


COMPTROLLER POLICY MANUAL

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	Section: 300 Deposits of University Funds
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	Responsible office: Comptroller
	Origination date: 01/01/2000
Subject: Departmental Cash and Check Receipting	Effective date: 01/01/2000
	Revision date: 02/01/2016

PURPOSE

To set minimum standards for cash and check receipting by departments and to define the procedure for NAU Departments receiving and depositing university funds (hereafter "funds").

SOURCES

University policy, Arizona Board of Regents policy, [Chapter 3, Section 3-101](#)

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University funds are defined as cash, credit card payments, checks, money orders, travelers' checks, or other form of money received by a university department or employee for the benefit or support of an NAU program and/or, any form of money received for the sale of NAU materials, property, and/or services, or for the use of NAU property. University funds are to be deposited daily with [Student and Departmental Account Services \(Student Accounts\)](#) whenever the sum of \$500 or more in CASH and/or \$2,000 or more IN CHECKS is accumulated. Funds less than \$500 CASH and/or \$2,000 IN CHECKS may be accumulated for up to five working days.


In other words, a deposit is required whenever \$500 IN CASH and/or \$2,000 IN CHECKS is accumulated, or five business days pass, whichever occurs first.

Under no circumstances should the department hold university funds for longer than five working days from the date of collection. Deans, Department Chairs, Directors, and Fund Custodians who receive funds must assure compliance to procedure.

Any department using the Desktop Deposit should retain copies of checks for 30 days and then shred them immediately.

Funds received on behalf of, or for the benefit of, NAU must be deposited with Student and Departmental Account Services. These deposits initiate recording the revenue in university accounts per the Deposit Transmittal Log Details. Arizona Board of Regents policy, [Chapter 3, Section 3-101](#), requires that all university funds be deposited only to bank accounts authorized by the [Arizona Board of Regents](#). Student and Departmental Account Services will deposit funds with the bank(s). NAU Departments deal only with Student and Departmental Account Services, not with the bank(s) unless otherwise authorized in writing by the Comptroller.

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Credit Cards

To be authorized to accept Credit Card payments, you must first obtain permission from the Comptroller. Subsequent to that authorization, you may then initiate arrangements through Student and Departmental Account Services for issuance of a merchant number and credit card machine.

Separation of Duties

An individual other than the person preparing the deposit (fund custodian) should open mail containing revenue, restrictively endorse any checks or other negotiable instruments, and record the revenue in ink, in a mail log. The funds should then go to the fund custodian for processing. The mail log should be reviewed/reconciled daily to the deposit transmittal.

The fund custodian and the supervisor of the fund custodial should reconcile/review the deposit transmittal and listing of revenues received. Both the fund custodian and the fund custodian supervisor must sign the deposit transmittal.

The person(s) performing the mail/cashiering function must not be the same person who performs accounts receivable functions. (Extending credit by allowing accounts receivable must be pre-authorized by the Comptroller in writing).

Cash drawers in registers should only be used by one cashier. At the end of each cashier's shift, the drawer is to be counted out and reconciled with the day's activities. This process should be well documented and performed by the cashier and the manager.


A person outside of the mail/receipting function must prepare monthly reconciliations of the general ledger to the mail log or cash register log.

The duties of employees connected with the cash receipts function should be rotated.

Ideally, this process includes three to four people so that the following duties are segregated:

- Custody
- Recordkeeping
- Reconciliation
- Authorization

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However, this may not be possible in all departments due to staffing sizes. Therefore, a minimum of two people must be part of each transaction per policy [CMP603: Internal Controls](#). If the size of a department prohibits the proper segregation or rotation of these functions, the Financial Controls Analysis and Reporting Department should be notified, so as to ensure that proper internal control procedures are followed.

Securing University Funds

All university funds received should be secured in a locked cash register, drawer, or locking cash box and kept, when not physically guarded, in a secure safe, room, or cabinet not accessible to anyone other than the responsible employee. Common sense dictates that larger amounts of cash should not be kept any longer than is absolutely necessary to reduce exposure to loss.

All drawers and cash boxes must be locked during the fund custodian's absence.

Safe combinations and keys to drawers or cash boxes must be restricted to a minimum number of employees. Combinations and duplicate keys may need to be issued to individuals other than the employees holding the keys or combinations for backup purposes. If it is necessary to issue keys or combinations to a third party person for infrequent backup in the absence of the two primary people, then a sealed envelope should be used, the seal of which is to be broken only if the first two people are absent.


Safe combinations and locks are to be changed periodically and when indicated by employee turnover.

Fiscal year End

To the extent possible, revenue deposits should be recorded to the fiscal year in which goods/services were provided. Please contact Financial Accounting Services (FAS) at ask-FAS@nau.edu with the deposit number and copy of deposit transmittal for any deposits greater than \$5,000 that meet either of the year end crossover criteria below:

1. Deposits made on or before June 30th for goods/services provided after June 30th.
2. Deposits made after June 30th for goods/services provided on or before June 30th.

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Based on the information provided by the department, FAS will determine what if any accounting adjustments will be made for year-end reporting.

Departmental Procedures

Departments must perform the following functions relative to the collection of receipts:

1. Verify the cash and/or check amounts.
 - a. Checks must be made payable to Northern Arizona University.
 - b. Note driver's license number or NAU ID in the upper left corner, as appropriate.
 - c. For any deposit, all coin must be rolled and currency strapped, if possible.
2. Restrictively endorse all checks as soon as they are received.
3. Complete a receipt giving the original to the customer or record in mail log, as appropriate
 - a. All receipt forms must be pre-numbered, preferably multi-copy and bound in a book. These must be controlled and accountability must be maintained.
4. Attach an adding machine tape that supports the total of the checks.
5. Prepare, review, approve and sign the Deposit Transmittal form.
6. Deliver the funds to be deposited along with the original Deposit Transmittal form to Student and Departmental Account Services.
 - a. A locking bank bag (available from Student and Departmental Account Services for a nominal fee) or pre-numbered tamper proof bag must be used to transport the cash, checks, credit card settlement (for authorized departments only), and deposit transmittal form(s). This bag must have the department name and box number clearly visible on the outside of the bag.
 - b. If sealing plastic bags are used for fund transportation, you must include in the sealing plastic bag the cash, checks, credit card settlement (for authorized departments only), deposit transmittal form(s), and a return addressed inter-departmental envelope.


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- c. Deposits may be taken directly to SDAS or they may be dropped at the following secure drop box locations. Contact SDAS for the depository combination. Note that deposits not secured properly will not be picked up by the armored car service due to the lack of protection against tampering.
 - i. University Union, Building 30, Activities Office Room 111
 - ii. du Bois, Building 64, front lobby area
 - iii. Health and Learning Center, Building 25
- d. Two people must accompany the departmental deposit from their office to the nearest depository or Student and Departmental Account Services.
 - i. This will ensure a witnessed chain of custody.
 - ii. A video surveillance camera is located at each drop box for your safety and to verify that a drop was made.
 - iii. A designated individual(s) from a nearby office will provide a key to open the depository with the armored car service. This method requires two keys (one NAU, one armored service) to open the depository. The designated individual(s) will count the number of bags and the armored car service will verify the number of bags collected and that all bags are locked / sealed.
 - iv. Standardized record logs are required when individual are transporting funds. The log should at least include:
 - 1. The first and last name of both individuals transporting the deposit.
 - 2. The dollar amount of the deposit that matches the deposit transmittals and the tamperproof bags, as applicable.
 - 3. The bank bag number or serial number(s) of the bag(s) transported as applicable.
 - 4. Destination of the deposit bag.
 - 5. Date and time.

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6. Signature of the transporters.
7. Affidavits stating the employees signing the record log are transporting the deposit as indicated by their signature. Penalties for failure to comply with Comptroller policy could result in job restrictions, loss of employment, or other penalties assessed by management.
8. For special events or after hours transports, please contact the [NAU Police Department](#) for arrangements.
7. Verify the validated information on the receipt copy returned to the department to the copy of the Deposit Transmittal form that was retained.
8. Review monthly PeopleSoft reports to verify proper posting of deposit amounts.
9. Reconcile the general ledger to the receipt book, mail log or cash register as appropriate.
10. Someone outside of the cash receipting function must review discrepancies and document the processes involved.

Student and Departmental Account Services Procedures:

1. Log and verify the departmental deposits delivered by the armored car service.
2. Verify that the receipt is complete and free of obvious errors.
3. Verify that the total cash deposited agrees with the receipt total (all cash received is counted before the receipt is validated).
4. Verify that the adding machine tape totals attached to the checks agree with each other and with the receipt total.
5. Verify that the credit card batch report agrees with the receipt total.
6. If any discrepancy is found, two individuals will individually recount the deposit. If each arrives at the same total, the deposit transmittal will be changed and both will sign it. The department will be called and notified of the change if the discrepancy amounts to \$10.00 dollars or more.

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7. Process the receipt in PeopleSoft Financials.
8. Return locking / sealed bag strips with the deposit receipt via campus mail.
9. Forward the funds to the bank for deposit.

Voids

Voids are considered exceptions to the normal process and may occur at the department level or in Student and Departmental Account Services.

Voids require management approval demonstrated by standard cash register override or the signature and date in a receipt book. On a monthly basis, someone outside of the funds handling function must review voided transactions. This review should include a comparison of the total number of voids by an individual to the average number of voids. Voids should also be reviewed for high dollar amounts.

For voided transactions that are not promptly reposted or not reposted at all, there should be a review to determine if the same employee is processing a number of similar transactions.