



## **5.1 Introduction**

The purpose of this document is to outline the procedures used by the District to maintain the financial integrity of the District and to limit the risk of mismanagement of cash and other monetary instruments. For the purpose of this document, cash includes cash, checks, credit cards and any other form of currency.

## **5.2 Segregation of Duties**

The District will ensure, when feasible, segregation of duties for receiving, recording, depositing, disbursing, and reconciling cash. When staff size does not allow for proper segregation of duties between two or more employees, compensating internal controls will be developed.

## **5.3 Bank Accounts**

The Executive Vice President of Administrative Services/CFO is responsible for the establishment, maintenance and closing of all District bank accounts. A District bank account may be used only for legitimate and allowable District related revenue and/or expenses. Student, faculty and staff organizations are not allowed to establish a bank account using the name of the District.

### **5.3.1 Authorized Signers**

The District's authorized signers include the Chairman of the Board of Trustees, District President, Executive Vice President of Administrative Services/CFO, Associate Vice President/Controller, Associate Vice President/Financial Services

### **5.3.2 Bank Reconciliations**

A reconciliation of all bank accounts is performed monthly by an employee independent of all cash receipting and disbursement functions. All bank reconciliations are reviewed and approved by the Associate Vice President/Controller.

### **5.3.3 Bank of America - CashPro**

The District uses CashPro from Bank of America to monitor bank activity on a daily basis, void checks, review positive pay exceptions, view cancelled checks, view statements and reports, view ACH deposits and returns and initiate wire transfers. CashPro users are entitled to read or write access to CashPro functionality based on job need. The Associate Vice President/Controller and Associate Vice President/Financial Services are authorized to establish new CashPro users and set entitlements. Dual authorization is required to establish a new user and entitlements.

### **5.3.4 Electronic Fund Transfers (Wire Transfers and ACH Transfers)**

The District is authorized to receive and send EFTs. All EFT transfers are closely monitored using CashPro and monthly reconciliations. Incoming EFTs include payments from federal, state and county agencies, credit card settlements and miscellaneous accounts receivable payments. Outgoing EFTs include direct deposit payroll and accounts payable payments to employees and students, payments to federal and state agencies and transfers between District bank accounts.

The District uses CashPro to initiate all outgoing wire transfers. Access to initiate a wire transfer is limited to a select number of employees. The system is configured to not allow the initiator of the wire to also approve the wire. A second employee with appropriate entitlements must approve the wire.

### 5.3.5 Positive Pay

The District uses positive pay provided by the bank to prevent check fraud. The District has positive pay on the payroll disbursement account and controlled disbursement account. Positive pay requires the District to provide the bank with a file of all checks issued. The file contains the check number and check amount. The bank emails the District when a check not included in a positive pay file is presented for payment. The District has until 3:00 pm to instruct the bank to pay or decline the nonmatching item. If the District does not provide directions to the bank by 3:00 pm the item will be paid by default

The District has configured positive pay to notify the District when payroll checks larger than \$5,000 and accounts payable checks larger than \$250,000 are presented for payment even when included in the positive pay file submitted to the bank. The District has until 3:00 pm to instruct the bank to pay or decline the large dollar item. If the District does not provide directions to the bank by 3:00 pm the item will be paid by default.

### 5.3.6 Bank Account Structure

The District currently uses Bank of America for banking services. Each bank account is associated with one or more bank codes in Banner. The following accounts have been established:

- **Payroll Account (Banner Bank Code 02)** – All payroll activity is cleared through this account including payroll checks and direct deposit payments to employees. This account is set up as a zero balance account (ZBA) and has positive pay service.
- **Operating Account (Banner Bank Code 04)** – This account functions as the main account of the District and receives all ZBA transfers from other accounts. Deposits into this account include Touchnet cash and credit card deposits and VA Chapter 31 benefits. Disbursements from this account include bank fees, Touchnet credit card refunds, student financial aid electronic disbursements, Payroll benefit payments for Optional Retirement Plan (ORP) and Teacher's Retirement System (TRS). This account is used to transfer funds to and from the District's investment accounts. The account is also used for all change order transactions requested from Bank of America for the Bursar.
- **Auxiliary-Bookstore Account (Banner Bank Code 08)** – This account is used to record all Bookstore cash and credit card receipts. The account is also used for all change order transactions requested

from Bank of America for the Bookstore. This account is set up as a ZBA.

- **Building Fund (Banner Bank Code 09)** – This account is used to purchase securities for building fund investments. It acts as a clearing account for all building fund transactions.
- **Debt Service GO (Banner Bank Code 10)** – This account is used to make all general Obligation (GO) bond payments. Funds are transferred to this account from Texpool GO. The paying agent is then paid from this account.
- **Debt Service Interest and Sinking (Banner Bank Code 12)** – This account is used to make all revenue bond payments. Funds are transferred to this account from the operating account. Transferring funds to this account for revenue debt service payments fulfills bond covenants. The paying agent is then paid from this account.
- **Controlled Disbursement (Banner Bank Codes 15, 43, 44 and 45)** – This account is used to process all Accounts Payable check disbursements. Two EFT disbursements from this account are the monthly sales tax payment to the State of Texas and all payroll tax payments. This account is set up as a ZBA and has positive pay service. Banner bank code 15 is used for accounts payable checks. Banner bank code 43 is used for student refund checks. Bank code 44 is used for financial aid checks. Bank code 45 is used for Bookstore checks.
- **Workers' Compensation (Banner Bank Code 16)** – This account is used to fund workers' compensation disbursements. The District was a participant in a self-funded program and outstanding claims are still disbursed in this account.
- **Electronic Disbursements (Banner Bank Code 17)** – This account is used to disburse Accounts Payable ACH payments to employees. This account is set up as a ZBA.
- **Federal Funds Account (Banner Bank Code 18)** – This account is used for EFT deposits from and disbursements to Federal agencies for student financial aid and grants. This account is set up as a ZBA.
- **Guaranteed Student Loan Funds (Banner Bank Code 20)** – This account was previously used for student financial aid deposits from banks before Direct Lending.

- **Student Wires (Banner Bank Code 21)** – This account is set up for deposits only. The account is used to receive VA Chapter 33 payments and also miscellaneous one time wires from external sources. The account is set up as a ZBA.
- **Texas Student Loan Funds (Banner Bank Code 22)** – This account is used for EFT deposits from and disbursements to State agencies for student financial aid and grants. This account is set up as a ZBA.

## 5.4 Cash Receipts

The District has implemented internal controls to prevent the loss or theft of cash and ensure all receipts are recorded accurately and in a timely manner.

### 5.4.1 Safeguarding of Cash

All cash must be supervised or secured in a locked safe, file cabinet or desk. A District employee must be designated as the custodian of any District petty cash or change fund accounts. The custodian is responsible for safeguarding the cash and must provide documentation for any fund shortage.

### 5.4.2 Cash Receipts

The Bursar Office at each campus is responsible for collecting, depositing and reconciling payments received by the District except for Bookstore sales. The Bookstore is responsible for collecting, depositing and reconciling all daily sales.

The *Receipt/Deposit* form (Exhibit 5.1) and directions to complete the form (Exhibit 5.2) are located at the end of this section.

Detailed procedures have been developed to ensure the following internal controls are followed for all cash receipts:

- All checks are restrictively endorsed with a deposit stamp or electronically transmitted (ACH)
- The security and safeguarding over credit cards is PCI compliant
- A customer receipt is generated for every transaction
- All payments and deposits are recorded and deposited daily, utilizing an armored courier service
- All payments and deposits are secured nightly in a locked safe
- All receipts are reconciled to accounts receivable and bank deposits
- All customer AR account discrepancies are investigated
- All Banner AR general ledger accounts are reconciled with the subsidiary accounts on a daily basis by a staff accountant independent from the Bursar Office
- The depository account is reconciled by an accountant independent from the Bursar Office

Examples of transactions processed by the Bursar include the following:

- Tuition and fees payments – Payment (check, cash, Visa, Mastercard, Discover) is accepted online (through TouchNet) and at the SCC, PRC, CYC, CPC, CHEC and Allen High School
- Scholarship funds – Payments processed at SCC, PRC, CYC, CPC and CHEC
- Agency fund deposits – Cash and checks received by clubs and groups can be deposited at SCC, PRC, CYC and CPC
- Fitness Center fees – Cash and checks are collected at the PRC, CPC and SCC fitness centers
- Theatre ticket sales – Cash, checks and credit cards are collected at the SCC Theatre or purchased online. TouchNet is used to process credit cards
- Athletic ticket sales – Cash and checks are collected by the SCC Athletic department
- Library fees and fines – Cash and checks are collected at the PRC, CPC and SCC Libraries. Students wanting to pay by credit card are sent to the Bursar Office of each campus
- Child care tuition – Cash, checks and credit cards are collected by the daycare at SCC
- Facility rental payments – Checks received via mail and by the facility rental department. Credit card payments processed at the Bursar Office
- Career assessment & testing fees – Cash, check or credit cards are collected by the Bursar
- Culinary arts restaurant – Cash and checks are collected at PRC

All Bursar daily receipts and deposits are processed using TouchNet. Bookstore daily deposits are processed using MBS. All departmental deposits are brought to the Bursar Office daily for processing.

#### **5.4.3 Check Acceptance and Return Policy**

The District accepts personal checks. The checks must be made payable to Collin College and have a local address. The student's CWID number, driver's license of the person signing the check and a daytime phone number must be provided. Two-party, out-of-state, post-dated and temporary checks are not acceptable. The District may process check payments through an automated clearing house (ACH). ACH transactions are processed against the bank account the same day the check is presented, with the check returned to the presenter or destroyed. When a check is returned from the bank, registration and transcript holds are immediately placed on the student account and the student is charged a \$25 return fee. All unpaid returned checks are submitted to the Justice of the Peace court.

## **5.5 Cash Disbursements**

The District has implemented internal controls to ensure all accounts payable and payroll checks and ACH payments are processed in a timely manner, are properly authorized and are supported by proper documentation. The following internal controls are followed:

- Blank check stock with protective features is used
- Blank check stock is kept secure at all times
- All checks are numbered at the time of the check run by Banner
- All checks are signed electronically during the check run process
- The signature file is kept on a secure network location
- Checks are normally mailed to the payee. Payroll checks may be picked up in the Payroll office. Accounts Payable checks to be returned to a department are sent to the Bursar at the specific campus in order for the department to sign for the check
- Bank statements are reconciled to cash accounts and any outstanding checks are evaluated by an accountant whose responsibilities are independent of accounts payable and payroll
- Bank reconciliations are reviewed and approved by the Associate Vice President/Controller
- Requests for replacement checks will result in appropriate research to ensure the check has not cleared the bank
- Checks are voided by an accountant independent of accounts payable and payroll. Proper documentation and research must accompany the request
- Positive pay files are submitted to the bank by accounts payable and payroll and the total submission reviewed by the Accountant who reconciles cash
- Emails are generated to multiple accountants when ACH payments are processed for funding and verification.
- Unclaimed checks are submitted to the Texas Comptroller annually

## **5.6 Petty Cash and Change Funds**

### **5.6.1 Petty Cash**

The Bursar Office and designated Departments of the District have been authorized to have petty cash funds. Petty cash reimbursement is available for out of pocket expenses which are impractical to purchase through the normal purchasing system. A Petty Cash Voucher Form must be completed for each reimbursement. The guidelines for petty cash reimbursement are as follows:

- Total purchase may not exceed \$100
- Original receipt(s) must be attached to the Petty Cash Voucher Form
- Cost center manager approval is required

Items which cannot be reimbursed through petty cash include the following:

- Field trip expenses
- Tuition refunds

- Conference registrations
- Local or professional travel
- Meeting expenses
- Food or drink
- Guest lecturers
- Personal items (tissue, aspirin, cards, kitchen items, etc.)
- Cleaning/disinfectant items
- Sales tax
- Furniture/equipment
- Repairs/maintenance agreements
- Phone cards

Any exceptions must be approved by the Vice President of Administration, Associate VP/Controller or Associate VP/Financial Services prior to purchase. The District's internal auditor monitors and verifies each petty cash account annually.

The *Petty Cash* form (Exhibit 5.3) and directions to complete the form (Exhibit 5.4) are located at the end of this section.

## 5.6.2

### **Change Funds**

Change funds are working funds used to facilitate the collection of cash in support of Collin department and agency daily operations and special events. Primary change funds are located in the Bursar's Office and Bookstore.

Temporary change funds can be requested from the Bursar's Office for specific activities or events. A Change Fund Request Form needs to be submitted to the Bursar's Office at least seven business days prior to the event. Provisions to adhere to cash handling minimum requirements should be in place prior to receipt of the funds, including designation of responsible cash handler and secure storage for the funds.

A permanent change fund can be established for a District activity or department with the approval of the Executive Vice President of Administrative Services/CFO. Each permanent change fund must have a primary custodian. The custodian is responsible for maintaining control procedures to provide safeguards for all cash on hand and to ensure accurate and timely recording of all cash on hand.