



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

Operating Policy and Procedure

HSCEP OP: 50.21, **Cash (Change) Funds**

PURPOSE: The purpose of this Health Sciences Center El Paso Operating Policy and Procedure (HSCEP OP) is to establish rules and guidelines for managing authorized cash funds.

REVIEW: This HSCEP OP will be reviewed on April 1 of each year (EY) by the Directors of Accounting Services and Student Business Services, with recommendations for revisions submitted to the Chief Financial Officer by April 15.

POLICY/PROCEDURE:

1. Definitions.

- a. **Cash (Change) Funds.** Cash (change) funds are comprised of currency and coins used strictly for making change.
- b. **Cash Fund Custodian.** The cash fund custodian is the person to whom the cash fund is issued and who is primarily responsible for safeguarding the fund even though fund activities may be handled by more than one person.

2. General Guidelines and Recommendations for Cash Fund Control Procedures.

Establishing and maintaining internal cash controls for each cash fund is critical to prevent the mishandling of funds and to safeguard against loss. Strong internal controls also protect employees from inappropriate allegations of mishandling funds by defining assigned responsibilities in the cash handling process.

All personnel entrusted with handling cash must be trained in cash controls to comply with state laws, to adhere to TTUHSC El Paso policies, to protect employees, and to demonstrate sound fiscal responsibility. Each cash fund custodian is responsible for developing, administering, and documenting the cash controls training of all cash handlers for the cash fund. This training could include, but should not be limited to, cash fund training developed by Accounting Services and control environment and cash controls training developed by Audit Services. Cash fund custodians must perform reviews of the entire cash fund process to ensure that adequate controls are in place and are being followed properly by personnel.

Establishing safeguard procedures for cash and related materials is mandatory for each cash fund custodian. Deans, Vice Presidents, deposit custodians, and cash fund custodians must continually consider possible cash vulnerabilities and resolve concerns immediately. The Chief Financial Officer bears the responsibility for the cash controls. Accounting Services, Business Affairs or Audit Services may be contacted at any time for assistance.

Cash (change) funds that are not recorded on the TTUHSC El Paso balance sheet nor operated through the Banner Financial System are prohibited. Anyone with knowledge of an off-the-books fund should immediately notify the Chief Financial Officer, or the Director of Accounting Services.

No person at the institution has the right to circumvent state law. If it is discovered that state law is being violated, disciplinary action will be taken in accordance with *Regents' Rules*, Section 07.03, Fraud Policy. Every employee has the responsibility for contacting Audit Services or the Texas Tech Police Department to report possible fraudulent acts, if there is a reasonable basis.

3. **Establishment of Cash Funds.**

- a. Cash funds can be requested by submitting a completed CASH FUND CONTROL PLAN (CFCP) to Accounting Services. The CFCP form is available from the web at <http://el Paso.ttuhs.edu/fiscal/businessaffairs/accounting/Forms.aspx> /. The CFCP must provide sufficient information to justify establishing a fund. All information necessary to understand the operation of the fund should be submitted. The CFCP must contain an original signature from both the cash fund custodian and the associated fund manager. All pages of the CFCP must be completed, including the controls checklist. Questions and sections that are not applicable should be marked as such, and any “No” answers on the checklist must be fully explained.
- b. Before the fund can be established, the cash fund custodian must complete cash fund training provided by Accounting Services. Cash fund training is available at <http://www.ttuhs.edu/IT/ACME/elPasoUsers.aspx>. Other cash handlers are encouraged to participate in this training. Participation in training provided by Audit Services is highly encouraged.
- c. If the cash fund is approved, a check will be issued payable to the cash fund custodian.

4. **Annual Submission of Cash Fund Control Plans.** An updated CFCP must be submitted to Accounting Services in May of each year. Failure to timely submit an updated CFCP will result in the denial of additional cash funds for the fund custodian and department and/or termination of existing cash funds.

5. **Changes to Cash Fund Control Plans.**

- a. **Changes in Custodian.** When a change in custodian becomes necessary, a revised CFCP explaining the need to change custodians must be immediately submitted to Accounting Services, and must include the new custodian information and signature. The revised CFCP should also be signed by the outgoing custodian, if possible.
- b. **Balance Increases or Decreases.** If a balance increase or decrease is needed, a revised CFCP must be submitted to Accounting Services justifying the requested change.
 - 1) If an increase is approved, a check for the amount of the increase will be issued payable to the cash fund custodian.
 - 2) For a decrease, the custodian must contact the Student Business Services Office for instructions on how to deposit to the funds to the correct fund and balance sheet account 110000. The submitted funds must be delivered to the central cashier for deposit accompanied by the completed cash receipt form obtained from the online cash receipts system at <https://www.fiscal.ttuhs.edu/cashreceipts/> as required by HSCEP OP 50.26. A copy of the cash receipt form must also be provided to Accounting Services.
- c. **Closing a Cash Fund.** If a cash fund is not being used on a regular basis or if the fund has outlived its purpose, then the fund should be closed (following the guidelines in section 5.b.2 of this HSCEP OP).

6. **Reimbursements.**

- a. **Cash Fund Reimbursements.** Reimbursement requests for cash shortages should be submitted to Accounting Services on the Cash Fund Reimbursement Form located at <http://el Paso.ttuhs.edu/fiscal/businessaffairs/accounting/Forms.aspx> /

Reimbursement requests must include an explanation for the shortage and documentation (emails, for example) that proper departments have been notified of the shortage as required by Section 9 of this OP.

- b. **Expense Reimbursements.** Cash (change) funds should be used strictly for making change. The custodian or alternate must deny reimbursement from a cash fund for reimbursement of expenses. The custodian will be held responsible for any reimbursement made which is not in accordance with institutional policy. Disbursing under such circumstances will result in the loss of custodianship and/or termination of the cash fund.
- c. **Research Participant/Patient Studies.** Cash funds should be used strictly for making change. All payments for research participants and patient studies must be processed through the Swift Card Program. General information, program access and training materials related to the Swift Card Program can be accessed at <http://www.fiscal.ttuhs.edu/busserv/swiftcardprogram/collateral/Getting%20Started.pdf>.

7. Storage and Security of Cash Funds.

- a. Cash funds and related materials (deposit slips and endorsement stamps) must be kept in a secure locked box or safe at all times, accessible only to the cash fund custodian and/or the approved alternate. Cash funds must never be commingled with personal funds.
- b. For the departments or cash fund custodians that have more than one cash fund, each cash fund and its related materials must be kept physically separate from other cash funds, using different bank bags or lock boxes.

- 8. Overages and Shortages.** Any overages or shortages occurring in a cash fund should be recorded in the manner described in HSCEP OP 50.07, Section 6. Any shortages greater than \$10 must be reported immediately upon discovery to Accounting Services. All shortages greater than \$100 or losses occurring from theft (known or potential) must be reported immediately upon discovery to Audit Services and to the Texas Tech Police Department, in addition to Accounting Services.

9. Cash Counts. Cash funds must be maintained and reconciled so that they are available for audit at any time by the State Auditor, Audit Services, Accounting Services, Student Business Services, or the appropriate institutional administration. Random, unannounced cash counts will be conducted periodically by Accounting Services and appropriate administration.

- a. The custodian of the cash fund must request all auditors or reviewers to show proper identification prior to making the funds available for an audit or cash count.
- b. The cash fund custodian must remain with the auditors or reviewers during the cash count or audit.

- 10. Resolution Process for Cash Issues.** Appropriate custodians will be notified by a representative from Accounting Services, Business Affairs or Audit Services in the event of cash control questions or concerns.

- a. Cash concerns must be addressed by the custodian immediately, even if a resolution is not immediate. There will be zero tolerance for unresponsiveness and/or failure to resolve concerns in a timely manner. Custodians are expected to be responsible. Any unaddressed or subsequently unresolved cash concerns will be quickly forwarded to the next higher level of administration for resolution or disciplinary action.
 - b. Where needed, custodians should seek assistance from Accounting Services Business Affairs or Audit Services in researching, assessing, and addressing cash concerns.
- 13. Noncompliance.** Noncompliance with this policy will result in the denial of additional cash funds for the fund custodian and department and/or termination of existing cash funds. Continued violation will result in the termination of the banner fund associated with the petty cash fund.