



Funds Handling and Deposit of State and Local Funds

No. 3600

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Affected Parties:
Faculty
Staff

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1.0 Purpose

Virginia Tech is committed to the fiscal stewardship of university funds. The purpose of this policy is to define the requirements for all departments involved in funds handling activities and to address the following key elements:

- Establish the minimum internal controls required for the funds handling process to ensure proper safeguards and to minimize the risk of loss of funds due to theft or mishandling.
- Define minimum standards for the collection, deposit, recording, and reconciliation of funds.
- Establish clear roles and responsibilities in the funds handling process and for opening and managing university depository account(s).

For purposes of this policy, funds include any cash, bankcard, check, or electronic funds transfer payment provided to the university, whether in exchange for goods or services or as agent for approved organizations.

2.0 Policy

The policy applies to all funds handling and deposits performed in any university department or unit, and to all university employees and approved, documented volunteers collecting monies for authorized activities whether or not the university owns the funds. All funds received by the university must be deposited in an authorized Virginia Tech bank account promptly.

This policy provides guidelines for the minimum internal controls and standards for funds handling and deposits mandated by the university. The policy also establishes the roles and responsibilities related to the funds handling process including opening and managing university depository accounts.

Departments must exhibit best business practices in all funds handling activities to minimize the risk of mishandling or theft of funds and to ensure accurate financial reporting. Examples of best practices include segregation of duties in funds acceptance and deposit process; monitoring, safeguarding, and timely deposit of stored funds; accurate recording of funds in the university financial systems; and performing timely reconciliations.

2.1 Establishing Bank Accounts

Only university officials approved by the Board of Visitors are authorized to open bank or financial accounts in the name of the university and/or open bank or financial accounts using the university's Federal Employer Identity Number (FEIN). The University Bursar is authorized to manage and administer all banking arrangements for the university.



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University departments shall not establish bank accounts, electronic funds transfer, remote deposit, online payment accounts and activities, merchant accounts, or outsourced payment solutions at the unit level in the university's name and/or FEIN without prior approval from the University Bursar.

All departments that accept funds are responsible for the following:

- Departments and units must utilize Bursar approved payment channels where feasible to reduce or eliminate the need to handle funds (see Section 3.1).
- Departments that handle funds on a regular basis must have a written departmental Funds Handling Plan approved by the University Bursar or designee granting express approval to accept and deposit funds.
- Departments that accept funds on a casual or one-time basis must comply with the minimum procedures as outlined in this policy and are not required to receive advance approval of departmental procedures from the Office of the University Bursar (OUB). Departments must identify responsible individuals and assign responsibility and accountability for these processes.

3.0 Procedures

3.1 Approved Payment Channels

As stated above, departments must utilize Bursar approved payment channels where feasible. The following payment channels are pre-approved and monitored by OUB:

- Centralized billing and collection of accounts receivable through OUB (see [Policy 3605, Accounts Receivable](#)) to reduce a unit's need to handle funds;
- University-approved electronic systems to accept payments via the internet (see [Policy 3610, Accepting and Handling Payment Card Transactions](#) for approval process);
- ACH or wire direct deposit to the university's bank account(s); and
- Remittance directly to

*Office of University Bursar (MC 0143)
Student Services Building, Suite 150
Virginia Tech
800 Washington Street SW
Blacksburg, VA 24061*

Departments holding workshops, conferences, or issuing invoices that are not recorded in the system as part of an accounts receivable should notify OUB so that incoming checks and transfers can be readily identified for deposit.

3.1.1 Required Use of University Cashiering System

All units are required to initiate deposits in the university's cashiering system, CASHNet. Access to this system allows university departments (both on and off campus) to enter deposit information directly into the cashiering system, which then updates the Banner Finance system. All departmental depositors should access the online training and complete a short quiz prior to submitting the access request form.



3.1.2 Training and Funds Handling Resources

The University Bursar publishes [funds handling resources and deposit preparation instructions](#). Bursar Office staff is also available to provide assistance developing procedures and department specific training materials.

3.2 Internal Controls

An effective system of internal controls for funds handling provides reasonable assurance that all funds received by the university are appropriately secured, deposited in the bank, and recorded in university financial system(s) in a timely manner. All departments and units handling funds must exercise effective internal controls and follow **the minimum procedures** outlined below.

- Segregation of duties between personnel who issue billing/receivables, receive funds, deposit funds, and those who reconcile transactions;
- Departments handling funds on a casual or one-time basis where the duties outlined above cannot be fully segregated due to insufficient number of staff must incorporate supervisory review of deposits and supervisory reconciliation of deposits to accounting system records as compensating controls;

See section 3.2.1 below regarding Cash Collection, Deposit and Reconciliation procedure and section 3.2.2 regarding Deposit Frequency procedure.

- Training of personnel regarding funds handling responsibilities, systems, and related internal controls and procedures for reporting of losses, overages, or shortages;
- Secure storage and controlled access to resources such as cash, checks, cash equivalents, and deposit supplies, as well as account information and personal information;

See section 3.2.3 regarding Secure Storage and Management of Funds.

- Verification and reconciliation of financial information (see [Policy 3100, Fiscal Responsibility](#)); and
- Verification and management approval of high-risk transactions such as refunds, logs of voided transactions, and logs of overages/shortages.

In addition to the minimum procedures required for all funds handling activities, departments that receive funds on a regular basis should incorporate the following in their written departmental funds handling plans:

- Procedures and documented controls for issuing billing/receivables (see [Policy 3605, Accounts Receivable](#)), receiving funds, depositing funds, and reconciling transactions;
- Procedures and documented controls for managing point of sale/cashier systems, receivables, online payments, and payment card activities (see [Policy 3610, Accepting and Handling Payment Card Transactions](#)).

3.2.1 Cash Collection, Deposits, and Reconciliation Procedure

The series of high-level process steps outlined below define the minimum departmental funds management controls within the three main funds handling activities: receiving funds, depositing funds, and accounting and reconciliation.



1) Receiving Funds

- a) Determine who is authorized to receive funds, and ensure authorized personnel (employees and approved, documented volunteers) are properly trained;
- b) Ensure cash is counted and verified and checks are restrictively endorsed as shown below:

For Deposit Only
[Department Name]
 Virginia Tech

- c) Payments are recorded by the use of a mail log, multiple copy pre-numbered receipts, or cash register. Ensure a pre-numbered receipt is issued for all monies received and any overpayments are applied to customer account for refund in accordance with university procedures. For payments received by mail, a mail log is used to record the receipt of funds. This log also records the university deposit ticket number. It is not necessary to issue a receipt when the mail log is used to record payments.
- d) Ensure funds and sales and receipt documentation are safeguarded; and
- e) Prepare and file Internal Revenue Service [Form 8300, Report of Cash Payments Over \\$10,000 Received in a Trade or Business](#) if unit receives more than \$10,000 in cash from one customer as a result of a single transaction or two or more related transactions.

2) Depositing Funds

- a) Determine who is authorized to deposit funds, and ensure authorized personnel are properly trained;
- b) Deposit all funds to OUB or into a university-approved bank account in a timely manner.

3) Accounting and Reconciliation

- a) Ensure deposits are posted to the appropriate Banner Fund;
- b) Reconcile receipts/deposits to reports from Banner Finance at least monthly (see [Policy 3100, Fiscal Responsibility](#));
- c) Periodic review of funds handling activities by management to ensure procedures are followed and activities are documented.

See the [University Funds Handling Guidelines and Procedures](#) on the Bursar’s Office website for a plan template and detailed deposit instructions.

3.2.2 Deposit Frequency

A collection point accepting funds on a regular basis is generally required to make deposits on a daily basis. It is considered a best practice for departments to deposit all accumulated **cash** daily.

Collection points that accept funds on a casual or one-time basis must deposit when accumulated funds total \$500 and not later than five (5) business days after initial receipt.

CUMULATIVE RECEIPTS	<u>MINIMUM FREQUENCY OF DEPOSIT or TRANSFER TO BURSAR OFFICE</u>
UP TO \$500	WITHIN 5 BUSINESS DAYS



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>\$500 TO \$24,999	NEXT BUSINESS DAY
CUMULATIVE CASH \$25,000 OR MORE	SAME DAY/IMMEDIATE
ANY SINGLE ITEM \$100,000 OR MORE	SAME DAY/IMMEDIATE

Check deposits may be sent through interoffice campus mail to the Office of the University Bursar (Attention: Customer Service, 150 Student Services Building, Mail Code 0143), providing the deposit:

- Does not contain cash;
- Includes no more than 10 check items;
- Checks are restrictively endorsed;
- Totals no more than \$500; and
- Provides the deposit number from CASHNet.

Example: Cashier Log - Deposit Frequency Compliance

University Controller

Department Name

Cashier Log

Date	Receipt Number (s)	Amount	Cash Handler	Depositor	Deposit Number	Deposit Date; Amount
<i>One Receipt, <\$500, deposited on the fifth (5th) business day after initial receipt</i>						
5/13/2019	1001	\$50.00	M. Houson	T.Smith	108123	5/20/19; \$50.00
<i>Seven receipts in 2 days, >\$500, deposited on the next business day after accumulating \$500</i>						
5/28/2019	1002-1006	\$300.00	M. Houson	T.Smith	108192	5/31/19; \$525
5/30/2019	1007-1008	\$225.00	M. Houson	T.Smith		
<i>One Receipt, single item>\$100,000, delivered to Bursar Office the same day</i>						
6/11/2019	1009	\$229,875.00	M. Houson	T.Smith	108232	6/11/19; \$229,875

3.2.3 Secure Storage and Management of Funds

Departments must keep all funds secure in a locked box or some other lockable container and out of direct sight of unauthorized personnel at all times until funds are deposited. Department personnel must not leave the locked container holding funds unattended during business hours for any reason. At night, or if no



authorized personnel are available to attend the container during business hours, the funds must be safeguarded in an acceptable manner as defined below. **Under no circumstances should an individual use funds collected for petty cash purchases, loans, or check cashing purposes, comingle university cash with their own personal funds, deposit university funds in a personal bank account, or take university funds to their home for safekeeping.**

Restrictively endorsed checks do not present the same security risk as cash. However, the checks contain bank account information and must be securely handled in accordance with the requirements below and in [Policy 7025, Safeguarding Nonpublic Customer Information](#). Copies of checks are not required to complete department documentation. However, if copies are made, the copy must not include the routing and account number for security purposes.

Departments must prepare in advance for cash collections and ensure that acceptable means are available to secure and safeguard funds. If anticipated cash transactions will exceed \$25,000, the department should contact the bursar’s office seven days in advance to make arrangements for immediate deposit.

ACCEPTABLE SAFEGUARDS

CUMULATIVE RECEIPTS	PREFERRED	ACCEPTABLE	UNACCEPTABLE
UP TO \$500 cash	Safe, locked desk, locked file cabinet	Locked box	Not secured, unattended
\$500 - \$2,000 cash	Safe	Locked desk, locked file cabinet	Locked box, Not secured, unattended
>\$2,000 cash	Safe	Safe	Locked desk, locked file cabinet, locked box, not secured
Checks and other transferrable instruments (must be restrictively endorsed upon receipt)	Safe, locked desk, locked file cabinet	Locked box	Not secured
Receipt and sales documentation	Safe, locked desk, locked file cabinet (store separately from receipts)	Locked desk, locked file cabinet (store separately from receipts)	Not secured, unattended

Departments regularly handling large amounts of cash are encouraged to consult with the Virginia Tech Police Department on physical security and installation of panic buttons that alert the police immediately in event of threats in occupied funds handling area(s). [Policy 5617, Safety and Security Camera Acceptable Use Policy](#)



formalizes procedures for the installation of surveillance equipment and the handling, viewing, retention, dissemination, and destruction of surveillance records.

3.3 Loss of Funds

In the case of a loss of funds or a supervisor suspects irregularities in the handling of funds, the Virginia Tech Police Department must be contacted immediately. Within five business days from the time of the occurrence, the department must submit a formal memo signed by the department head including a description of the loss and any changes in the departmental funds handling procedures that will prevent the situation from recurring to the following offices:

Office of the University Bursar (MC 0143)
Office of Audit, Risk, and Compliance (MC 0328)
Dean/Vice President/Vice Provost of Unit

If irregularities are suspected, the Bursar and Office of Audit, Risk and Compliance departments are available to assist in reviewing business practices and documentation.

Only employees and approved, documented volunteers have coverage through the university's Bond and Specialty insurance for university authorized and approved activities. Losses greater than \$2,000 should be reported to the Virginia Tech Office of Risk Management.

3.4 Returned Items and Handling Fees

Returned checks or dishonored credit or bankcard payments are returned from the bank to OUB. Upon return, OUB will identify the returned item and prepare a journal entry to reverse the initial deposit (debit the depositing department's fund). A receivable for the initial payment and a returned item handling fee will be set up in university accounts receivable or decentralized receivable system as appropriate for collection.

In accordance with the [Code of Virginia § 2.2-4805](#), returned checks or dishonored credit or bankcard payments shall incur a handling fee of \$50 unless a higher amount is authorized by statute to be added to the principal account balance.

3.5 Outsourcing of Cash Receipt Activity

Departments considering outsourcing of sales, accounts receivable, and cash receipt processes should notify the University Bursar prior to engaging the vendor to ensure appropriate controls and monitoring processes are evaluated. Any outsourcing of the cash receipt process to a third-party vendor must be approved by the University Bursar. In addition, the documented Funds Handling Plan should be revised to incorporate appropriate vendor management procedures.

3.6 Exceptions

Exceptions to any portion of this policy must be submitted to the University Bursar clearly outlining the exception being requested and the business need for such exception. Such request for exceptions will be considered on a case by case basis. University Bursar reserves the right to preclude any department from handling funds.



4.0 Definitions

Cash collection point is an authorized area of the university community in which a service or product is provided and funds are accepted. Based on activity levels, cash collection points are defined as handling funds on a regular basis (3 or more times per week), casual basis (less than 3 times per week, less than 100 receipts annually, or less than \$20,000 per year) or one-time (as implied, less than 10 receipts annually).

CASHNet is the University's web-based application to receive funds and record deposits.

Electronic funds transfer (EFT) is a generic term for any movement of funds by non-paper means including Automated Clearing House (ACH) or a wire transfer. All individual incoming EFT payments for the university are processed by OUB.

Form 8300 published by the U. S. Treasury Internal Revenue Service is to be completed when cash is received in trade or business activities in excess of \$10,000 in a single or in multiple transactions from a single customer.

Funds include coins, currency, checks, money orders, traveler's checks, credit cards, Hokie Passport and electronic funds transfers provided to the university, whether in exchange for goods or services or as agent for approved organizations.

Funds Handling Accountant in the University Bursar's Office conducts periodic reviews of funds handling procedures for the university. The accountant advises departments and areas of funds handling policies and procedures as well as assisting with implementation and the approval of departmental Funds Handling Plans.

Funds Handling Plan is a document used by departments to obtain authorization to become a cash collection area.

Name of the university includes the university's formal name Virginia Polytechnic Institute and State University and the university's official nickname Virginia Tech.

University approved bank account generally refers to the university's depository account or approved Virginia Cooperative Extension (VCE) local bank accounts, and may include transmittal to the Virginia Tech Foundation for contributions, gifts or other non-gifts as described in [Policy 3630, Definition and Deposit of Private Funds](#) and [Policy 12110, Handling Virginia Tech Foundation Funds](#).

Void and Corrections Logs are used to record voided and corrected transactions and provide adequate internal controls of receipts.

5.0 References

Policy 3605, Accounts Receivable
<https://policies.vt.edu/3605.pdf>

Policy 3610, Accepting and Handling Payment Card Transactions
<https://policies.vt.edu/3610.pdf>

University Funds Handling Guidelines and Procedures
<https://www.bursar.vt.edu/employees/funds-handling.html>

Policy 3100, Fiscal Responsibility
<https://policies.vt.edu/3100.pdf>



Internal Revenue Service Form 8300

<https://www.irs.gov/pub/irs-pdf/f8300.pdf>

Policy 7025, Safeguarding Nonpublic Customer Information

<https://policies.vt.edu/7025.pdf>

Policy 5617, Safety and Security Camera Acceptable Use Policy

<https://policies.vt.edu/5617.pdf>

Code of Virginia § 2.2-4805, Interest, administrative charges and penalty fees.

<https://law.lis.virginia.gov/vacode/title2.2/chapter48/section2.2-4805/>

Policy 3630, Definition and Deposit of Private Funds

<https://policies.vt.edu/3630.pdf>

Policy 12110, Handling Virginia Tech Foundation Funds

<https://policies.vt.edu/12110.pdf>

Bank Secrecy Act (BSA) of 1970 also known as the Currency and Foreign Transactions Reporting Act;
31 U.S.C. § 5331

<https://www.govinfo.gov/app/details/USCODE-2011-title31/USCODE-2011-title31-subtitleIV-chap53-subchapII-sec5331>

Policy 8005, University Staff Support for Organizations with Significant University Interest

<https://policies.vt.edu/8005.pdf>

6.0 Approval and Revisions

- Revision 0
Approved June 20, 1989 by University Bursar, Mary K. Thompson.
- Revision 1
 - Policy 3610, Handling State and Local Funds, was combined with and replaced this policy as a result of changes and revisions.Approved March 18, 1991 by University Bursar, Mary K. Thompson.
- Revision 2
 - Section 2.0, information added about only written permission allows deviation from this policy;
 - Section 3.2.1, information changed about preparing deposit ticket;
 - Section 3.4, person preparing reconciliation must sign it;
 - Section 3.7, information added about fund custodians and added department head having outstanding petty cash balance to rejection reasons.
 - Section 3.10 added.Approved March 11, 1992 by University Bursar, Mary K. Thompson.



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- Revision 3
 - Section 2.0 changed by referring departments to the University Bursar web site to view guidelines on fund handling.
 - Section 3.0 was moved to the University Bursar web site, and a link was added to that web site.

Approved June 17, 1999 by Vice President for Finance and Treasurer, Raymond D. Smoot, Jr.

- Technical Correction October 3, 2007
 - Update links under Policy and Procedures sections
 - Change Funds Handling Guidelines to Funds Handling Policy under the Policy and Procedures sections

- Revision 4
 - Policy underwent a complete revision and expansion in all significant areas to include internal controls, minimum procedures, safeguarding standards, deposit frequency, and referenced companion university policies and procedures.

Approved October 8, 2020 by Vice President for Finance, Kenneth E. Miller.