

<b>ADMINISTRATIVE DIVISION</b> FINA Administration and Finance		<b>POLICY NUMBER</b> FINA 5.10
<b>POLICY TITLE</b> Cash Management		
<b>SCOPE OF POLICY</b> USC System		<b>DATE OF REVISION</b> May 31, 2024
<b>RESPONSIBLE OFFICER</b> Executive Vice President for Administration and Finance and Chief Financial Officer		<b>ADMINISTRATIVE OFFICE</b> University Finance - Controller's Office

**PURPOSE**

The purpose of this policy is to standardize cash management across the University of South Carolina System, ensuring appropriate internal controls and accepted best practices are instituted. These practices include efficiently utilizing, handling, receiving, safeguarding, transporting, depositing, and accounting for cash and cash equivalents to ensure the University's assets are protected, accurately and timely processed, and properly reported. Unique institutional requirements may require minor deviations from this policy. Any substantive change must be reviewed and approved by the Controller's Office.

**DEFINITIONS AND ACRONYMS**

**Cash and Cash Equivalents:** Assets that are readily convertible to cash, including coins, currency, bank accounts, credit card payments, money orders, gift cards, and other negotiable instruments (e.g., marketable securities, treasury bills).

**Cash Management:** The application of best practices to control the flow of cash and cash equivalents throughout the University. Cash management policies are directed at all aspects of collections, disbursements, investments, and debt management.

**Fiduciary Responsibility:** The obligation to act in the best interest of another party. Specifically, to carry out duties in a manner that is faithful to public trust and responsible stewardship of funding.

**Internal Controls:** A set of coordinated activities (e.g., policies, procedures, practices) layered into the normal operating procedures of an organization to safeguard assets, produce accurate and reliable financial data, and ensure operations are conducted in an appropriate and approved manner.

**Liquidity:** An asset's ability to be converted quickly to cash without a material loss of value. Within an organization, liquidity relies on access to cash or the ability to meet anticipated and unanticipated expenses without loss of underlying value.

**POLICY STATEMENT**

The University is a large, decentralized, and complex organization serving many functions. As such, cash management and handling represent an area of high-risk for the University that requires comprehensive yet flexible policies and procedures to be established as best practices. Management in each institution must oversee and enforce these policies to fulfill its fiduciary

responsibility. Various functional areas of cash management applicable to all institutions include investments, cash flow analysis, reserves, collections and disbursements, cash handling and transport, petty cash and change funds, and cash advances.

Viable and effective cash management policies and procedures will assist the University in meeting its fiduciary responsibilities. These policies and internal controls ensure the safety of University assets, provide required liquidity for operations, facilitate the best banking relationships, and aid in the attainment of reasonable returns on all funds. Guidelines for internal institutional policies, the establishment of controls and procedures, and reasonable limitations on daily operations support this goal.

#### A. Investments

The State Treasurer's Office (STO) invests funds for the University and serves as an agent of the Board of Trustees (the Board) in respect to these investments. Through the STO, funds placed in the state's pooled investment fund in accordance with its investment policy and strategies. Returns are allocated to the University on a monthly basis based on the market rate.

#### B. Reserves

Reserves are an essential part of financial stability and sound fiscal management. They are funds set aside at the University level to protect against periodic disruptions, such as economic uncertainty or state funding reductions, or to fund a specific project or priority that requires accumulated resources. Categories of reserves are maintained to accomplish different purposes, including Strategic Reserves and Capital Reserves, among others and are maintained by the University Controller. Various analyses are performed by the University Controller on an annual basis to determine the appropriate level of reserves to maintain.

#### C. Cash Flow Analysis

The analysis and use of historical and forecast data to determine anticipated cash flow patterns is necessary to aid in decision making and provide a basis for ensuring operational and liquidity needs are met. The University Controller is responsible for the analysis and projection of cash flows, including methods to update applicable data and evaluate any significant variances.

#### D. Segregation of Duties

In order to safeguard the University's assets, there must be a segregation of duties in place for all cash-related processes. Specifically, the responsibilities of receiving, recording, depositing, and reconciling cash and deposits must be separated and performed by different individuals. In no instance will the individual accepting the cash be the same individual responsible for making the deposit and/or performing the reconciliation. Responsibilities will be clearly delineated and assigned to specific individuals to ensure accountability. If

departmental size limits the ability to appropriately segregate duties, guidance will be sought from the Controller's Office to mitigate the associated risk.

#### E. Cash Handling

Adequate internal controls will be implemented to ensure safety and full accounting for all funds, including, but not limited to, complete documentation, cashier training, sequential receipting, daily balancing, and timely and accurate reporting. Only those individuals with proper cash receipting and depositing authority are permitted to handle cash. Designated individuals must complete the required Cash Receipting and Depositor training(s) to become authorized. Failure to comply with this requirement may result in revocation of cash handling privileges.

#### F. Cash Collections

All payments due must be collected in a timely manner and deposited with the University's authorized banking institution, unless required to be deposited with the STO. Collections must be deposited by the next business day, unless under \$50, which must be deposited within a week of receipt. Each deposit must be supported by complete supporting documentation and entered into the financial system in a prompt manner. Deposits outside a central cashiering area will be transported to their designated collection point within one business day.

To minimize operational costs and reduce the risks associated with cash, electronic collection mechanisms will be utilized, when possible, to increase cost effectiveness and reduce processing float. The Treasury and Cash Management area of the Controller's Office can assist with evaluating available tools. In addition, various Touchnet Information System Marketplace platforms are available to collect payments via the web. The Bursar's Office assists departments wishing to collect payments in this manner.

#### G. Cash Disbursements

All payments due and payable by the University must be paid on a timely basis and utilize any available payment discounts to eliminate any payment penalties. Per the South Carolina Consolidated Procurement Code, Section 11-35-45, all payments must occur within 30 workdays from acceptance of the goods or services and proper invoice. The proper payment methods, as outlined in FINA 2.14, *Acquisition and Payment of Goods and Services*, will be used accordingly. Wherever possible, electronic payment methods will be used to increase efficiency and security and maximize funds utilization. The preferred method of payment is Automated Clearinghouse (ACH), which streamlines payment processing. All checks issued will have a voiding date of 180 days.

#### H. Foreign Currency

The University is a U.S. dollar-based institution. As such, the University only accepts and invoices funds in U.S. dollars. Accepting foreign currency presents unique challenges in the

collection of funds, including, but not limited to, significant delays, additional layers of fees, higher administrative time and costs, and foreign exchange risk that could result in less than full payment after conversion to U.S. dollars.

#### I. Cash Transport

Protecting employee and asset safety is a University priority. As such, all cash must be transported from the point of collection to deposit with a custodial institution in a timely, efficient, cost-effective, and safe manner. When reasonable or feasible, off-campus transfers of cash must be made by contracted armored transport services, campus police, or security personnel. All transfers must be accompanied by identifying deposit slips, including the amount and location of collection for tracking purposes. In addition, transfers of cash will not conform to any set schedules, and information regarding transfers will be limited to cash handling employees. Further, a log of cash transfers will be maintained, with the signatures of both the sending and receiving parties documented.

#### J. Petty Cash

In certain limited circumstances, a petty cash fund may be necessary due to the timing and nature of certain transactions. In these instances, a small amount of currency is issued and held by departments to cover payments of small, nonroutine, incidental expenses not processed through payment request. These funds will not be used to circumvent existing procurement and purchasing policies and procedures. Petty cash funds represent idle funds and create an ongoing need for security, recordkeeping, and review.

Petty cash funds require appropriate request(s), justification, and approval before they can be established or increased. Departments maintaining these funds must exercise adequate internal control over its use, including designating a responsible custodian, ensuring regular reconciliation and replenishment, and promptly communicating any changes. Petty cash funds are subject to random audit by the Controller's Office, Audit & Advisory Services, the South Carolina Office of the State Auditor, or an independent auditor.

#### K. Change Funds

In certain limited circumstances, a change fund may be necessary for making necessary change within cashiering operations. In these instances, a small amount of currency is issued and held by authorized cash handling departments for the purpose of making changes related to cash sales and/or services. Change funds represent idle funds and create an ongoing need for security, recordkeeping, and review.

Change funds require appropriate request, justification, and approval before they can be established or increased. Departments maintaining these funds must exercise adequate internal control over its use, including designating a responsible custodian, ensuring regular reconciliation and replenishment, and promptly communicating any changes. Change funds are subject to random audit by the Controller's Office, Audit & Advisory Services, the South Carolina Office of the State Auditor, or an independent auditor.

L. Cash Advances

Cash advances are payment types that are issued to advance funds to students, faculty, or staff for authorized travel expenses. Cash advances will be kept to a minimum and only requested when other methods for obtaining goods and services have been exhausted. All advances require appropriate request and approval and must be settled within 30 days of the ending period of the advance. The period typically does not exceed 90 days, and never exceeds one year. Cash advances are subject to random audit by the Controller’s Office, Audit & Advisory Services, the South Carolina Office of the State Auditor, or an independent auditor.

M. Theft or Loss

Instances involving possible fraud, theft, or breach of fiduciary responsibility involving cash management and handling are to be reported on the date of occurrence in accordance with University policy [BTRU 1.20 Dishonest Acts and Fraud](#). In addition, on discovery of possible theft or loss, the University Controller must be notified, at which time an internal review will be completed, which may include involving University Police Department.

**PROCEDURES**

The procedure for this policy provides details on the administration and management of cash for the University. Use the following link: [Policies and Procedures - Office of the Controller | University of South Carolina \(sc.edu\)](#)

**RELATED UNIVERSITY, STATE AND FEDERAL POLICIES**

[BTRU 1.20 Dishonest Acts and Fraud](#)

[FINA 2.12 Accounts Payable](#)

[FINA 2.14 Acquisition and Payment of Goods and Services](#)

[FINA 2.15 Accounts Payable Payment Schedule](#)

[South Carolina Consolidated Procurement Code](#)

**HISTORY OF REVISIONS**

<b>DATE OF REVISION</b>	<b>REASON FOR REVISION</b>
May 31, 2024	New Policy Approval