

Policy 2801

Depositing and Recording University Funds

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Responsible Official	Treasury Services	Last Revision	5/1/06

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Scope

This policy governs the receipt of University cash including currency, checks, money orders, and travelers checks as well as receipts from wire transfers, drafts, the Automated Clearing House (ACH), and debit/credit cards. It also provides guidelines for depositing, recording and accounting for such cash items, regardless of whether they are received in the University's institutional offices or in schools, departments or business support centers.

Policy Statement

Cash items belonging to the University should be deposited promptly in an authorized University bank account. Individual departments and business support centers should make deposits through Treasury Services within 24 hours of receipt. Treasury Services should make daily bank deposits of all funds collected. Funds received must be recorded on the University's official accounting records within 24 hours of deposit or the next business day thereafter.

Treasury Services is responsible for the University's operating bank accounts (see Policy [2805](#)) and has oversight of the collection and depositing of cash items. All deposits of cash items must be processed through Treasury Services, a University cashiering station, an approved banking transaction flow, or an authorized lockbox.

The University encourages the use of authorized lockboxes for high volume transactions, while the receipt of other cash items should be directed to Treasury Services with an appropriate remittance advice, whenever possible. Any department or business support center that anticipates an ongoing need to collect or receive cash should work with Treasury Services to develop the most cost effective method for the cash collection process and wherever possible discourage departmental collection of funds.

Deposits must be adequately safeguarded while in transit; armored car service or police protection shall be used as appropriate. It is strongly recommended that deposits of \$2,500 or more be transported for deposit with police protection. Departments and business support centers are responsible for safeguarding University cash items and other receipts while in their possession.

Any department, business support center or other organization at the University that receives a cash payment of \$10,000 or more resulting from the University's trade or business must complete IRS Form 8300 and forward it to the University Tax Department (see section 2801.6 or the [University Tax Department](#) website).

Reason for the Policy

This policy promotes the timely deposit of, and observance of internal controls for cash items deposited into authorized University bank accounts, thereby promoting sound cash management practices and minimizing the University's risk of financial loss. In support of these objectives, this policy provides requirements for the following:

- depositing cash items and other receipts;
- updating the University's accounting records;
- posting receipts to the clearing accounts in the general ledger; and
- assigning final account information by the appropriate department, owner or steward within specified timeframes.

Definitions

Approved Banking Transaction Flow

Receipts via debit/credit cards, wire transfers, ACH transfers, or other direct deposits into University bank accounts. These flows, if recurring, must be approved by Treasury Services.

Authorized Lockbox

A bank or other financial institution may be authorized by the University to accept payments on its behalf for the direct deposit of checks. A lockbox is a post office box established by the bank where checks are sent for deposit. The bank deposits the checks and transmits the information to the University electronically. Use of a lockbox must be authorized by Treasury Services.

Cash Items

A term that encompasses various forms of currency, coins, checks, credit/debit card receipts, bank notes, traveler's checks, registered checks, and money orders. These items are treated in the same manner as cash for banking purposes.

Clearing Account

An account used to record receipt of funds on a temporary basis and subsequently cleared via an automated process.

Credit Card

A card entitling the holder to buy goods or services from Yale on credit. Yale is paid immediately via direct deposit into a Yale bank account.

Debit Card

A card entitling the holder to buy goods or services from Yale by charging the cost of such purchase directly to the holder's personal bank account. Yale is paid immediately via direct deposit into a Yale bank account.

Holding Account

An account used to record the receipt of funds on a temporary basis until a final classification is determined and the funds are assigned by the appropriate department.

Machine-Readable Remittance Advice (MRRA)

A bar-coded document attached to a University invoice that gets returned with payments sent to a lockbox. It enables the bank to identify and credit the proper bank account, and the University to credit the proper receivable account.

On-Campus Deposit Process

The procedure to be used in depositing cash items via Treasury Services.

Receipt Identification Form (RIF)

A data collection form for on-campus receipts with an electronic screen for inputting charging instructions, account code information and account description.

Suspense Account

An account into which unidentifiable items are placed if the final accounting is unknown at the time the item is initially recorded.

Treasury Services

The department having oversight of the process for receiving, collecting and depositing Cash Items on behalf of the University. It is the sole agent of the University for operating banking purposes and acts as the University's primary cashiering station.

Treasury Workstation (TWS)

An electronic communication link between the University's Cash Manager (Treasury Services) and its operating bank.

University Cashiering Station

An operations office responsible for receiving, collecting and depositing of cash items on behalf of the University. Cashiering stations act under the authority of Treasury Services and report directly to the Controller.

Wire Transfer

A method of cash collection in which funds are transferred electronically from the sender's bank account to the University's bank account through the Federal Reserve System.

Policy Sections

2801.1 General Principles

Depositing Funds

Cash Items should be promptly deposited in an authorized University bank account. All such bank accounts must have the University's Federal tax identification number and the name "Yale University" in the account title (see Policy [2805](#) Establishing and Maintaining University Bank Accounts). Individual departments and business support centers that are in receipt of cash items must make deposits via the On-Campus Deposit Process (see policy section 2801.3) within 24 hours unless collections total less than \$500, and then at least weekly.

Daily bank deposits of all funds collected must be made by Treasury Services and those cashiering stations authorized to do so. All funds received via the On-Campus Deposit Process must be reconciled (University tracking slips to bank deposit slips) before making the daily bank deposit. University funds shall not be deposited or commingled with any other funds and/or accounts maintained by or for the purpose of other individuals or organizations.

Any department or business support center wishing to hold overnight funds in excess of \$500 must obtain prior approval from Treasury Services. Such approval will be granted under the following conditions:

1. The department or business support center has a legitimate business reason to hold funds overnight;
2. There is recurring activity that necessitates such action; and

3. The department or business support center can protect the funds from theft or loss.

Security

Cash items must be held in a locked, fireproof device until deposited. If receipts exceed \$500 per day on a frequent basis, the device should also be immovable and other security measures should be taken, as suggested by the Cash Manager.

Account Maintenance

Funds received must be recorded on the University's official accounting records within 24 hours of deposit or the next business day thereafter. All receipt of funds reported on bank statements must be reconciled to the University's general ledger cash accounts on a monthly basis, as described in Policy [2805](#).

In the event that the University receives cash items that cannot be easily identified, suspense accounts should be used to ensure that all such items are recorded in a timely manner and posted to the University's accounting records.

Similarly, electronic notification of other receipts such as lockbox transmissions, wire transfers, and ACH transfers shall initially be posted by Treasury Services to an appropriate suspense or clearing account based on the transaction type. The Controller will assign a steward to each suspense or clearing account who will be responsible for resolving and reclassifying items recorded in such an account within 10 days following the initial entry. Treasury Services will ensure that the University's banking activity is accurately recorded in the University's accounting records. Schools, departments and business support centers receiving funds that must be initially recorded in suspense accounts should provide to Treasury Services proper classification information as soon as it becomes available.

2801.2 Role of Treasury Services and University Cashiering Stations

Treasury Services is responsible for overseeing the processes of receiving, collecting and depositing cash items on behalf of the University and has general oversight of all University bank accounts. Individual departments, business support centers or other organizations may not have direct relationships with any bank or other financial institution to carry out University operating banking activity.

Treasury Services authorizes the University's cashiering stations to collect University cash items and deposit such items into authorized bank accounts.

2801.3 Treatment of Fund Receipts

Cash

Cash is typically received as a result of point of sale transactions and in connection with other miscellaneous events. Although the receipt of cash is in certain cases unavoidable, it is the least preferred method of collection due to the security and control risks associated with handling and transporting cash to the bank. Cash receipts are processed through the On-Campus Deposit System (see policy section 2801.4). Cash receipts of \$10,000 or more must be reported using Form 8300, as described in Section 2801.6.

Checks

To the maximum degree possible, individuals or organizations making payments to the University should be directed to make checks payable to "Yale University" and mail them, together with remittance advice, either to a designated lockbox, Treasury Services or an assigned cashiering station. In the exceptional event that checks are received in departments or business support centers, they must be processed through the On-Campus Deposit System (see policy section 2801.4).

Money Orders, Travelers Checks and Certified Checks

Money orders, travelers checks and certified checks are prepaid negotiable instruments that are handled in the same manner as checks. They are processed either through an authorized lockbox (see Section 2801.5) or the On-Campus Deposit System (see Section 2801.4).

Credit and Debit Cards

Credit and debit cards are widely accepted throughout the University. They are ideal for collecting immediate payment for services and are convenient for point of sale transactions. Credit and debit card receipts must be deposited into the bank for processing via an approved banking transaction flow.

2801.4 On-Campus Deposits

Cash received directly by University departments and business support centers or point of sale locations (i.e., athletic events, bookstores, and dining halls) should be deposited via the On-Campus Deposit Process. That is, cash items, together with a RIF Tracking Slip must be submitted to Treasury Services or a cashiering station.

2801.5 Bank Lockbox Services

The University encourages the use of bank lockboxes for high volume cash receipts. Departments and business support centers should consider the use of lockboxes to enhance their business operations and to promote more timely deposits of funds received. Administrators should consider the following non-exhaustive list of criteria to determine if the use of lockboxes is appropriate:

- payments are currently received in individual offices or departments;
- payments are made by check, money orders, travelers checks and certified checks;
- payments are received at regular intervals;
- there is a high dollar amount of payments;
- there is a high volume of payments;
- multiple employees are involved in the cashiering function.

Any administrator that would like to use a bank lockbox for collections and deposits should consult with Treasury Services.

To the extent possible, payers should be directed to make checks payable to the University and mail them to a lockbox if one exists for that payment stream. If a lockbox does not exist for that particular payment stream, checks should be mailed directly to Treasury Services or a University cashiering station. In any case, a remittance advice should accompany the payment.

2801.6 IRS Reporting Requirements and Form 8300

The IRS requires that the University report all cash receipts greater than \$10,000 resulting from its trade or business, regardless of whether such receipts result from a single transaction or two or more related transactions. Therefore, any department, business support center or other organization at the University that receives a cash payment in excess of \$10,000 must complete IRS Form 8300 and forward it to the [University Tax Department](#) pursuant to the University *Cash Transactions-Reporting Procedures*. The Tax Department is responsible for any further filing and reporting requirements.

For this purpose, cash includes coin and currency, however it also includes cashier's checks, bank drafts, traveler's checks, and money orders that have a face value of less than \$10,000 if such items are used as payment in conjunction with currency and the total is greater than \$10,000 or any transaction in which the recipient knows that the monetary instrument is being used in an attempt to avoid reporting the transaction. Multiple payments may be considered a single transaction if they are all related to the same underlying event. Further, a single transaction cannot be separated into a multiple transactions to avoid reporting the receipt of cash. Payments which are considered received in the course of the University's trade or business include, but are not limited to, payments for tuition, room and board, rent and the repayment of debt. Charitable contributions are not subject to these reporting requirements.

Departments and business support centers are encouraged to visit the [University Tax Department](#) website for additional information on the IRS cash transaction reporting rules and Form 8300 procedures.

Special Situations/Exceptions

Foreign currency receipts shall be deposited using the On-Campus Deposit Process. For more details, refer to section 2 of the Procedure 2801 PR.[01 Recording and Depositing Cash Receipts](#).

Student loan checks represent student funds and such loan checks may be endorsed to the students rather than subject to the immediate deposit requirement.

Negotiable securities represent assets that require special considerations depending on the nature of the security and donor restrictions, if any. Coordination between Treasury Services and the department or business support center is necessary.

Exceptions to this policy must be approved by the Controller.

Related Information

Policy [2805](#) Establishing and Maintaining University Bank Accounts

Procedure 2801 PR.01 [Recording and Depositing Cash Receipts](#)

Contacts

Subject	Contact	Phone
Authorization for collection of cash items	Treasury Services	432-4100
List of authorized bank accounts	Treasury Services	432-4474
Interpretation of policy	Treasury Services	432-4474
IRS reporting requirements and Form 8300	University Tax Manager	432-5421

Roles and Responsibilities

Schools, Departments and Business Support Centers shall:

- authorize and supervise employees responsible for completing the RIF and the delivery of funds to Treasury Services, University cashiering stations or the night deposit box;
- make deposits via the On-Campus Deposit Process at least weekly or whenever collections exceed \$500;
- safeguard funds belonging to the University and have appropriate internal controls in place;
- relieve holding or suspense accounts working in conjunction with Treasury Services when necessary;
- review business operations and identify areas where the use of lockboxes may be appropriate;
- obtain approval from Treasury Services to hold funds overnight when required for business reasons; and,
- complete IRS Form 8300 and forward it to Treasury Services.

Treasury Services and University Cashiering Stations shall;

- deposit funds into authorized University bank accounts;
- record all funds received on the University's accounting records within 24 hours of deposit or the next business day thereafter;
- reconcile university tracking slips to bank deposit slips prior to making the bank deposit;
- assign a steward to monitor and maintain suspense accounts.

University Tax Department

- file IRS Form 8300 with the IRS and issue payer statements.

Revision History

First issued on 8/24/99

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