forms is reported as a shortage or overage on the transmittal form. The proof sheet, (where approved and delegated by the college business office) a copy of the deposit ticket receipted or stamped by the bank, and receipts for shortages/overages are to be submitted to the business office immediately upon completion. Any missing documentation shall be reviewed and signed off on by the immediate supervisor and/or college business officer or designee.

Actions to ensure proper safeguards, including "refresher" training courses are to be employed to prevent the absence of supporting documentation. Continued lack of documentation with cash handling should result in disciplinary action, as necessary, to correct the problem.

The business office or designee shall regularly reconcile payments received to deposits. Spot checking of practices is further encouraged.

B. Accepting Checks

All checks must be restrictively endorsed "FOR DEPOSIT ONLY" immediately with the name of the college. System Office units collecting cash will use the stamp issued by KCTCS Treasury. Checks are to be accepted for amount of fee payment/purchases only. In an instance where the check is made out by a third party payer for an amount greater than the student's balance the check should be deposited and the student's account credit. The difference should be refunded using the normal refund process.

Note: Check cashing for anyone, including employees and students, is strictly prohibited.

C. Accepting Credit Cards

1. Credit cards accepted by the colleges are governed by price contract; this is determined by KCTCS Treasury. Colleges should check with KCTCS Treasury for terms and acceptable cards.
2. To accept payments for those credit cards currently authorized by KCTCS Office of Treasury:

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When questionable, request ID for verification and validation of person using the credit card when payment made in person. If the payment is made by phone the college should develop a local procedure and format to process the payment including documentation as to how the information for payment is captured and retained. For security purposes, paper copies of credit card information should not be left lying around unsecured or handled in a non-safe manner. Rather, credit card information must be handled with security being the highest concern. Consultation with the local information security officer when taking credit card payments is recommended to avoid a possible security breach.

- a. Scan card and enter amount of purchase. Keep appropriate document of how much is for what category; i.e., what amount is deposited as tuition, etc. All credit card receipt information must be stored in a secure locked location.

- b. Colleges have the option of running the batch process themselves at the end of the day or allowing the terminals to be automatically batched by the KCTCS approved credit card processor at 9 p.m. local time, but the process must be completed daily.

- c. Receipts for credit card purchases/payments should be categorized on the daily proof sheet for funds collected and the amounts for each. (Credit card receipts shall not be included in daily bank deposits. The money will be transferred to the KCTCS central depository directly by the credit card company.)

- d. The Office of KCTCS Accounting will record on the college's behalf all credit card deposits into a business unit's specific credit card clearing account utilizing the following account strings:

Fund	BU	Acct.	Program	Dept.	Debit Amt	Credit Amt.
01	XXXXX	10005	9999999999	99999	\$0.00	
01	XXXXX	16035	9999999999	99999		\$0.00

It is the college's responsibility to notify KCTCS Accounting of the appropriate fund codes to be used in the above transaction, if different than fund 01.

The college will process a journal voucher for the purpose of debiting the credit card clearing account and crediting the appropriate chartfield to record the credit card transaction. No journal will be necessary if

payments are taken for the credit of a student whose records are processed through the PeopleSoft Student Administration System, other than posting the payment to the student's account, as this will create an automatic general ledger entry.

Section 3.12.10 - Providing Receipts

- A. Record receipts by use of a pre-numbered receipt book and/or a cash register. (Vendor payments received by mail are exempt from the required issuance of a receipt. The check stub and copy of the vendor payment should be retained as part of the deposit documentation.)
1. Use the receipts in numerical order.
 2. Complete each receipt for each collection and distribute a copy to the payer and retain a copy for the college cashier's files.
 3. Any receipt that must be voided should be approved by an office supervisor. Write, "VOID" across the face of the receipt. Original should be stapled to copy and included with deposit documentation submitted to the cashier's office.
 4. For audit purposes, all receipts should contain appropriate explanation and documentation to audit the payment. Class rosters, etc. should be maintained with receipts, if not within PeopleSoft, for audit purposes.
- B. When Using Cash Registers Or Computerized Cashiering Systems
1. Have the cash register operator total and clear the machine daily at the end of his/her shift.
 2. Submit the total cash collected, the cash register tape, and a proof sheet to the business office. The proof sheet must indicate the totals for each type of receipt. A copy of all issued receipts, class rosters, etc., must be submitted as well to document the amount of the deposit.
 3. Account for any shortages or overages. Prepare an entry for any shortages or overages and attach to the daily proof sheet. Please include explanation that the amount is a shortage or overage. See *Section 3.12.6.D General Receipting of Cash – Overages and Shortages* for specifics on reporting overages and shortages.

Section 3.12.11 - Recording Receipts into PeopleSoft

All funds collected by any KCTCS business unit are to be recorded to a KCTCS chartfield.

- A. Units are to use form [BA-19 B Cash Receipt for non-gift accounts](#) for recording receipts that are not received through the Student Financials Receivable or the Accounts Receivable and Billing modules.
- B. A sequential number for each receipt must be assigned for input into PeopleSoft -- Accounts Receivable and Billing module. If using the journal entry base currency PeopleSoft will automatically assign a sequential number to the cash receipt. This 10 digit journal ID number should be recorded in the upper right hand corner of the form. If you choose to override the auto-generated number, you can insert your own 10 digit journal.
- C. Enter the appropriate chartfield combination where the deposit will be credited. If the funds are for different business units, fund groups, department/organizations, programs, class, or accounts, a separate chartfield combination for each transaction will be needed.
- D. After entering the appropriate chartfield combinations within PeopleSoft, edit/budget check and post the journal entry. Print a copy of the journal entry for record keeping and to use in reconciling the bank statement. Refer to [Business Procedure 3.7 Bank Reconciliations](#).
- E. Entries affecting cash should be recorded in PeopleSoft in the same month in which they were processed by the college's local depository bank. Each unit will have until the 5th working day of each month to process entries for the previous month. To process entries to the previous month during this five day period, use the last working day of the previous month as the journal date for the transaction. For instance, entering a receipt on June 1 for receipts in May should be entered with May 31 as the journal date in order to post to the correct month.

Section 3.12.12 - Security

- A. The level of security necessary for the individual cash handling locations depends on the level of risk at that location. To evaluate the risk, the following factors should be considered at each location:

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1. Amount of money involved
 2. Geographic location
 3. Hours of operation
 4. Past loss experience
 5. Number of employees
- B. In general, all cash should be kept in a fire-resistant storage container, safe, chest, cabinet, desk, lockbox) that is equipped with at least one locking device and cannot be easily removed from the premises. The supervisor of the cash handling location has overall responsibility for assuring that adequate security is maintained over cash and other assets.
- C. Proper handling, adequate records, and physical security should be emphasized to each employee having access to or having responsibility to cash, merchandise, supplies or equipment. General guidelines should be communicated to each employee with the employee being required to sign a statement stating he/she understands guidelines. The statement should be kept on file in the Business Office and updated periodically, i.e. annually. In general, the following practices should be followed at a minimum.
1. Unauthorized employees should not be permitted in areas where cash is handled.
 2. Doors should be locked at all times where cash is handled. Safe doors should be kept closed during working hours and should be locked at all other times. Large sums of cash should be counted and handled out of sight of the general public.
 3. Cash should never be left unattended.
 4. All checks should be immediately restrictively endorsed "FOR DEPOSIT ONLY" to the credit of KCTCS and the local college.
- D. Cash Register funds must be secured. During business hours, unattended cash registers must be locked and the key removed. During non-business hours, cash register funds must be secured in a safe and the cash register drawer left open.
- E. The following practices are essential to minimize or reconstruct losses:
1. All checks should be immediately recorded on a cash receipt form or otherwise receipted, with the name of the issuer and check number

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recorded. This accounting detail should provide information necessary to obtain replacement checks.

2. Individuals should keep working funds to an absolute minimum at all times. All other funds should be in a locked device. Excess cash accumulated during the day may be reduced by making more than one deposit per day with the college's local depository.
3. To ensure overnight safekeeping, funds may be transferred to the local depository when the total of funds on hand creates an excessive risk exposure.

Section 3.12.13 - Special Conditions

- A. In all cases where students are being receipted, payments must be applied to a specific term or course as applicable.
- B. Before exiting the Target Key field, cashiers are to observe for the correct payment type based on the Target Key description.
- C. In cases where student is paying for multiple terms, care should be exercised to ensure that target and tender key types match, and are equal, and the intended term is specified.
- D. Use of cashier's access is to be strictly limited to the individual logged on – no sharing of passwords or screens!

Section 3.12.14 - Daily Cashiering - Student Financials System Checklist

- A. Beginning of Day:
 1. Opening (AM/PM) Campus Cashier (may also be head cashier) opens cashier office, opens registers, and opens cashiers using the copy feature. College Chief Business Officer or designee creates/deletes valid registers and creates cashiers as needed.
 2. Check drop box (if applicable) for payments and also payments received by mail.
 3. Process any returned items from the bank, process student financial aid repayments coming directly from the students, or cancellations per the college director of student financial aid.
 4. Deposit any departmental funds, i.e., transcripts, vending, childcare, workforce solutions, library fines/receipts, and copier receipts.
 5. Process journal entry vouchers for those deposits or receipts of departmental funds if using the A/R module. It is recommended the

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Head Cashier perform this task. If the Head Cashier is making the deposit then another employee should process the journal entry to help ensure a separation of duties.

B. End of Day:

1. Cashiers organize receipts or other student documentation required for balancing.
2. Cashiers close, balance, and transmit the credit card machine totals.
3. Cashiers balance out individual registers and reconcile to PeopleSoft and give receipts and supporting documentation to the Head Campus Cashier.
4. Once balancing is complete, receipts are filed and retained in the Business Office as per the retention schedule.
5. Individual cashiers are responsible for voiding and re-receipting if needed.
6. Where payment reversals and payment quick posting are required, the chief business officer or designee should make or be consulted prior to actual posting.

C. End of the day, the Head (Closing Cashier) Campus Cashier must:

1. Run the following query report(s):
 - a. (K_TARGET_KEY_ENTRIES_CSHOFFICE) – needs to be used to check the A0pay and A0pccpay but not to check the balance since it doubles some entries.
 - b. (K_SF_RCPTS_BY_BUSDAY)
 - c. (SF750A_CASHIER_TENDER_TOTALS)
 - d. (K_SF_CSHR_RPT2) -- run this report the following morning.
2. Combines funds (money) of all cashiers and again verifies the total amount as compared to the query.
3. Prepares deposits.
4. After balancing the open cashiers, the Head Campus Cashier closes the registers and then closes the cashiering office.

D. Documentation in cash closing is to include the following:

1. Adding machine tape of checks received attached to the deposit.
2. Copy of bank deposit slip.
3. Adding machine tape, explanation, etc. of cash over/short to be clearly attached to the deposit detail.

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4. Credit card detail batch report.
 5. All documentation is to be attached to the closing query reports.
-
- E. Deposit(s) should be given to appropriate Business Office personnel for daily deposit and/or safekeeping until deposit can be made – the next morning.
 - F. Documentation (Proof-sheet) is to be filed with the Head Cashier.
 - G. Business Officer, designee, or contracted armored service should make the deposit at the bank.
 - H. Head Cashier runs the G/L Feed report daily to verify totals from SF journals match the deposit.
 - I. Electronic fund transfers shall be processed in accordance [Business Procedures 3.5 Banking Relationship/Section - 3.5.3 Electronic Fund Transfer of Cash Balances](#).

Section 3.12.15 – Lock Box Receipts

For some departments the KCTCS Office of Treasury may authorize lock box arrangements through a local bank. In these instances, cash goes directly to the bank and is processed there. The bank forwards a deposit slip and copies of all checks, envelopes, and correspondence to the unit. The unit is responsible for posting lockbox receipts on a daily basis.

Section 3.12.16 – Correction of Errors and Adjustments

- A. Discrepancies in transmittal forms and the accompanying cash are to be reported immediately to the person making the deposit, and, if over \$100, to the KCTCS Office of Audit Services. Discrepancies are to be immediately corrected by adjusting the difference on the related transmittal form indicating an overage or shortage.
- B. Final resolution of a discrepancy and authority to adjust the appropriate account lies with KCTCS Office of Treasury Services.

Section 3.12.17 – Reconciliation

In order to determine if there are any differences between reported cash and actual cash for deposit and for PeopleSoft record posting, reconciliation must be conducted to ensure that the deposit, the posted record, and the bank statement balance. All deposits should be reconciled daily and the general ledger should be reconciled monthly. The following is a general guideline for reconciling.

1. Examine each entry for every day transactions.
2. Make sure there are not any data entry errors or discrepancies in the account(s).
3. Research the data entry errors or/and discrepancies if there are any.
4. After exploring the data entry errors and/or discrepancies, prepare documentation of the finding(s). Do not make any changes in the accounts until the appropriate supervisor gives permission to proceed.
5. Correct the entry. When you make corrections, don't change the original entries; rather, make correcting entries to document the correction. Depending on which entry you have to correct you would need to debit or credit the original entry and debit or credit the correct entry.
6. Reconcile the general ledger account on a regular basis so your financials reflect a true picture.

Note: Please refer to [Business Procedure 3.7 Bank Reconciliations](#) for questions on bank reconciliations.

End of Procedure