

Cash Management Standard Operating Procedure

Faculty/Department or Institute:	Financial Operations /Accounts Receivable	Date Created:	February 27, 2017
		Created By:	Wendy Wong
		Revision #:	
Location	Smart	Revision Date:	October 17, 2023
Supervisor	Karly King Manager, Financial Operations	Revised By:	Karly King

1	PURPOSE	2
2	DEFINITIONS	2
3	PRACTICES AND PARAMETERS	2
3.1	Rules and Responsibilities for the Decision to Accept Payments	2
3.2	Receipting	3
3.2.1	General Receipts Rules	4
3.2.2	Cash Register Receipts	4
3.2.3	Computerized Point of Sale Receipts	5
3.2.4	Manual Receipts	6
3.3	Float Management	6
3.4	Cheque Handling	7
3.4.1	Cheque Acceptance Guidelines	7
3.4.2	Canadian Currency Cheques	8
3.4.3	Foreign Currency Cheques	8
3.4.4	Dishonored Cheques (NSF)	9
3.5	Deposits	10
3.5.1	Deposit Sheets	10
3.5.2	Supporting Documentation	11
3.5.3	Moneris	12
3.5.4	IVR Receipts	12
3.5.5	Overages and Shortages	12
3.5.6	Month End	12
3.5.7	Cash Audit Tracking	13
3.5.8	Deposit and Recording Frequency	13
3.6	Refunds	13
3.6.1	Method of Recording Refunds	13
3.6.2	Credit Card Refunds	14
3.6.3	Cash Debit and Cheque Refunds	15
3.7	Record Retention and FOIP	15

1 Purpose

To define rules and guidelines that will;

Provide a full understanding of the related cash handling responsibilities and accountabilities to the units conducting cash sales.

Create strong internal controls to ensure cash sale proceeds are appropriately safeguarded, deposited, and accurately reflected in the University's General Ledger.

Ensure appropriate record keeping to maintain the integrity of the University's accounting strategy.

2 Definitions

"Cash" refers to all forms of monetary transactions including but not limited to cash (bank notes and coin), cheques, debit card, credit card, money orders, and bank drafts.

"Cash Sales" are the sale of goods and services where the monies are collected at the time the good or service is supplied. They do not include donations or payment of University invoices.

"Accounts Receivable" or "AR" is a unit within University's Finance department. It is responsible for developing, maintaining, and executing institutional procedures for billing and AR business processes.

3 Practices and Parameters

3.1 *Rules and Responsibilities for the Decision to Accept Payments*

Any department accepting cash payments must adhere to the rules set forth in the Cash Management and Billing Policy as well as this procedures document. Departments not willing to comply with these rules are not authorized to accept cash on behalf of the University.

Cash Management Standard Operating Procedure

- 3.1.1 With the decision to accept payments come rules. Responsibilities, accountabilities and risks. The general rules, responsibilities, accountabilities and risks are outlined below:
- 3.1.2 All cash received on behalf of the University of Calgary is considered to be University funds.
- 3.1.3 All areas accepting payments must do so in accordance with the guidelines for receipting, float management, cheque handling, deposits, refunds, reconciliations and record retention as set forth in this document.
- 3.1.4 Payments accepted by a department or faculty are the responsibility of that unit until such time as they are deposited with Finance. Cash must be stored in a secure location. During the day cash must not be left unattended. Overnight (or while unattended during the day) cash must be stored in a cash box or safe within an area with restricted access. Areas holding more than \$1,000 must use a safe that is secured to the floor.
- 3.1.5 Only appropriately trained and authorized personnel are permitted to receive cash on behalf of the University of Calgary.
- 3.1.6 Payments for University PeopleSoft invoices should not be included in deposits. They must be forwarded to Accounts Receivable. Donations should not be included in deposits unless previously agreed upon with the development office. Under no circumstances should banknotes or coin be sent via campus mail. These forms of payment must be delivered in person.
- 3.1.7 All funds received (other than for payment of University PeopleSoft invoices) must be deposited. Under no circumstances are these monies to be used to cover University expenditures, make employee advances, grant loans, or to pay for petty cash purchases.
- 3.1.8 A cash float is under the responsibility of a sole custodian. Only that custodian or their designate(s) should have access to it. Floats are only to be issued by AR. Floats must be managed in accordance with section 3.3 of this document.
- 3.1.9 No cheque should be accepted or debit card/credit card transactions be processed for an amount greater than the amount owed for the good or service being provided. Change may only be given for transactions conducted using bank notes or coin.
- 3.1.10 If a department or faculty accepts a counterfeit bank note it is that unit's responsibility to absorb the cost up to and including the amount of the University's insured deductible.
- 3.1.11 Additional cash control procedures may be established by Accounts Receivable for certain departments.

3.2 Receipting

A receipt must be issued for every cash transaction made on behalf of the University. All cash

must be receipted using one of the following methods:

- Cash Register Receipts (see section 3.2.2)
- Receipts generated from a computerized point of sale system (see section 3.2.3)
- Manual Receipts (see section 3.2.4)

Every receipt must meet the following criteria:

- “University of Calgary” is clearly imprinted on the receipt
- Each receipt is uniquely numbered
- The University’s GST registration number is clearly displayed
- The product amount, GST amount and total amount are each displayed
- Date of transaction is displayed
- Description of good or service provided
- Department is displayed

3.2.1 General Receipts Rules

- Receipt books must be obtained and signed for at the main campus bookstore. Any unused receipt books are to be returned to AR.
- Each receipt must be used in sequential order.
- Receipt books must not be left unattended during the day, and must be stored in a room with restricted access in locked cabinet or safe overnight.
- If multiple people in a department receive cash and/or issue refunds, each person must maintain custody of their own float, cash funds, deposit book, receipt book, and refund book. Funds must not be amalgamated or intermixed between depositors.
- Do not use white-out on receipts or on any supporting documentation.

3.2.2 Cash Register Receipts

If a department uses a cash register, receipts from the register must be issued to all customers. The cash register must have the functionality to process all requirements set forth in this document.

The cash register must produce two summarized totals for each batch close out:

- X-tape - the cash register must produce a detail tape locked in the register, which is a continuous record of the amounts recorded that day, with a total (X total).
- Z-tape -The cash register should also provide, under a separate key control, the accumulated total amount of sales (Z total) that is carried forward for a longer time period, until authorized to be reset at zero.

Cash Management Standard Operating Procedure

The detail tape (X total) must not be accessible to the person using the register, and the reset key (Z total) should not be accessible to the supervisor of the activity involved.

In order to obtain effective control, the cash register detail tape (X total) must be accessible only to a supervisor, who does not operate the cash register. The reset key (Z total) should be in the custody of management senior to the supervisor.

At the close of the business day, the supervisor should unlock the register and read the X total. The supervisor should then clear the cash register for the following day, thus automatically recording on the Z tape the transaction total (X total) of the current day's cash receipts. The detail tape (X total) should then be removed from the register and retained for subsequent comparison with the total cash turned in from the register.

The cashier must count the cash and the Deposit Form must be prepared for all receipts by someone other than the cashier. All differences between cash receipts and the cash register tapes over \$10 must be recorded on a Cash Discrepancy Approval Form. This form must be reviewed, approved by the supervisor and included with the deposit. Section "E" of the deposit sheet must also be completed.

3.2.3 Computerized Point of Sale Receipts

Receipts may be issued from a computerized point of sale (POS) system if, in addition to the receipt requirements listed above, the following criteria are met:

- Receipts cannot be manually altered prior to printing
- The system produces a summary by tender.

Once a tender summary has been printed the department/faculty must balance their cash immediately.

If an error is made while processing a transaction the incorrect item must be voided in the POS system. Voided receipts are to be attached to the front of the deposit slip. Each voided receipt requires a signature from the department's/faculty's signing authority.

All differences between cash receipts and the summary by tender over \$10 must be recorded on a Cash Discrepancy Approval Form. This form must be reviewed, approved by the supervisor and included with the deposit.

3.2.4 Manual Receipts

If a department does not use a cash register or computerized point of sale system, a manual receipt must be completed for each transaction or payment received. Only official pre-numbered triplicate University of Calgary receipts may be issued.

The receipt must not be altered after being issued. If an error is made while processing a transaction all copies of the incorrect receipt must be marked "void". Both original and yellow copies must be attached to deposit slip; the pink copy should be kept by the department/faculty. A replacement receipt is to be issued.

3.3 Float Management

- To request a new float or increase the amount of a float a Cash Float Request Form must be completed and e-mailed to finance@ucalgary.ca. The form must be authorized by the appropriate budget owner/project holder.
- The minimum float order is \$2,500.00 for cash requests from the bank (RBC). Floats smaller than \$2,500.00 can be obtained by submitting an expense claim to obtain the cash. If using the expense claim option, please use GL account code 10105 when requesting funds. Each expense claim for float requests require the Cash Float request form to be attached.
- The amount requested must be justified and commensurate with the unit's needs, and is subject to approval.
- A Cash Float is to be assigned to a sole custodian. The custodian is responsible to ensure the float contains the authorized and issued amount of cash at all times. Funds derived from any other source must not be added to the float.
- The float must be kept in a secure, locked place under the control of the custodian. Only the custodian or their designate(s) should have access to the float.
- A float can only be used to provide change for the purpose of concluding currency transactions. The float shall not be used for any other purpose such as personal loans, cashing cheques, purchases, salaries, wages or honoraria.
- The float must be counted every day that transactions are processed as part of the end of day balancing process. Both the custodian and Unit Head must confirm the value of the float in writing to Finance on April 1 of each year.
- When the custodian of a cash float terminates his/her employment or intends to be absent for an extended period of time, the custodianship of the cash float must either be transferred to another employee within the same department or returned to AR prior to their departure from the University of Calgary.
- When a float is transferred from one custodian to another, a Cash Float Transfer Request Form must be completed and emailed to

Cash Management Standard Operating Procedure

finance@ucalgary.ca by the individual who is being granted new custodianship of the float. The new custodian must bring University issued photo ID and sign a Float Signature card.

- When a cash float is no longer required by a department or the department requires a decrease in their cash float, a Cash Float Deposit Form must be completed and e-mailed to finance@ucalgary.ca. The funds are to be deposited as per section 3.5 and AR will provide the custodian with the chartfield to be credited.

3.4 *Cheque Handling*

Cheques must not be held for extended periods as delays in depositing may result in the payment being returned by the bank as a dishonored item.

3.4.1 Cheque Acceptance Guidelines

Departments and faculties are responsible for ensuring the acceptability of each cheque. Upon receiving a cheque departments/faculties must verify that the information on the cheque is accurate and current.

This includes the following:

- The date on the cheque is valid (dates are valid up to 6 months after the date recorded on the cheque)
- The cheque is made payable to “The University of Calgary”
- The body and figure match
- The cheque is signed
- The cheque is in an appropriate currency (refer to section 3.4.2 – Canadian Currency Cheque & 3.4.3 – Foreign Currency Cheques).
- For foreign currency cheques, the cheque has appropriate micro-encoding (refer to section 3.4.3 – Foreign Currency Cheques).

Cheques that do not meet all of the above listed criteria should not be accepted; however in some cases the information on the cheque may be altered to meet the above listed requirements:

- If the date or body and figure are incorrect they may be altered and initialed by the customer.
- If the cheque is missing a signature the customer may sign it.

No University employee may alter the cheque in any way, all changes must be done by the person who has written the cheque.

Cash Management Standard Operating Procedure

Immediately upon receipt, cheques must be restrictively endorsed to show “For deposit to the credit of University of Calgary”. The department must include the department name and department ID on the back of the cheque.

3.4.2 Canadian Currency Cheques

The following types of Canadian currency cheques are acceptable for regular deposit:

- Canadian currency cheques (with or without micro-encoding) drawn on a Canadian bank
- Canadian currency cheques (with or without micro-encoding) drawn on a foreign bank and negotiated through an affiliated Canadian bank with a Canadian Address

Canadian currency cheques (with or without micro-encoding) drawn on a foreign bank must be sent for collection through the Treasury unit of Finance (see section 3.4.3)

3.4.3 Foreign Currency Cheques

The University can only accept funds via cheque or cash in **USD or CAD**. All USD currency cheques must be sent to Accounts Receivable via interoffice mail for depositing. Cheques in any other currency must be sent back to the customer with a request to send payment in CAD or USD.

The following USD cheques are acceptable:

- US currency cheques drawn on a US bank with micro-encoding
- US currency cheques drawn on a Canadian bank with micro-encoding
- US currency cheques drawn on a Foreign bank and negotiated through an affiliated US bank with micro-encoding

The following Foreign currency cheques cannot be deposited directly into the University’s bank account, but must be sent for collection through the bank by Accounts Receivable:

- US currency cheques without micro-encoding drawn on a Foreign bank and negotiated through an affiliated US bank
- US currency cheques drawn on a Foreign bank and negotiated through an affiliated Canadian bank
- US currency cheques without Micro-encoding
- Canadian currency cheques drawn on a foreign bank

Cash Management Standard Operating Procedure

To be considered for collection, a cheque must be greater than \$100 CAD, otherwise the collection fee will exceed the value of the item. Each item should include the following:

- Account information
- Location of the financial institution (if unavailable, contact the Royal Direct Centre at 1-800-769-2520 for assistance in determining the origin of the item)

The cost of sending a cheque to collection is between \$100 and \$160, these fees will be charged to the department depositing the funds. The time required for a foreign cheque to come back from collections can take over six months. AR will not record the deposit until the funds have come back from collection. It is strongly suggested that all payments are requested in Canadian dollars.

The following forms of payment are NOT accepted:

- Travelers cheques
- Money orders and bank drafts from any foreign bank

3.4.4 Dishonored Cheques (NSF)

- If the returned payment relates to payment on a University invoice, the payment will be reversed from the customer account and a \$25 service charge will be added to the receivable. The billing department is required to obtain a replacement cheque and AR will provide further information to assist with this process.
- In the event the department is successful in collecting the dishonored funds from a University invoice payment, the cheque must be forwarded to AR for proper processing.
- If a cheque from a cash sale is returned as dishonored by the bank, AR will prepare a journal entry to debit the department's bad debt account. This will include a \$25.00 service charge. A copy of the journal entry along with the dishonored item will be forwarded to the department/faculty. It is the department/faculty's responsibility to collect the funds from the customer.
- AR will compare the date on the dishonored cheque to the date of deposit. If a cheque is held by a department or faculty for more than a month and that cheque is returned dishonored, a service charge will not be applied to the customer, but rather charged to the department, as the culpability lies with the department, not the payee.
- In the event the department is successful in collecting the dishonored

to the bad debt account. The cheque number and an explanation indicating the cheque is a repayment of a dishonored item should be recorded in the line description.

3.5 Deposits

Depositors are required to complete an RBC deposit slip and place the slip and cash/cheques into a Brinks deposit bag for CAD cheques and cash. The bag is to be sealed and all faculties/units on the main and downtown campuses will deposit the bag at the Campus Service Centre. Faculties/units located on the foothills campus will deposit bags at the medical bookstore.

RBC slips and Brinks bags are available at the Campus Service Centre.

Physical deposit of funds from the University to the Bank may only be performed via armored car pick up service. To request this service, please contact AR at finance@ucalgary.ca.

To maintain the integrity of accounting records, deposits must be legible, laid out and assembled according to the standard set forth.

All cash received and/or refunded must be documented using the appropriate slips as well as recorded on a deposit sheet and deposited through the appropriate location in a timely fashion.

There are two types of deposit, online and manual. Both require a deposit sheet to be filled out appropriately. There are a limited number of high volume departments that have been given access to create on-line deposits. For information about on-line deposits please contact finance@ucalgary.ca. All the departments, regardless of deposit type, must adhere to the following procedures.

3.5.1 Deposit Sheets

- A deposit sheet is required for all monies deposited at the Campus Service Centre or medical bookstore.
- Where multiple cash registers are used, and they are not linked via an electronic POS system that produces a single batch report for all registers, a separate and exclusive deposit book must be used for each machine in order to allow for accurate and appropriate tracking and auditing.
- Deposit books must be stored in a secure location. A pre-numbered, duplicate, official University of Calgary deposit book is to be used for all deposits.

Cash Management Standard Operating Procedure

- Every section of the deposit sheet must be completed and should include the following information:
 - ✓ All receipts are to be recorded in Section A or B of the deposit sheet.
 - ✓ All refunds are to be recorded in Section C of the deposit sheet.
 - ✓ All IVR (credit card telephone authorization) and Moneris totals are to be recorded in Section C of the deposit sheet.
 - ✓ A Cash and Coin Listing in section D Over/short information is to be recorded in Section E
 - ✓ Complete cheque listing
 - ✓ Accurate and complete accounting distribution
 - ✓ Period Covered by Receipts
 - ✓ Date of Deposit
 - ✓ Depositor's Name
 - ✓ Depositor's Phone Number
 - ✓ Depositor's Signature
- If an error occurs or an item needs to be changed on the deposit slip, the alterations are to be made in the following way:
 - ✓ The information being changed is to be crossed out in such a way as to still be legible
 - ✓ The new information will be written beside the old information
- All changes must be initialed by depositor
- Do not use white-out on deposit books or any supporting documentation.
- If a deposit sheet is void mark all copies as "void" and submit the white copy of the deposit sheet with your next deposit or send via campus mail to AR.

3.5.2 Supporting Documentation

Appropriate supporting documentation must be provided for every transaction processed. This will be through the use of receipts, refund slips, Moneris batch reports, and IVR paper chits.

Other documentation may be required to support the deposit and includes the following:

- contract
- purchase order (PO)
- work order
- notice of award communications with the customer

If the unit creates the deposit in PeopleSoft, all supporting documentation must be uploaded

Cash Management Standard Operating Procedure

in PeopleSoft. If a unit sends cash/cheques to Accounts Receivable to deposit, the documentation must be sent along with the funds.

3.5.3 Moneris

Where payment has been made or a refund has been given using a Moneris machine (Visa, MasterCard, Amex, Debit) a Moneris batch report is to be printed for each Moneris machine used and must be printed every time a Moneris machine is closed. A copy of all End of Batch Reports (including batch reports with a zero total) must also be retained in the unit and reconciled to ensure that all batch information has been included in the deposits (see section 3.6 – Reconciliation)

The batch report must read “Closed” and “Balanced –Yes” at the bottom of the printout. If the batch does not show as closed and balanced your department is required to contact Moneris (1-866-319-7450) to confirm the status of the batch (be sure to have your merchant number ready prior to making the call). The reference number for the phone call is to be noted on the Moneris slips.

Transaction slips that contain the customer’s credit card numbers and/or signature must be kept in a secure location by the issuing department. For questions regarding credit card payment protocols please reach out to the PCI Compliance team at pci.compliance@ucalgary.ca.

3.5.4 IVR Receipts

Where Visa or MasterCard transactions have been processed manually (IVR) a copy of the paper chit is to be attached to the front of the deposit sheet and submitted with the deposit.

3.5.5 Overages and Shortages

All overages and shortages are to be recorded in Section E of the deposit sheet. Cash differences in excess of \$10.00 must be accompanied by a Cash Discrepancy Approval Form.

3.5.6 Month End

Month End is a period where transactions for the new month are being conducted while outstanding transactions from the prior month are being completed and deposited. Due to this overlap it is important differentiate between old month and new month business. This is especially important during the Year End period (March – April).

During month end, if transactions are simultaneously being conducted for the current and prior month, separate receipts and deposit sheets are to be used for each month.

All old month deposits must be delivered to the Campus Service Centre prior to noon on the first business day of the new month.

Please refer to the Finance Calendar for detailed information about Month End and Year End scheduling.

3.5.7 Deposit and Recording Frequency

All departments and faculties must make their deposits based on the following guideline:

- \$100.00 or more must be deposited within 2 business days of receipt
- \$99.99 or less may be held for a maximum of 5 business days.

Departments depositing directly through armored car pick up service must record their revenue in PeopleSoft within two business day of the deposit.

3.6 Refunds

3.6.1 Method of Recording Refunds

- Every refund must be issued using the same method of recording as the original transaction i.e. manual receipt, cash register, POS System.
- All in-person refunds, regardless of how they are issued require a refund slip. Departments must use a University of Calgary official triplicate refund book. Departments may also use their own custom form, provided that it has been approved by AR.
- Refund books must be stored in a secure location.
- Do not use white-out on refund slips or any supporting documentation.

Manual

Refunds for transactions originally recorded using manual receipts must be handled by completing an official University of Calgary triplicate manual refund slip. Refund books must be obtained at AR. All refund slips must be authorized and signed by the Units' signing authority as well as the customer. Refund books must be stored in a secure location. Every refund slip must record:

- "University of Calgary" is clearly imprinted on the refund slip
- Each receipt is uniquely numbered
- Date of transaction is displayed
- Description of good or service provided
- Original receipt number is recorded
- Department is displayed

Any unused refund books are to be returned to AR. Each refund slip must be used in sequential order. The refund slip must not be altered after being issued.

If an error is made while processing a refund, all copies of the incorrect refund slip must be marked "void". Both original and yellow copies must be attached to deposit slip; the pink copy should be kept by the department. A replacement refund slip is to be issued.

Cash Register & POS System

Refunds for transactions originally recorded using a cash register must be handled by ringing the refund through the register. Refunds for transactions originally posted through a POS system should be refunded through the POS system. Both transactions also require completion of a manual refund slip.

The refund slips must match to the information provided on the cash register Z-tape or the daily transaction listing produced by the POS system.

If an error is made while processing a refund the incorrect item must be voided in the cash register. Voided refunds must be attached to the front of the deposit slip.

3.6.2 Credit Card Refunds

Where a payment was made via credit card, the refund must be processed to the same credit card that was originally used for payment whenever possible.

Refunding a credit card payment via any other method, or to a different credit card than was

originally used for payment is in direct breach of our contractual obligations to our credit card processing provider.

3.6.3 Cash Debit and Cheque Refunds

Cash, cheque and debit card refunds may be provided for payments originally made by debit, cash, cheque or guaranteed funds.

Where the original payment method was by cheque, a refund may not be processed until 3 weeks after the cheques was deposited, to ensure the funds have cleared the bank. If the cheque was from a US bank, the waiting period is 6 weeks. If the cheque was not eligible for regular deposit and has been sent for collection through the Treasury department, a refund must not be process unless the department has confirmation from AR that the funds have been received.

Cash refunds may not be taken out of your float; at all times, your float must contain the authorized and issued amount of cash. If you do not have the funds required to provide a cash refund, the refund must be provided via debit card or cheque. To request a cheque refund email finance@ucalgary.ca. Note that refunds for payments made via cheque will be returned to the customer via EFT.

3.7 *Record Retention and FOIP*

University of Calgary records must be maintained both departmentally and centrally for a set period of time as dictated by the University of Calgary Retention and Disposal Procedure. This includes copies of deposits, receipts, refunds, transelect batch reports, IVR's, and all other backup.

For regulations concerning appropriate retention time periods and disposal of documents, please refer to the University of Calgary Master Record Retention Schedule at <http://archives.ucalgary.ca/marrs>

Debit and credit card transactions must be treated with the same level of security as any other confidential information. Failure to do so may result in unauthorized use of a creditcard number, for which the University may be held accountable. The protection of cardholder information must be considered a priority. Detailed information about the rules relating to confidential information can be found at the FOIP website: <https://www.ucalgary.ca/legal-services/access-information-privacy>