



## Santa Fe College Rules Manual

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Title:	<b>Receipt, Deposit and Disbursement of Funds</b>	<b>Rule 5.4P</b>
Based on:	Rule 5.4	
Effective Date:	April 7, 2014	

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As custodian of College funds, the Vice President for Administrative Affairs/CFO is accountable to the Board of Trustees and to government agencies, donors, and the general public for their proper receipt, deposit and disbursement. Procedures must take care to ensure that receipts, deposits and disbursements of funds comply with the requirements of relevant law, regulations, rules, and good business practice.

The Vice President for Administrative Affairs/CFO or designee shall establish a system of internal control to prescribe the procedures to be followed by all College employees in the handling and safeguarding of College funds. This system shall accomplish, to the maximum practicable extent, the following objectives and tenets of good business practice.

### **Receipt of funds:**

- A. The centralization of funds collection by the fewest possible persons required to perform the operations of the College, in secure locations within the College.
- B. The separation of work assignments in such a way that the receipt of funds is accomplished by a responsible person who has no connection (e.g. access) with the accounting records pertaining to such fund receipts.
- C. The issuance of a receipt, in a form that is suitable for pre- and post-audit of receipt transactions, recorded in the accounting records and retained in the permanent official files of the College.
- D. The issuance of a receipt is prepared by the employee first receiving the funds (cash, credit cards or checks).
- E. Only checks payable to the College or those appropriately endorsed may be accepted by the College. Those accepted must be logged, restrictively endorsed and provided to the Cashier's Office in a timely manner for processing.

- F. The instruction of banks handling College business to ensure that checks made payable to the College are not cashed by unauthorized individuals.

### **Deposit of Funds:**

- A. The collection of funds at the College's Cashiers Office in the form of cash, checks or credit cards are deposited on a daily basis. After proper recording of funds collection in the accounting system; checks are deposited via electronic transmission to the bank, credit card transactions are processed immediately by a third party service provider and cash/coin is counted and sealed in pre-numbered deposit bags. The deposit bags are retained under safekeeping until transported by armored car service to the College's banking institution.
- B. On-line electronic payments processed by third party service providers are deposited daily to the College's depository account. Third party service provider's make available an annual audit report that assures adequate safeguards and internal controls over their technology and processes are in place.
- C. Funds collected at approved decentralized locations are held in a secured safekeeping environment until timely delivered to the Cashier's Office with proper documentation.
- D. Funds deposited of any method returned for insufficient funds require a return fee assessed to the payer and the reversal of the recoding of the payment transaction. To satisfy future fund obligations the payer may only be allowed to remit cash.

### **Acceptance of Personal Checks**

Since the acceptance of personal checks for the satisfaction of financial obligations to the College involves an inherent risk of loss, the Vice President for Administrative Affairs/CFO shall establish procedures to provide an adequate level of internal control.

The following general guidelines shall be observed:

- A. Personal checks made payable to the College may be accepted in the exact amount of the financial obligation (e.g., student fees, books, and supplies; repayment of loans; payment of accounts receivable; and like transactions) provided satisfactory identifying information is furnished and recorded on the reverse side of the check.
- B. Third-party personal checks are acceptable in payment of financial obligations to the College provided that individual checks are appropriately endorsed payable to the College and that any disbursement of College funds related

thereto are not made until the third-party personal check has cleared and been accepted by the bank.

1. When a student presents a check from a third party made payable to the College in satisfaction of his/her financial obligation to the College, and the amount of that check exceeds the amount of the intended payment to the College, the difference shall not be paid to the student in currency except with the express approval of the Vice President for Administrative Affairs/CFO or his designee; however, the check may be accepted and deposited in the College bank account and two College checks written: one in the amount of the student's financial obligation and a second, payable to the student, for the remainder.
2. If the deposited check is rejected by the bank for any reason, a stop payment will be placed on both College checks and demand placed on the student for immediate restitution. Failing restitution, the cashier shall institute the procedure prescribed above for non-sufficient funds, including cancellation of registration.

### **Disbursements of Funds:**

- A. College vendors (payees), system access limited to the Purchasing Department, setup by identification of payee with appropriate evidence.
- B. The appropriate substantiation of all disbursements for goods and services with supporting documentation that provide authenticated evidence of an authorized contractual commitment by the College, receipt of goods or services specified by the commitment document, and approval in writing of contractual performance by an authorized person for payment prior to the issuance of a check.
- C. The cancellation of such supporting documents, on completion of the related disbursement transaction, in such manner that their reuse is precluded.
- D. The monthly reconciliation of bank accounts by a responsible person other than those who process documents that result in the physical disbursement of funds, or the input document that result in the recording of, disbursement transactions.
- E. The maintenance of petty cash funds using an imprest system with the same standards for documentary evidence as for other disbursement transactions.
- F. The disbursement of funds via check, produced by the appropriate automated data processing program, using pre-numbered, holographic stationery, countersigned. The holographic stationery and signature plate for the countersignatures are securely stored.

- G. The prohibition of counter checks and checks made payable to cash.
- H. The disbursement of funds via procurement card (p-card) shall be made in accordance within the established rules and procedures of the College's p-card program.
- I. The electronic disbursement of funds via an approved bank-defined repetitive template for Electronic Automated Clearing House (ACH) or Wire transfer require proper disbursement request documentation including budgetary signature approval upon submission. The electronic transfer of funds via repetitive template requires two different approved parties using electronic signatures; one to request and one to release transfer. Bank transfer confirmation and documentation are attached to the journal entry recording the transaction in the College accounting system.
- J. The electronic disbursement of funds via an ad-hoc wire transfer are used in certain circumstances upon approval of the Vice President for Administrative Affairs/CFO. The electronic transfer of funds via ad-hoc wire require proper disbursement request documentation including but not limited to beneficiary name, address, account number, bank information receiving the funds on behalf of the beneficiary as well as budgetary approval, The electronic transfer of funds via ad-hoc wire requires three different approved parties (using electronic signatures); one to request and two separate to release transfer. Bank transfer confirmation and documentation are attached to the journal entry recording the transaction in the College accounting system.

**Special Arrangements:**

The intent of Board policy with respect to the handling of funds is that, whenever possible, payment of funds to the College shall be made in person, online or by mail to the College cashier. Where this direct interaction between the payer and the cashier is not possible or practical, in the judgment of the Vice President for Administrative Affairs/CFO, special arrangements may be made for an alternative mode for handling cash receipts and written procedures shall be established to ensure the integrity of the cash handling process.