



State of North Carolina *North Carolina A&T State University* Cash Management Plan

Statutory Policy

North Carolina law, Chapter 147-86.10 of the General Statutes, requires that "all agencies, institutions, departments, bureaus, boards, commissions and officers of the State... shall devise techniques and procedures for the receipt, deposit and disbursement of monies coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances.

Plan Administration

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments and institutions. This Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. It is the responsibility of each agency, department and institution to prepare a cash management plan that meets both the requirements of the Statewide Plan and the unique cash management needs of the individual agency, department or institution.

Each agency, department and institution will identify an individual who will have cash management responsibility. Plans will be submitted to the Office of the State Controller for approval. Agencies, departments and institutions will maintain a copy of their approved plan. The State Auditor, as a part of the annual financial audit, will determine if each agency, department or institution is in compliance with the Statewide Cash Management Plan.

The individuals responsible for developing and administering the N.C. A&T State University cash management plan are the University Treasurer and the Director of Accounting. The individuals responsible for approving the cash management plan are the Asst. Vice Chancellor for Business & Finance/Comptroller and the Vice Chancellor for Business and Finance. The plan is submitted to the Office of the State Controller for approval and a copy is maintained for auditors' review. The State Auditor, as a part of the annual financial audit, will determine if the University is in compliance with the Statewide Cash Management Plan.

Plan Requirements

Cash Management Over Receipts:

The objectives of cash management over receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents, and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, all plans adopted will include these rules:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina and received by an employee of the State in the normal course of their employment shall be deposited as follows:
 - a. All monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1
 - b. Monies received in trust for specific beneficiaries for which the employee custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G. S. 147-69.3.
2. Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by law.

Daily Deposits

The day's total receipts (including receipts from external departments) are transported daily by a NC A&T Treasurer's Office employee (escorted by campus police) and deposited with Mechanics and Farmers Bank. The required certifications are transmitted electronically to the State Treasurer's Office by 2:00 p.m the following day. Cashier working funds are safeguarded in the Treasurer's Office vault after business hours.

Receipts

The following receipt categories represent major sources of University funds:

- A. Student Fees are a significant portion of University receipts. Fees are assessed at the point of registration or at the time services are provided. Since deferment of fees is a University policy, requests for remittance of payment are made by sending the student a monthly statement.
- B. Inter-Departmental Receipts represent collections resulting from charges made by a University entity for services rendered to another University entity and from mandatory transfers. The charging and billing processes are initiated by the provider of services.
- C. Receipts Collected External to Treasurer's Office are recorded in official University receipt books or cash register. The safeguarding and timely deposits of funds are the responsibility of the department head and the University's policy is to deposit receipts with the Treasurer's Office within 24 hours.
- D. External User Receipts result when services are provided to a non-University entity. The charging and billing processes are initiated by the University entity providing the services.
- E. Letter of Credit Drawdown Requests are based on prior and projected expenditures. For large projected expenditures (i.e., payroll and payment of financial aid awards), requests are made to coincide with the actual cash disbursement.
- F. Gifts are invested to maximize return at the least risk. The University Treasurer holds this responsibility in accordance with University Investment Committee direction and procedure.
- G. Ticket Sales are generated as a result of a University sponsored event. This category includes gate receipts for athletic events and student sponsored activities.
- H. Vending Receipts are managed and controlled by the Office of Auxiliary Services.

- I. Miscellaneous Receipts include all other University receipts not identified in the aforementioned categories. Due diligence is exercised for assurance that receipts are collected and deposited on a timely basis.

Student payments received via mail are logged into the mail log daily. The student's name, social security number, amount of payment, and source of payment are recorded in the log. The actual payments are then forwarded to the cashier's station to be posted on the student accounts. Periodically, payments are traced from the mail log to the student accounts to ensure that payment has been properly posted. Student payments received on-site are given directly to the cashier and are posted on the student account. The following procedures are followed when posting student payments to the Banner Student system:

- A. Key 405 in the "SCREEN" field.
- B. Social Security Number.
The **SSN#** is requested. If the **SSN#** is found the student's name is displayed. If the student is not found, the message "Student not found" is displayed.
- C. Enter the Subcode number to reflect the type of payment the student is making.
Example: Promissory Note – 90010 Payment
 91100Payment
 Miscellaneous Scholarships – 92500 Payment
- D. Enter the term (the semester the payment is to be applied to the student's account).
Example: "98S" represents the spring semester of the 1997-98 school year
- F. Enter data into these action/context line fields:
 SID Student Identification #
 EXT
 CODE SUBCODE
 TERMSemester/Term Code
 CID Cashier's ID
- G. Press Enter.
 The attributes of the subcode are displayed in the body of the screen.
- H. If you want to reference a source document for the transaction, enter an account reference.
- I. Verify the amount of monies recorded.
 Enter the dollar amount of the payment in the amount field. No decimal point is required.
- J. The transaction date and effective date fields default to the current (system) date. No action is required unless you wish to change the effective date.
- K. Enter the dollar amount received from the student into the a "Amount Received" field. No decimal point is required.
- L. Press ENTER.
 The receipt screen automatically appears. To print the screen image of this receipt press the SHIFT PRTSCR keys on the PC. Type any key and press ENTER to return to screen 405. The record sequence number and transaction sequence number for this transaction will now appear in the action/context line.
- M. Distribute the white copy to the student and keep the yellow copy to be filed.

Payments received via mail by other departments are also logged in the receiving departments and brought to the cashier's station to be deposited. The following procedures apply when posting a departmental receipt:

Posting A Departmental Receipt

North Carolina A&T State University
Cash Receipt

- | | | | |
|---------------------|-------------------------------|--------------------|--------------------------|
| 1. Account Number | <u>(Required Entry)</u> | Account Title | <u>(Automatic Entry)</u> |
| 2. Transaction Code | <u>(Automatic Entry)</u> | 9. Bank Number | <u>(Automatic Entry)</u> |
| 3. Receipt | <u>(Automatic Entry)</u> | | |
| 4. Description | <u>(Required Entry)</u> _____ | | |
| 5. Amount | <u>(Required Entry)</u> | Accumulative Total | <u>(Automatic Entry)</u> |
| 6. Date | <u>(Automatic Entry)</u> | | |
| 7. Dr/Cr Indicator | <u>(Automatic Entry)</u> | | |
| 8. ID # | <u>(Automatic Entry)</u> | | |

- **Enter the number you wish to change or "C" to continue.**

Note: If Account Number is new and has not been downloaded to the cashiering system all fields must be entered manually.

To enter a receipt, key into each of the fields listed below:

1. Account Number:

The account number must be a valid FRS 10-digit account number.

If the account number is not valid you have the option of changing the account number or to continue receipt processing. If you continue receipt processing, the account title and bank number has to be entered. See section titled "**Programmed Function Keys**" for commonly used account number.

2. Account Title:

The account title is displayed automatically, if the account number is valid. If the account number is not valid, enter the account title.

3. Bank Number:

The bank number is displayed if the account number is valid. If the account number is not valid enter the bank number.

4. Transaction Code:

The transaction code "030" is displayed on the screen.

5. Receipt:

The receipt number is displayed on the screen. The first portion of the receipt number is your ID and the remaining portion is sequential number incremented by the system each time a receipt is generated.

6. Description:

Enter the appropriate receipt description. Press TAB if your description does not occupy the complete field.

7. Amount:

Enter the dollar amount of the transaction. The decimal point does not have to be entered. Two decimal positions are implied. (ex: 50010 is 500.10).

8. Date:

The current appears on the screen.

9. Dr/Cr Indicator:

This field defaults to "C" for credits. However, the cursor stops here to allow the Dr/Cr indicator to be changed to a "D" for debits (Voids).

10. SSN#:

Enter the social security number. Press the TAB (or Enter) key if the SSN# does not occupy the complete field or if there is no information to be entered.

The following message appears at the bottom of the screen.

"Enter the number you wish to change or C to continue."

11. Enter C to continue processing the receipt.

Each receipt may contain a maximum of 10 FRS Account Numbers. If additional account number transactions are to be entered on the receipt, continue entering the other transactions as described above. The description from the first transaction will always be displayed on subsequent screens for a single receipt (This is intended to save keystrokes). If the description is incorrect for a transaction, remember to change it.

12. Enter "Q" in the first position of the account number field when all transactions for the receipt have been entered. The following screen appears displaying all transactions such as the one shown below.

Account No.	Description	Amount	Date	D/C	User ID
1. 557407-0990	Deborah Harris	\$5.00	0531	C	243029884
	The amount for receipt no T00284 is	\$5.00			
	Would you like to change any transaction for receipt no T00284 (N)				
	Enter "C" to cancel the receipt				

13. After reviewing the receipt, you may change any of the transactions or cancel the receipt. To change a transaction enter "Y" (see **Changing a Receipt**). To cancel the receipt enter "C" and the "Cash Receipt" screen shown on page 4 above will reappear.

14. Enter "N" to end the receipt process. The following information appears at the bottom of the screen.

Amount Received _____	Change _____
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Press any key to continue.

15. Enter the amount the individual gives you for the receipt. The change is calculated for you.
16. See if the Printer is ready and follow the instructions that are displayed on the screen.
17. Distribute the receipt as noted at the bottom of the receipt form. Staple a copy of the transmittal to the office copy.

Changing a Receipt

If there are any fields on the receipt to be changed, enter the field # and press enter. The cursor will appear in the first position of the field to be changed. Enter your changes and press ENTER. The changes you have made will be shown on the screen. Continue this process until all changes are made. When all changes have been made, enter a "C" to continue processing the receipt.

The **Transaction Code**, **Receipt**, **Date**, and **Account Title** may not be changed.

Voiding a Receipt

- A. Enter the number of the receipt to void in the "Description" field.
- B. Enter "D" in the "Dr/Cr Indicator" field.
- C. Enter a negative amount in the "Amount Received" field.

The following information identifies all applicable internal controls that are in place for the cash receipts cycle.

Office of the State Controller

Self-Assessment of Internal Controls

Cash Receipts Cycle

Objectives and Risks

Agency North Carolina A&T State University

Year-End June 30, 2006

Objectives

All collections are properly identified, control totals developed, and collections promptly deposited intact.

All bank accounts and cash on hand are subject to effective custodial accountability procedures and physical safeguards.

All transactions are promptly and accurately recorded in adequate detail records and appropriate reports are issued.

All transactions are properly accumulated, correctly classified and summarized in the general ledger balances are properly and timely reconciled with bank statement balances.

Risks

- Failure to record cash receipts; withholding or delaying the recording of cash receipts; diverting cash receipts after recording non-compliance with the Cash Management Act.
- Misappropriated cash or petty cash funds; diverted cash receipts; unauthorized cash disbursements; loss of funds.
- Covering unauthorized transactions by substituting unsupported credits or fictitious expenditures to cover misappropriated collections; underfooting or overfooting cash or receivables.
- Misstating cash balances; covering unauthorized transactions by falsifying bank reconciliation.

Office of the State Controller

Self-Assessment of Internal Controls

Cash Receipts Cycle

Control Policies and Procedures:

Agency North Carolina A&T State University

Year-End June 30, 2006

A. Control Activities / Information and Communication:

Yes No N/A

- | | | | | |
|-------------|-------------|-------------|-----|---|
| <u>X</u> | <u> </u> | <u> </u> | 1. | Is there a formal organizational chart defining responsibilities for processing and recording cash transactions? |
| <u>X</u> | <u> </u> | <u> </u> | 2. | If annual payments are involved, do procedures exist to ensure that previous years' records are properly updated for new registrants and withdrawals? |
| <u>X</u> | <u> </u> | <u> </u> | 3. | Do control procedures exist regarding the collection, timely deposit, and recording of collections in the accounting records at each collection location? |
| <u> </u> | <u>X</u> | <u> </u> | 4. | Are checks identified on the deposit slip by maker and amount? |
| <u>X</u> | <u> </u> | <u> </u> | 5. | Does the deposit slips used have an official depository bank number preprinted on the document? |
| <u>X</u> | <u> </u> | <u> </u> | 6. | Are procedures in place to establish a proper cut-off of cash receipts at the end of the fiscal year? |
| <u> </u> | <u> </u> | <u>X</u> | 7. | Are license and permit issuances reconciled to the cash receipts journal or bank deposits? |
| <u>X</u> | <u> </u> | <u> </u> | 8. | Is a mail receipts log maintained for mail receipts? |
| | | | 9. | Is the mail receipts log reconciled to: |
| <u>X</u> | <u> </u> | <u> </u> | a. | The cash receipts journal? |
| <u>X</u> | <u> </u> | <u> </u> | b. | Validation certification of deposit/deposit slips? |
| <u>X</u> | <u> </u> | <u> </u> | 10. | If payments are made in person (seminars, workshops, etc.), are receipts for payment used and accounted for and balanced to deposits? |
| <u>X</u> | <u> </u> | <u> </u> | 11. | Are pre-numbered receipts issued for all cash collections and are numbers of all receipts accounted for? |

- X ___ ___ 12. Are logs of receipt book issuances maintained?
- X ___ ___ 13. Are petty cash/change funds at the minimum effective amount?
- X ___ ___ 14. Are all petty cash funds maintained on an imprest basis?
- X ___ ___ 15. Are unauthorized advances from petty cash funds to employees prohibited?
- X ___ ___ 16. Are all petty cash checks cashed promptly at the banks?
- ___ X ___ 17. Are petty cash vouchers or bills required for all petty cash disbursements and are they pre-numbered?
- X ___ ___ a. Are they signed by persons receiving cash?
- X ___ ___ b. Are they approved in writing by department head or other responsible official?
- X ___ ___ c. Are they properly supported by vendor receipts?
- X ___ ___ d. Are they typewritten or written in ink to preclude alterations?
- X ___ ___ 18. Are letters accompanying gifts, grants, donations, etc., retained as part of the permanent records?
- X ___ ___ 19. Are the authorization records of the depository banks up to date?
- X ___ ___ 20. Are receipts deposited as often as required by General Statutes?
21. Are the following duties generally performed by different people:
- X ___ ___ a. Custodian of the fund, reconciliation of the fund and access to cash receipts?
- X ___ ___ b. Filling out the disbursement receipts, disbursement, and reconciliation?
- X ___ ___ c. Making a deposit, billing, making General Ledger entries and collecting?
- X ___ ___ d. Collecting cash, placing a restrictive endorsement on the checks, balancing cash, closing cash registers, making a deposit, maintaining Accounts Receivable records and making General Ledger entries?
- X ___ ___ e. Collecting of licenses, fines, and inspections and making General Ledger entries?
- X ___ ___ f. Collecting cash and reconciling the bank account?
- X ___ ___ g. Closing cash registers daily by a person not involved in cash collection?

- ___ ___ 22. Are current year receipts compared to those for prior years and budgeted receipts, and are explanations of variations reviewed by senior officials?
- ___ ___ 23. Is account distribution indicated on expense vouchers reviewed for reasonableness by accounting personnel?
- ___ ___ 24. Are licenses and permits sequentially numbered and satisfactorily accounted for?
- ___ ___ 25. Is there adequate physical security surrounding cashiering areas?
- ___ ___ 26. Are employees prohibited from cashing personal checks at cashiering areas?
- ___ ___ 27. Is cash receiving centralized to the maximum extent possible?
- ___ ___ 28. Are all employees handling cash receipts adequately bonded?
- ___ ___ 29. Are "audit tapes" retained for cash registers?
- ___ ___ 30. Is a restrictive endorsement placed on incoming checks as soon as received?
- ___ ___ 31. Are unused portions of receipt books required to be returned to the issuance location?
- ___ ___ 32. Are petty cash vouchers effectively canceled at the time of reimbursement to the fund by an individual other than the custodian?
- ___ ___ 33. Is a system of pre-numbered receipts with adequately controlled copies in use wherever practicable?
- ___ ___ 34. Are cash receipts controlled at the earliest point of receipt?
- ___ ___ 35. Are cash registers used in locations making sales of goods?
- ___ ___ 36. Is petty cash kept in a locked place, where only the custodian has access?
- ___ ___ 37. Are petty cash funds segregated from other cash?
- ___ ___ 38. When funds cannot be deposited daily, are the funds transported to a centralized location at the end of the workday and secured overnight?

B. Monitoring:

- ___ ___ 39. Do you have an OSC approved Cash Management Plan on file?

- X ___ ___ 40. Do you have an OSC approved Delegation of Disbursing Authority on file?
- X ___ ___ 41. Is effective control maintained over receipts of gifts, grants, donations, etc. and is a follow-up made by a responsible official to see that they have been classified and recorded properly?
- X ___ ___ 42. Are funds periodically counted by a person other than the custodian at unannounced times?
- X ___ ___ 43. Does management approve or spot check reconciliations?
- X ___ ___ 44. Are policies documented for changes in a new system or method for accounting for cash?
- X ___ ___ 45. Are timely corrective actions taken in cash discrepancies?

Exceptions to Daily Deposit and Reporting Act

There are no exceptions to the Daily Deposit and Reporting Act. However, in the normal course of business, credit card transactions must be settled through a payment processor. After settlement, these funds are deposited into the depository account within forty-eight (48) hours. In such case, the funds are reported to the State Treasurer once they are in the depository account.

Return Check Fee Policy

Checks returned for insufficient funds are redeposited once by Mechanics and Farmers Bank. When checks are returned to the University, payments are charged back. Checks accepted for payment on a student account will be charged back to the student's account and a \$20.00 service charge will also be charged to the student's account. Checks accepted from another department will be charged back to the original account to which they were credited and the \$20.00 service charge is recorded on a Returned Check Log. The Returned Check Log lists the name of each person that has written a returned check along with the amount of the check and the \$20.00 service charge.

Letters are sent to the address printed on the check to notify the maker that their check has been returned. They are given five (5) days to redeem the check. When the maker comes in to redeem the check, they are required to pay the total amount on the Returned Check Log. Once the total amount has been paid, the original check is given to the maker.

If the maker does not redeem the check, the listing of outstanding balances is forwarded to the Vice Chancellor for Business and Finance and criminal actions are pursued (sending information to the County Magistrate's Office).

Returned Items and Monies Deposited in Error

Monies deposited in error are transferred to the appropriate account through journal entries or cash receipts (if corrected in the same month). A check requisition must be prepared and submitted to General Accounting for moneys that should not have been deposited. However, proper documentation must accompany the check requisition before the refund can be generated.

Wire Transfers

1. Mechanics and Farmers Bank notifies the Treasurer's Office (by fax) of funds deposited into account. The fax identifies the source of the funds as well as the amount received.
2. Cashier updates the amount of each wire received into the Wire Transfer Log.

For Student Wire Transfers

1. Cashier posts transaction to student account on Banner Student.
2. Cashier inputs certification to the State's Cash Management Control System (CMCS).

For Federal Wire Transfers

1. A copy of the faxed information is forwarded to Contracts & Grants.
2. Contracts & Grants prepares a transmittal to forward back to the Treasurer's Office identifying the description and account code for the deposit before 2 p.m. of the same business day.
3. Cashier posts transaction to FRS and gives receipt to Contracts & Grants.
4. Cashier inputs certification to the State Cash Management Control System before 2 p.m. of the same business day transaction was posted.
5. Cashier reconciles the Wire Transfer Log to the statements received from Mechanics and Farmers Bank by the 5th of each month.

Petty Cash Policy

The University will process requests for petty cash funds from the Chancellor, members of Cabinet and Deans. Upon acceptance of the fund, those persons become personally liable and are required to sign an authorization for payroll deduction form. This form authorizes the University to deduct any unsettled petty cash amount from their payroll check. Additionally, these persons will be responsible for record keeping, controlling and disbursing of funds. The funds shall not exceed a maximum of 5% of budgeted supplies line item or \$1,000, whichever is less. The minimum fund amount is \$100. All petty cash funds are closed out prior to June 30 of each year and are re-established the next year.

3. Monies due to a state agency, department or institution from other governmental agencies or from private persons shall be promptly billed, collected and deposited. All agencies, departments and institutions will establish accounts receivable management policies and procedures. These policies and procedures will incorporate the statewide accounts receivable policies and procedures (http://www.ncosc.net/sigdocs/sig_docs/documentation/policies_procedures/sigAccounts_Receivable00001212.html), in accordance with G.S. 147-86.21, and be included as a part of the agencies', departments' or institutions' cash management plan. (Please note that individual Community Colleges are not subject to the statewide accounts receivable policies and procedures. However, to insure compliance, individual Community Colleges must include their specific accounts receivable policies and procedures.)
4. Unpaid billings of any dollar amount, due to a State agency, department or institution shall be turned over to the Attorney General for collection no more than 60 days after the due date of the billing. Amounts owed by all patients which are less than the federally established deductible applicable to Part A of the Medicare program are exempt. The agency, department or institution may handle these unpaid bills pursuant to agency debt collection procedures identified in the previous item or (for institutions where applicable) for amounts owed by all patients which are less than the federally established deductible applicable to Part A of the Medicare program. The agency, department or institution may handle these unpaid bills pursuant to agency debt collection procedures.

Accounts Receivable

Student charges for tuition, required fees, and miscellaneous fines (traffic, library, etc.) are entered into the student information system, Banner Student. Monthly billings are generated by the Treasurer's Office and sent to students with outstanding balances. After 90 days, if there is no payment made on the account, students with delinquent balances of \$50.00 - \$499.00 are referred to one of the state contracted collection agencies for one year. Students with delinquent balances of \$500.00 or greater are referred to the State Attorney General's Office. Once the Attorney General's Office has exhausted all collection efforts, accounts that continue to be delinquent are referred to one of the state contracted collection agencies.

Accounts with delinquent balance of \$49.99 or less are not sent to outside collection agencies. If no payment is received in one year, those accounts are forwarded to the Vice Chancellor for Business & Finance for permission to write off. If payments are not received on accounts that are sent to outside collection agencies within one (1) year, those accounts are forwarded to the Vice Chancellor for Business & Finance for permission to write off.

Employees with delinquent balances greater than 90 days are notified in accordance with general statute G.S. 143-553.

Students with delinquent balances and/or write off accounts cannot receive transcripts or diplomas as set forth in the State Budget Manual concerning the holding of grades, transcripts, or diplomas.

The following procedures are applied to refer accounts to outside collection agencies:

1. Atty_Gen_0_500 report is run to identify accounts with balances from \$50.00 to \$499.99 and no payment in 90 days. This report lists student name, social security number, balance due, address, and telephone number.
2. Atty_Gen_GT_500 is run to identify accounts with balances of \$500.00 or greater and no payment in 90 days. This report lists student name, social security number, balance due, address, and telephone number.
3. Report is reviewed by University Treasurer to ensure that students with special circumstances (as approved by Vice Chancellor for Business & Finance) are not listed.
4. Report is forwarded to Human Resources to be reviewed for purposes of identifying employees listed on the report.
5. If any employees are identified, their names are deleted from the report.
6. Letters are sent to employees with delinquent balances of 90 days or more. If payment is not made by specified date, names of employees are forwarded to Human Resources for further collection procedures.
7. Atty_Gen_0_500 and Atty_Gen_GT_500 report is sent to outside collection agency.
8. Flag accounts sent to collection agency.
9. Atty_Gen_0_500 and Atty_Gen_GT_500 reports are converted to FTP format and are forwarded to the Office of State Budget annually.
10. FTP file is cross-checked by the Office of State Budget to determine if any University debtors are employed by the State of North Carolina.
11. If University debtors are indentified as employees of the State of North Carolina, a listing of debtors employing agencies is forwarded to University.
12. Letters are sent to state agencies of employees indebted to the University.
13. If payment is not received by specified date, 2nd letter is sent to state agencies to notify of employees' account status.

The following procedures are applied to process write off accounts:

1. Review collection agency reports to determine accounts that have been listed for one (1) year or more.
2. Flag accounts in collections for one year and accounts of \$49.99 that have been delinquent for one (1) year or more.
3. Run Current_Writeoffs report to generate listing of all flagged accounts.
4. Forward to Human Resources to ensure that no employees are on listing.
5. Forward to Vice Chancellor for Business & Finance for approval to write off.
6. Post write off amounts to student accounts using write of subcode and post write off flag to accounts to hold future registrations and transcripts.

Debt Setoff

A listing of accounts that have been delinquent ninety (90) days or more with balance of \$50.00 or greater, are submitted to the North Carolina Department of Revenue in an attempt to collect the debtors N.C. tax refund and apply it against their delinquent debt. This listing identifies the debtor's name, social security number, and amount of debt.

Once the N.C. Department of Revenue notifies the University of debtors receiving tax refunds and the expected amounts, the University notifies the debtors of the intent to apply their refunds against their debt. If a satisfactory response is not received from a debtor by the specified date, the original notification form is signed and resubmitted to the Department of Revenue for payment. Payments are posted directly to debtors' accounts once received from the Department of Revenue.

5. Federal funds received for major federal assistance programs, that are governed by the Cash Management Improvement Act of 1990, must be drawn in accordance with the current State/Federal Agreement.
6. All federal fund draws should be timed so that the funds are on deposit with the State Treasurer no more than two business days prior to the disbursement.

Review of cash balances and payroll information to determine the funds need is done on a weekly basis. Federal Agency Funds are requested and received electronically through the Smartlink System or via telephone requests. The bank notifies the University of the receipt of funds. These funds are receipted and certified to the State Treasurer by 2:00 p.m. each day as required.

Letter of Credit Drawdown Requests

For large projected expenditures (i.e., payroll and payment of financial aid awards), requests are made to coincide with the actual cash disbursements.

7. State agencies shall accept electronic payments (credit/debit cards [merchant cards] and electronic fund transfer [EFT]) , in accordance with G.S. 147-86.22, to the maximum extent possible and consistent with sound business practices. The agency must submit a business plan to the State Controller for evaluation prior to the acceptance of electronic payments. All agencies will utilize the Master Settlement Agreement (MSA) for electronic payment processing. All agencies will establish policies and procedures necessary to facilitate the use of electronic payments. These policies and procedures will incorporate the statewide electronic payment policies and procedures (http://www.ncosc.net/SECP/SECP_Policies.html) and be included as a part of the agencies', departments' or institutions' cash management plan.

The University presently accepts MasterCard, Visa, and American Express as a form of electronic payment in accordance with G.S. 147-86.22. Payments made via one of the accepted cards are not reported to the State Treasurer until the funds have been deposited by the payment processor into the University's depository account. Payments received via MasterCard and Visa are reported to the State Treasurer together and payments received via American Express are reported to the State Treasurer separately due to the manner in which the transactions are processed and paid.

The following procedures are applied when accepting electronic payments:

1. Obtain authorization for electronic payment by swiping credit/debit card.
2. Once authorization is obtained, payment is posted to appropriate account.
3. At the end of the day, the credit card batch is settled to the payment processor.
4. The total of the batch is placed on the cashier's balancing report.
5. MasterCard and Visa transactions total is recorded on a certification form.
6. American Express transactions total is recorded on a certification form.
7. After payment processor deposits the funds into the depository account, the certifications are posted to the Cash Management Control System (CMCS).

Monthly reports are received from NOVA Information Systems and American Express reflecting each day's transactions totals and the fees charged for each day's transactions. Payment of fees is made from two Institutional Trust Fund accounts. NOVA Information Systems is currently serving as the payment processor. However, we intend to migrate to the statewide Master Services Agreement with Wachovia Merchant Services at such a time that is beneficial for the University.

In addition to adhering to these guidelines, agency plans shall employ proven techniques that improve cash handling. Some of those techniques include:

- Receipt of federal grant payments by wire transfer when possible.
- Special post office boxes to facilitate the processing of large remittances.
- Color coded mailing labels and envelopes to identify remittances for special handling.
- Separate addresses to distinguish remittances from other mail.
- Reassignment of personnel, or the hiring of temporary personnel, when this proves cost effective, to accelerate the processing of remittances during peak periods.
- Deposits made by units outside Raleigh should be made with cash concentration banks designated by the State Treasurer.
- The evaluation and establishment of lock-boxes in areas which are large sources of remittances, but which are geographically distant from the nearest State agency office. Lock-boxes are locked Post Office boxes tended by banking agents. These allow quicker cash collection in areas which are not served by agency offices.
- The use of remittance processing equipment when justified by the volume of deposits.
- Establishing billing schedules which are both efficient and lead to earlier receipt of monies due to the State.
- Timing deposits in order to receive current day credit in accordance with schedules available from the State Treasurer.

Cash Management Over Disbursements:

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential on its funds. This is not intended to encourage late payment or have a negative impact on relationships with firms who, in good faith, supply goods and services to the State. The following rules should be included in all plans:

1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.

The University Accounting Office generates disbursements to vendors and individuals in response to the following approved documents:

Purchase Orders

Vendor Invoices- The vendor's invoice must agree with the corresponding purchase order by line item in item description, quantity, unit price, and terms of sale. Vendor invoices for purchase orders will not be paid without an authorized receiving copy of the order.

Receiving Copy- Receipt of an order shipped to the University must be acknowledged by forwarding to the Accounts Payable Department the receiving copy of the purchase order, signed and dated by an authorized department or Central Receiving representative.

Check Requests

For orders not requiring a purchase order, a check request for payment may be used. An authorized purchase request, with supporting documentation and invoice, is forwarded by the Purchasing Office to Accounts Payable, where the check requisition form is completed and approved. The check requisition is generally used for all payments where a purchase order is not required.

Payment to Individuals

All documents supporting purchase orders or check requests for payments to individuals (employees, non-employees or students) must include a social security number and a home address. Payments to individuals for contractual services must include a completed Contractual Services Agreement.

Out-Of-Pockets Expenses

Out-of-pocket expenses can be reimbursed with proper authorization. Generally, this will take the form of a completed purchase request. If the expense is travel related, University Travel procedures must be followed. If a purchased item is less the \$100, the University Treasurer's Imprest Fund may be utilized, providing rapid cash repayment. An authorized Petty Cash Reimbursement form must be presented with a valid sales receipt.

Where reimbursement for out-of-pocket business expenses are to be paid to an individual, who happens to be the disbursing authority for the account to which the expenses will be charged, a counter signature should be obtained from either of the following: (1) person of higher authority or (2) the Purchasing Director, Contract & Grant accountant, Budget Director, or other person designated to review and approve expense transactions for the department, school, college or division.

Prepaid Orders and Advance Payments

Vendors sometimes require an advance payment. An approved purchase requisition accurately reflecting all related charges including shipping and handling should be sent to the Purchasing Office. Special instructions relating to date needed and mailing should also be included on the purchase request. After review, Purchasing will forward the request to the Accounting Office for processing. A check will be issued and sent with the order to the specified vendor. Upon request, the check may be returned to the department for special handling.

Contractual Services

Payments are made to consultants and others from an approved purchase request or purchase order accompanied by a completed and attached Contractual Services Agreement. If these payments are for services rendered, a form 1099-Misc will be sent to the Internal Revenue Service for payments totaling \$600 or more during a calendar year. If the payments are for expense reimbursements, original receipts must be attached and the expenditure coded to the appropriate "non-taxable" object code. Non-taxable reimbursements do not generate 1099-Misc reporting.

Procurement (P-card) Payments

For University items purchased with the procurement VISA card (p-card), the monthly University bill is paid to the procurement card company without further documentation. An

electronic download of the billing file is fed to the accounting system to spread charges to their appropriate departmental accounts. On a monthly basis, each department is required to send a signed reconciliation, inclusive of original receipts, to the Purchasing Office. Credits and rebates are recouped in subsequent periods. Random audits are performed on these reconciliations.

Bank Reconciliation Process

The University has two bank accounts established with the State Treasurer's Office. The reconciliation process includes receiving an electronic file from the State Treasurer's Office on each bank of cleared warrants (checks) and allotment authorizations. The process matches the State's file with the University's financial system check reconciliation files and allotment authorization forms on a monthly basis.

The following information identifies all applicable internal controls that are in place for the disbursements cycle.

Office of the State Controller

Self Assessment of Internal Control

Disbursements Cycle

Objectives and Risks

Agency **North Carolina A&T State University**

Year-End June 30, 2006

<u>Objectives</u>	<u>Risks</u>
All materials and services received agree with the original orders.	-Payment for materials or services not received. -Damaged or missing goods not reported. -Inferior quality of materials or services received.
All invoices processed for payment represent goods and services received and are accurate as to terms, quantities, prices and extensions; account distributions are accurate and agree with established account classifications.	-Payment based on improper price or terms. -Accounting distribution of cost is inaccurate.
All checks are prepared on the basis of adequate and approved documentation, compared with supporting data and properly approved, signed and mailed.	-Incorrect or duplicate payments. -Alteration of checks. -Disbursement for materials or services not properly documented or approved.
All disbursement, accounts payable, encumbrance transactions are promptly and accurately recorded as to payee and amount.	-Improper cash, accounts payable, and encumbrance balances.
All entries to accounts payable, reserve for encumbrances, asset and expense accounts and cash disbursements are properly accumulated, classified and summarized in the accounts.	-Misstated financial statements. -Misstated internal financial data. -Inoperable budgetary control.

A. Control Activities / Information and Communication:

Yes N/A No

X ___ ___

1. Is there a formal organizational chart defining the responsibilities of preparing, recording, approving and follow up of all accounts payable functions?

X ___ ___

2. If a receiving department is not used, do adequate procedures exist to ensure that goods for which payment is to be made have been verified and inspected by someone other than the individual approving payment?

- ___ ___ ___ 3. Do procedures exist for processing invoices not involving materials or supplies (for example, lease or rental payments, utility bills)?
- ___ ___ ___ 4. Do procedures exist ensuring accurate account distribution of all entries resulting from invoice processing?
- ___ ___ ___ 5. Do procedures exist for disbursement approval and check-signing?
- ___ ___ ___ 6. Has the agency established procedures to ensure that all voided checks are properly accounted for and effectively canceled?
- ___ ___ ___ 7. Has an effective small purchase or emergency purchase policy been documented and implemented?
- ___ ___ ___ 8. Do invoice processing procedures provide for:
 - ___ ___ ___ a. Obtaining copies of requisitions, purchase orders and receiving reports?
 - ___ ___ ___ b. Comparison of invoice quantities, prices, and terms with those indicated on the purchase order?
 - ___ ___ ___ c. Comparison of invoice quantities with those indicated on the receiving __ reports?
 - ___ ___ ___ d. As appropriate, checking accuracy of calculations?
 - ___ ___ ___ f. All file copies of invoices are stamped paid to prevent duplicate payments?
- ___ ___ ___ 9 Are payments made as close to the discount date as possible?
- ___ ___ ___ 10 Are copies of receiving reports sent directly to purchasing or accounting?
- ___ ___ ___ 11. If an invoice is received from a supplier not previously dealt with, are steps taken to ascertain that the supplier actually exists?
- ___ ___ ___ 12. Are payments made only on the basis of original invoices and to suppliers identified on supporting documentation?
- ___ ___ ___ 13. Are the accounting and purchasing departments promptly notified of returned purchases, and are such purchases correlated with vendor credit advices?
- ___ ___ ___ 14. Is proper control maintained over vendor credit memos?
- ___ ___ ___ 15. Are signed checks delivered directly to the mail room, making them inaccessible to persons who requested, prepared, authorized or recorded them?
- ___ ___ ___ 16. Are monthly reconciliations performed on the following:
 - ___ ___ ___ a. All petty cash accounts?
 - ___ ___ ___ b. All bank accounts?
 - ___ ___ ___ c. All subsidiary accounts to the general ledger accounts?

17. Are the following duties generally performed by different people:
- X ___ ___ a. Requisitioning, purchasing, and receiving functions and the invoice processing, accounts payable, and general ledger functions?
- X ___ ___ b. Invoice processing and making entries to the general ledger?
- X ___ ___ c. Preparation of cash disbursements, approval of them, and making entries to the general ledger?
- X ___ ___ d. Making detail cash disbursement entries and entries to the general ledger entries?
- X ___ ___ 18. Is check signing limited to only authorized personnel?
- X ___ ___ 19. Are disbursements approved for payment only by properly designated officials?
- X ___ ___ 20. Are travel expenses for out-of-state, out-of-country, and excess allowances approved in advance?
- X ___ ___ 21. Are invoices (vouchers) reviewed and approved for completeness of supporting documents and required clerical checking by a senior employee?
- X ___ ___ 22. Is responsibility fixed for seeing that all cash discounts are taken and if applicable, that exemptions from sales, federal excise, and other taxes are claimed?
- X ___ ___ 23. Is the individual responsible for approval or check-signing furnished with invoices and supporting data to be reviewed prior to approval or check-signing?
- X ___ ___ 24. Are adjustments of recorded accounts payable or other liabilities properly approved?
- X ___ ___ 25. Are unused checks adequately controlled and safeguarded?
- X ___ ___ 26. Is it prohibited to sign blank checks in advance?
- X ___ ___ 27. Is it prohibited to make checks out to the order of "cash"?
- X ___ ___ 28. If facsimile signatures are used, are the signature plates adequately controlled and separated physically from blank checks?
- X ___ ___ 29. Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?
- X ___ ___ 30. Are all invoices received from vendors in a central location, such as the accounting department?
- X ___ ___ 31. Are signature plates only under the signer's control used and does that person or an appropriate designee record machine readings to ascertain that all checks signed are properly accounted for?

- ___ 32. Are invoices and supporting documents canceled?
- ___ 33. Are there checks in the processing procedures to prevent or detect duplicate payments?

B. Monitoring:

- ___ 34. Are transfers or loans between funds approved by management?
- ___ 35. Before commitment, are funds not obligated, but remaining in the budget verified by the accounting or budget department as sufficient to meet the proposed expenditure?
- ___ 36. Are purchase orders or contracts required to be approved by appropriately designated officials before issuance?
- ___ 37. Is a government representative or architect required to inspect construction projects before approval of payment?
- ___ 38. Are requests for progress payments under long-term contracts related to contractors' efforts and are they formally approved by a designated contract administrator/officer with formal approval authority?
- ___ 39. Is the distribution of charges in the accounting department reviewed by a person competent to pass on the propriety of the distribution?
- ___ 40. Are all records, checks and supporting documents retained according to the applicable (state or federal) record retention policy?

2. As provided-in -Section 147-86; 1 0, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143-27, regardless of whether the State agency disbursing or expending the monies is subject to the Act.
3. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.
4. Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.
5. Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due. In order to avoid disbursing account overdrafts, warrants should not be released before adequate funds have been requisitioned by the agency and approved and deposited to the applicable disbursing account by the OSC.

Check Mailing and Disbursement Cycle Policies and Procedures

University checks for the payment of goods and services (except payroll) are prepared in the University Accounting Office subject to vendor terms and the State Cash Management Policy.

Check draws are scheduled at least twice weekly. Certain accommodations are made in anticipation of holidays, student breaks, inclement weather, etc. Vendor payments are mailed after processing, which includes transmittal of the Positive Pay check file.

Student refunds are drawn or remitted via direct deposit based upon a schedule determined by the University Treasurer and Accounting Office Director. Refund checks are released to the Treasurer's Office for distribution per that schedule.

Payroll checks or direct deposits are generated by the State's Central Payroll Office at mid-month and at month-end. Checks are delivered to the University Payroll Department for distribution through the University Cashier on the scheduled pay dates. For individuals on direct deposit, pay stubs are distributed in the same manner as paychecks.

6. Electronic Funds Transfer (EFT) should be used for certain payments between State and local units, vendors and employees when it is determined to be mutually beneficial to both parties.

For the purpose of foreign currency electronic funds transfers (EFT), the University has established an EFT relationship with Bank of America. The nature of the transfers is for payment of related travel and conference fees of faculty members traveling internationally. Regular cash disbursement procedures are followed for the disbursing accounts. A check in U.S. dollars is drawn in the foreign currency equivalent and is deposited in the special wires bank account. Bank of America then wires the funds per instructions from the University Accounting Office.

For the purpose of ACH direct deposits of student refunds, Certificates of Participation (COPS) payments, and payroll a Wachovia Bank account is used. For payments between the University and other State agencies, the Cash Management Control System (CMCS) is utilized.

7. State State administered procurement cards should be used to provide employees with food, lodging and other applicable subsistence in emergency situations. (For OSC policy, see http://www.ncosc.net/sigdocs/sig_docs/cash_mgmt/Cash_Management_in_emergency_situations-2005.pdf)
8. "Delegation of Disbursing Authority" agreements must be kept current. Regardless of whether changes have occurred since the last submission, "Delegation of Disbursing Authority" agreements must be submitted annually for Office of the State Controller approval.

See the attached Letter of Delegation of Disbursing Authority.

Techniques helpful in controlling disbursements include:

- Establishing special procedures for making large disbursements such as social security and federal withholding tax remittances to ensure that payment is made on the due date and not before.
- Managing inventory and supply levels to stock the minimum necessary to conduct business without disruption.

(Chancellor, CEO)

(Date)

(Vice Chancellor for Business & Finance, CFO)

(Date)

(State Controller)

(Date)

(Date)

Mr. Robert L. Powell
State Controller
1410 Mail Service Center
Raleigh, North Carolina 27699-1410

Dear Mr. Powell:

In accordance with G.S. 147-86.10, the cash management plan of North Carolina Agricultural & Technical State University is submitted for your review and approval.

With regard to the above referenced cash management plan, I attest that the plan meets both the Statewide Plan requirements and the unique cash management needs of North Carolina Agricultural & Technical State University as of March 31, 2006.

Please contact Assistant Vice Chancellor for Finance Mr. Scott Hummel (336-334-4936) for questions regarding this plan.

Sincerely,

(Vice Chancellor)