

21.01.02 Receipt, Custody and Deposit of Revenues

Revised [May 27, 2016](#)

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Regulation Statement

This regulation establishes The Texas A&M University System (system) standards for incoming deposits and cash handling.

Reason for Regulation

This regulation is required to ensure all members understand the requirements relating to incoming deposits and cash handling.

Procedures and Responsibilities

1. REQUIREMENTS

- 1.1 Each member must maintain a full and true accounting of all funds collected, including identification of the sources of such funds. Accountability for such collections must be maintained from the origin of collection until final deposit in an approved depository bank or with the State Treasury.
- 1.2 Each chair or head of a department, office or laboratory that accepts cash or checks for any purpose is responsible for ensuring that proper procedures for handling and accounting for cash are followed. Cash handling requires special control measures. These control measures must be monitored continuously by supervisory personnel to detect any weaknesses.
- 1.3 It is the specific responsibility of supervisory personnel to review cash handling documents that are prepared by personnel reporting to them. Anything that appears questionable should be investigated carefully. Normal trends in cash receipt levels should be monitored. If, without apparent reason, the level of cash receipts reported drops below the normal expected level for a period of time, the records should be carefully reviewed.

- 1.4 The cash handling and record-keeping functions should be separated. In small offices where separation of duties is impractical, supervisory personnel who do not handle cash should perform specific verification that provides for reasonable and sound internal controls.

2. RECEIPTS

- 2.1 As a general rule, an official receipt must be written or entry made in a cash register (includes Point of Sale [POS] system) for each remittance received by a department or unit in payment of invoices issued by a member. The member chief financial officer (CFO) or designee may implement alternative written procedures for the purpose of reducing the volume of receipts issued or cash register entries made. Such an alternative record system must account for all invoices issued, collections, deposits and unpaid balances.
- 2.2 Each receipt form must be pre-numbered with sufficient copies to provide a copy to the payer, a copy to accompany funds remitted to the fiscal department cashier and a copy to be filed in numerical sequence by the issuing department or unit. The member fiscal departments that perform cashing functions must assign all receipt numbers, maintain a record of the receipts assigned to each department or unit and monitor the receipts used, including those voided. It is recommended to reconcile the receipts used to the total inventory of receipts.
- 2.3 Cash registers must be equipped to issue receipts unless the CFO or designee authorizes the department or unit, in writing, to follow alternative procedures. Each department or unit using cash registers must prepare a daily report which compares collections with register readings, identifies overages and shortages and documents remittance of funds.
- 2.4 Each receipt for cash sales must be itemized to show the name of the purchaser, product or service, quantity, unit price (if applicable) and sales tax (if applicable), total and signature of person receiving payment. A student fee receipt, rental receipt or other specialized receipt form must also be fully itemized. Cash sales entered in cash registers and admission tickets sales are exempt from this requirement.
- 2.5 Members accepting credit and/or debit cards as a method of payment must adhere to industry security standards to protect cardholder data and must certify annually that the processes and systems used to accept and transmit cardholder data are in compliance with industry standards. Members must complete the payment card industry data security training.

3. CUSTODY

- 3.1 Each department or unit must provide an adequate and proper facility for securing funds. The member's fiscal department must advise the departments on appropriate facilities for such protection.

- 3.2 A designated individual must be responsible for cash funds held within a department. This individual must retain custody and control over the cash funds for which he or she is responsible at all times. The department or unit must assign secondary responsibility to another designated individual in the department or unit when the regular custodian is absent.
- 3.3 For cashiering operations, each cashier shall be assigned an individual cash drawer. Cash drawers may not be shared. Access to the drawer should be limited to the assigned cashier and the custodian of the fund.
- 3.4 In the case of large funds handled out of a vault, the primary designee should normally be the only person to enter the vault. In the absence of the primary designee, the employee with the secondary responsibility must perform that function. Should it become necessary for a third person to do so, that person should always be accompanied by a person authorized by the member's CFO or designee.
- 3.5 Lock combinations and custody of keys must be maintained by limited personnel. For use in emergencies or absence of the custodian, copies of the combinations and keys must be put in a sealed envelope and stored by the department head or designee until needed. Only under approved circumstances should more than two persons have access to combinations or keys. Combinations and keys must be changed when custody changes hands or when information has been compromised.
- 3.6 The documentation of transactions and the balancing of cash at all points of transfer and transport are critical to maintain accuracy and safety of cash transactions.
- 3.7 When one individual transfers custody of cash funds to another, cash should be counted in the presence of two parties. The amount should be recorded on a transmittal log, and the log should be signed by the person accepting custody. The cash transmitted should be verified to the transmittal by a third party. The most usual occurrence of this transfer is when department personnel remit cash collections to fiscal department cashiers.
- 3.8 The procedures outlined provide the elements necessary for a workable, yet controlled, cash-handling environment. Exceptions to the procedures should be considered only for unique situations such as operations open on weekends or activities that are held away from headquarters, or where alternative security controls exist.
- 3.9 In order to be granted such an exception, the affected unit must present a written proposal outlining the desired procedures to the member's CFO or designee for approval. Such procedures must require written cash access authorization and documented witnessing of cash counts and cash security by a second person. A copy of any approved alternative procedures should be on hand in the department at all times for verification and review by system or member auditors.

4. TRANSMITTAL OF COLLECTIONS TO FISCAL DEPARTMENT

- 4.1 Immediately upon receipt, checks must be endorsed "For Deposit Only." There is no authorization for any department or similar administrative unit to use the fees or other

charges collected or the proceeds of cash sales for any purpose whatsoever other than for deposit in the fiscal department. This prohibition includes the cashing of personal checks. Purchases shall not be offset against amounts due except where commissions and similar fees are charged and deducted by the agent handling the sale of the product. In such cases, supporting documentation showing the gross sales amount and all deductions must be submitted to the fiscal department with the remittance.

- 4.2 In most instances, fees and other charges collected, proceeds of cash sales, and proceeds from all other sources must be deposited to the applicable fiscal department on a daily basis. In addition to submitting the funds to the bank, this process also includes submitting the required entries to record the funds received, including credit card sales, in the member's accounting system. A day would include receipt activity that occurs before 2:00 pm. If the collections are received after 2:00 pm, this activity would be considered in the next business day's transactions. A department or unit, which collects nominal amounts of local income, is exempt from this daily deposit requirement, but must make deposits whenever the amount on hand reaches \$200 and at least once every three business days regardless of the amount so that the fiscal office may make deposits in the depository bank within seven calendar days of the original date of collection as required by Section 51.003, Texas Education Code.
- 4.3 Each person transporting cash funds and negotiable securities (excluding restrictively endorsed checks and payroll checks) in excess of \$2,500 between offices or between an office and a depository bank must be accompanied by a security guard. The CFO or designee may, at his or her discretion, provide a security guard to accompany a person transporting funds in lesser amounts. Often, members will hire courier services to pick up cash and make deposits.
- 4.4 The member CFO or designee may authorize, in writing, other exceptions to the daily deposit requirement for local income upon presentation by a department or unit of sufficient justification for unusual circumstances preventing compliance. However, the seven calendar days deposit rule must still be met to comply with Texas Education Code.

5. DEPOSITS WITH THE STATE TREASURY

- 5.1 State law requires that certain collected receipts, including net tuition, special course fees, lab fees, student teaching fees, hospital and clinic fees, organized activity fees and proceeds from the sale of educational and general activities or equipment, be deposited in the State Treasury. Funds not required to be deposited include those from auxiliary enterprises and non-instructional services, agency funds, designated and restricted funds, endowment and other gift funds, student loan funds, indirect cost recoveries and proceeds of bond issues.
- 5.2 For the purpose of facilitating the transfer of receipts to the State Treasury, each fiscal department will establish bank accounts using the methods prescribed or authorized by Texas Education Code, Section 51.008 and the General Appropriations Act.
- 5.3 If a member determines that for seasonal or other extraordinary reasons a deposit cannot be made to the State Treasury by the seventh calendar day after the date of

receipt, the member must provide written notice of the determination to the state auditor and treasurer with an explanation of the circumstances that require the delay.

6. DEPOSITS OF INSTITUTIONAL FUNDS

All cash receipts not required to be deposited in the State Treasury must be deposited in depository banks within seven calendar days from the original date of collection.

7. INTERNAL CONTROL

7.1 Departmental cash handling procedures must be documented including records stating who has access to cash. Procedures should include, but not be limited to, complete documentation and audit trails, cashier training, random audits, balancing and timely and accurate reporting.

7.2 Generally, there are four incompatible duties or responsibilities which are examined for segregation of duties: authorization, custody, record-keeping and reconciliation. In an ideal system, different employees should perform these four duties.

Related Statutes, Policies, or Requirements

[General Appropriations Act, Article IX, Section 8.04. Refunds of Deposits](#)

[Tex. Educ. Code § 51.003. Depositories](#)

[Tex. Educ. Code § 51.008. Certain Receipts to be Deposited in State Treasury](#)

[System Regulation 21.01.07, Agency Funds](#)

[System Regulation 21.01.11, Working Funds](#)

[System Policy 22.02, System Investment](#)

Member Rule Requirements

A rule is not required to supplement this regulation.

Contact Office

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