Cash Handling Procedure: Effective March 1, 2020

Presenters:

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Agenda

1. Procedure Review
2. Reconciliations
3. Deposit Summary Form
4. Merchant Banking Services Change and PCI Compliance
5. MAS Reviews and Findings
Part 1: UMB Procedure on Handling Cash and Depositing UMB Funds
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Definition of UMB Funds:

All funds administered by UMB, regardless of fund source. UMB Funds include State appropriated general funds, tuition, fees, and other income, as well as auxiliary funds, revolving/discretionary funds, Designated Research Initiative Funds, gifts, contract or grant revenues, and other restricted funds.
Part 1: UMB Procedure on Handling Cash and Depositing UMB Funds

Furthermore,

UMB income is the property of the State of Maryland. State regulations apply to the management, safekeeping, and use of UMB income.
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Examples of Income:
• Tuition and fees
• Auxiliary operations – parking, Campus Rec, etc.
• Gifts
• Grants, contracts
• Royalties
• See the procedure for additional examples
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**State Regulation:**
Maryland State Education Code Ann. §12-105 requires all UMB Funds to be deposited in the State Treasury and the State General Accounting Division requires deposits to be made no later than the first working day after the day received; however, the preferred method is to deposit Receipts on the day received, especially when large amounts are involved.
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Procedure Highlights:

1. Cash, Checks, and Money Orders must be secured in a place with limited access (e.g. locked cabinet, safe)

2. When funds are received they should immediately be recorded on a log
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Procedure Highlights (cont’d):

3. Complete the Deposit Summary Form

4. Deliver a printed Deposit Summary Form with the funds to the Cashier’s Office

5. Do not leave the funds at the window. Wait for a receipt from the cashier
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Procedure Highlights (cont’d):

6. The Cashier’s Office will enter the deposit into the cashiering system for posting to the general ledger

7. Units who have the ability to enter deposits into the cashiering system are required to deliver the funds to the Cashier’s Office on the same day that the deposit is entered into the cashiering system.
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Procedure Highlights (cont’d):

8. Only cash, checks, and money orders can be accepted for payment at the Cashier’s Office.

9. Credit Card payments for invoices generated in Customer Billing must be processed online: https://cf.umaryland.edu/financial_services/central_billing/
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Electronic Transactions

• Merchant Accounts – used for processing credit card transactions

• Units without merchant accounts must utilize Customer Billing for credit card payments
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Electronic Transactions

Operational Units should enter a Customer Billing Invoice in Quantum Financials when funds are expected from another State agency through an RSTARS transfer or from an outside vendor via wire transfer or ACH. If an invoice has not been entered, use the online RSTARS Receivable Notice Request Form. All other receivable notifications should be sent to generalaccounting@umaryland.edu.
Part 2: Reconciliations
Reconciliations

Reconciliations are required by all units that accept funds for UMB.
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Reconciliations – Two Types:

1. Deposit Verification
   a. Cashier’s Office deposit ticket receipt should be compared against the log (from slide 8)
   b. Should be performed as soon as possible after making the deposit, but within two days
   c. Independent verification and acknowledgement (i.e. fiscal administrator initials and dates the deposit ticket receipt or log)
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Reconciliations – Two Requirements:

2. Reconciliations
   a. Deposit receipts/log = general ledger activity
      Amounts are equal and dates are similar
   b. Should be performed on a monthly basis, at a minimum
   c. Independent verification and acknowledgement (i.e. department head or designee initials and dates the reconciliation report)
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Discrepancies:

• Any discrepancies must be investigated and resolved. Any unexplained differences must be reported in writing to the supervisor of the Operating Unit and to Management Advisory Services (MAS).
Part 3: Deposit Summary Form Updates
Deposit Summary Form Updates

1. Payment of an open nonsponsored receivable (i.e. “Other”):

   - The *Deposit Summary Form* will allow a department to select from the following *approved expense Objects*:

     - 3125 Participant Study Pay- Group
     - 3130 Participant Study Pay-Individual
     - 3285 Cell Phone Expenditures
     - 3311 In-State Travel
     - 3321 Out-of-State Travel
     - 3360 Foreign Travel

   - If the desired Expense Object is not in the list, please select *Object 0992* on the Deposit Summary Form. The department can *utilize a Debit Memo* to move the deposit to the appropriate Expense Object.
Deposit Summary Form Updates

2. Payment of an open sponsored receivable:

   a. Select Deposit Type “SPON Invoice Payment” on the Deposit Summary Web Form,

   b. Defaults to SPAC object 7126 SOAPFF all zeros.

   c. Always be sure to include the Maker of the Check on the form.
Deposit Summary Form Updates

2. Payment of an open sponsored receivable (cont’d.):

a. In the Transaction Description field, please reference the Project ID and Invoice Number.

b. Always bring a copy of the printable deposit summary form, photocopy of the check, along with additional backup such as Award Number and PI to assist SPAC with posting the payment in PPM.

c. For Clinical Trial payment identification purposes, please include additional backup with the project title or protocol number (if known).
Deposit Summary Form Updates

3. **Return of funds from a vendor or sub recipient**
   (will be reflected in PPM as a reduction in the appropriate object code for the award)
   
   a. Select Deposit Type “SPON Misc Expense Credits” on the Deposit Summary Web Form, which will default to SPAC object 7129 SOAPFF all zeros.

   b. Always be sure to include the Maker of the Check on the form.
Deposit Summary Form Updates

3. Return of funds from a vendor or sub recipient (cont’d.):
   (will be reflected in PPM as a reduction in the appropriate object code for the award)
   a. In the Transaction Description field, please reference the Project ID and object code for SPAC to credit the expense reimbursement.

   b. Always bring a copy of the printable deposit summary form, photocopy of the check, along with additional backup such as Award Number and PI to assist SPAC with posting the expense credit in PPM.
Part 4: Merchant Banking Services
Change and PCI Compliance
Bank Conversion/PCI Compliance:
Applies to Units that Accept Card Credit Payments

• The State is in the processing of moving from Bank of America to Truist (formerly BB&T) for merchant services

• Transition is expected to occur over the next few months

• New PCI policy and procedures will also be implemented

• Departments will be notified
Questions?
Part 5: Management Advisory Services
Cash Handling

Management Advisory Services (MAS):
Michele Evans, Director MAS and Quantum Change Mgmt Lead
Alexandra Zouras-Wieneke, Acting Director
Jennifer Thompson, Management Analyst
Elaine Portnoy, Management Analyst
Cash Receipts Audit Findings

1. Separation of Duties
   - Customer Billing/Accounts Receivable
   - Deposit Verification/Reconciliation

2. Recording of Receipts
   - Receipts not recorded on log at all or log did not contain sufficient information (date check received vs date of the check)

3. Deposit Timeliness
   - Checks not deposited for weeks/months or could not be determined due to no log used

4. Deposit Verifications
   - No verification performed, verification not documented or not independent

5. Reconciliations
   - Collections not reconciled to system to ensure recorded properly and/or to ensure payment for all sales have been received
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