State of North Carolina

UNIVERSITY OF NORTH CAROLINA AT WILMINGTON

Cash Management Plan

2013
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 moneys 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 University Controller is responsible for developing and administering the University’s plan to carry out cash management policies. The plan as approved by the Chief Fiscal Officer is maintained by the University Controller’s office for auditor review. Periodic audit and review of cash management activities is performed by the Internal Auditor's Office to ensure compliance with policies and procedures. Annually, adherence to the plan is reviewed by the State Auditor.

Plan Requirements

Cash Management of 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 whom 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.

The University cashier’s office is the central depository and the office of record for all University receipts. Due diligence is exercised for proper receipting of University monies to ensure accuracy, timeliness and adherence to university and state guidelines pursuant to G.S. 147-77. Internal control policies are followed to ensure proper practices are employed throughout the University including receipting privileges, official endorsement and safeguarding of monies.

All university departments with proper cash receipting privileges make daily deposits for all credit card transactions regardless of daily amount or if the funds collected exceed $250 per day for all other transaction types. In these cases, deposits are secured and made at least weekly and under no circumstances are monies retained at the department level more than one week. All cash, checks and credit cards deposits are received at the cashier’s office via U.S Postal service or hand carried by university departments. University departments intending to receive cash receipts as part of normal operations must request departmental receipting privileges from the University Controller in order to assure all safeguarding and internal controls are appropriate. These privileges must be renewed annually and be revised for changes in operations or staff. All university departments with receipting privileges additionally must complete the annual assessment of their internal controls as required by the State Auditor and State Controller.

Receipts from university students for billed tuition, fees and charges are made directly to cashier’s office in the form of cash or check. Students may pay their student account balance using their credit card or electronic check via the student web portal at any time. The settlement of daily activity is 11:00 pm and the deposit with the State Treasurer is made by 2:00 pm on the next business day.

Deposits of cash, checks, credit cards, EFT, and ACH transfers are received during regular university working hours at the University Cashiers office and are posted to the University receiving system as received. Funds are deposited with the University’s depository bank in the name of the State Treasurer daily by 2:00 pm.

Electronic wire receipts from outside sources, other state agencies (inter-agency) and within the University (intra-agency) are processed as non-cash monies, included in certifications of deposits and recorded in University ledgers upon receipt in accordance with the Office of State Controller (OSC) Cash Management Control System (CMCS) and University policy.

The University accepts only properly endorsed checks made payable to the University. The University does not accept any two party checks.

Items previously included in a deposit and credited to the State Treasurer are returned to the University depository bank after being presented through banking channels the second time.

A check processing fee of $25.00 is collected from remitter of a worthless check for each returned item as allowed per G.S. 25-3-506. The University Controller or reserves the right to waive the fee under special circumstances such as bank errors and improper endorsement returns.

The University investigates and corrects deposit errors or discrepancies between the amount of the prepared deposit and the amount of the items received by the bank upon notification by the depository bank or the State Treasurer.

Cash Management of Receipts and Billing:

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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
Periodic billing schedules for student accounts are designed to maximize collections within the enrollment periods while ensuring that no student having an outstanding past due account is allowed to enroll for the next term or receive a diploma or transcript.

The University accounts receivable are interfaced with the general ledger accounting system, aged in accordance with OSC and Attorney General's requirements, and properly accounted when estimating doubtful accounts and subsequently written off when deemed to be uncollectible.

The University effectively pursues all available collection methods such as setoff debt collection, collection agencies, judgments, liens and garnishments. The University may make use of data files from the Division of Motor Vehicles, Employment Security Commission and Department of Revenue to assist in the enforcement and collection of past due accounts; these reciprocal agreements are provided for by various state statutes. The University also uses skip-tracing services of a third party vendor, Accurint, for Perkins Loan and student account collection.

In accordance with G.S. 147-86.23, the University charges interest at the rate established pursuant to G.S. 105 241.21 on a past due account receivable from the date the account receivable was due until it is paid. The University adds to a past due account receivable a late payment penalty of no more than ten percent (10%) of the account receivable. The Department of Revenue provides the current interest rate being charged.

Billing Procedures

4. Unpaid billings, over $50, due to a State agency, department or institution shall be turned over to the Attorney General for collection no more than 90 days after the due date of the billing.

The University collection policies and procedures meet the requirements as set forth by OSC and the Attorney General's Office. The account balance and age of the past due accounts determine the collection requirements and type of action to be initiated. The University submits for collection all delinquent debts owed by individuals under the procedure established by the Setoff Debt Collection Act. In accordance with G.S. 105A, the University is registered with the Department of Revenue and reports all applicable past due debts as required by law.

Uncollectible accounts are written off the University accounting records prior to the close of the fiscal year when all collection procedures have been conducted without results. The Chief Fiscal Officer, upon recommendation from the University Controller, deems the accounts uncollectible. Accounts due from individuals are submitted to the Attorney General, Department of Revenue (for setoff debt proceedings) and two collection agencies prior to write off.

Defaulted Perkins loans are submitted to the Secretary of the U.S. Department of Education for assignment to the United States when all due diligence collection efforts have been unsuccessful. If the assignment is accepted, the Secretary acquires all rights, title and interest in the defaulted loan.
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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. Funds are drawn down to minimize the time elapsing between transfer of funds from the United States Treasury and the disbursing of funds. Funds are deposited with the State Treasurer when received usually within one business day. Such funds are separately maintained and identified in the funds of the University as Federal funds.

6. All federal fund draws should be timed to that the funds are on deposit with the State Treasurer no more than two business days prior to the disbursement. Federal funds draws that are used to fund payroll expenditures for federal assistance programs are timed so that the funds are on deposit with the State Treasurer no earlier than payday. Receipt of federal funds by wire transfer is utilized when possible.

Receipt of Federal and State Funds by Electronic payments

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

Cash Management of Electronic Commerce:

Utilization of MSA agreement

UNCW participates in the statewide Master Service Agreement with Wachovia Bank (now Wells Fargo Bank) contract since March 2002.

http://www.ncosc.net/SECP/SECP_MerchantCard_Program.html provides a summary that allows a quick understanding of the statewide Master Service Agreement for EFT/ACH Processing Services. This is not intended to be a replacement of the actual contract. If needed, detailed contract information may be obtained from the Office of the State Controller.

Electronic Payment Acceptance & Processing

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds. The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S 147-86.20; G.S. 147-86.22; and G.S. 143- 3.2(a).

Program Administration: The State of North Carolina business environment includes all departments, agencies, boards, commissions and authorities governed, legally controlled and financially accountable to
the state’s executive, legislative and judicial branches. Although state agencies offer diverse services, North Carolina intends to use a statewide enterprise approach to implementing electronic payment acceptance.

The acceptance of credit/debit cards for payment of goods, services, and fees shall have minimal negative impact on current account receivable and cash management processing or policy. The processing of a payment by credit/debit card shall be no slower than the processing of payment by check for the actual deposit of funds to a state account. All monies received shall be deposited with the State Treasurer pursuant to G. S. 147-77 and GS147-77 69.1 (see additional information).

Additional Information: G. S. 147.77 requires daily deposit of funds to credit of Treasurer. All funds belonging to the State of North Carolina in the possession of any heads of any department of the State which collects revenue for the State… and every employee… shall daily deposit funds… in the name of

All credit card transaction must be settled daily (except for weekends and banking holidays). This daily settlement requirement includes University breaks and extended holidays that go beyond Federal Banking Holidays. Weekend transactions must be settled Monday morning.

The University accepts Visa, MasterCard and American Express credit cards, certifies deposits when received at State Treasurer and utilizes a separate ZBA bank account to facilitate timely processing and certification. The University accepts payments via credit and debits cards utilization of internet applications for student payments of tuition, fees, and charges and departmental operational revenue activities. The University utilizes the electronic funds transfer services with Wells Fargo Bank and for merchant card services acquired through the State Controller’s Master Service Agreement (MSA). Departments cannot negotiate their own contracts with credit card processing companies. All merchant accounts for accepting credit cards must be approved by the Credit Card Acceptance Committee and participate in the State’s MSA.

The costs of the services secured through the MSA for outbound electronic transfers are paid with university’s institutional trust funds for all non payroll transactions. The University reserves the right to charge transaction fees for electronic inbound credit card transaction, however at this time, transaction fees are assessed only on student online credit card payments. Transaction fees for student online payments are retained by the third party vendor (TouchNet) and are not received by the university. Merchant card transaction fees for inbound receipts are funded by institutional trust funds. Currently these fees are not recouped or charged to the credit card user.

The University adheres to appropriate security and privacy requirements and complies with all general statutes for timely completion of security assessments as required by OSC and with Payment Card Industry (PCI-DSS). PCI-DSS are national standards from the Card Association and apply to all organizations anywhere in the country that process, transmit or store credit cardholder information. The University and all departments that process payment card data have a contractual obligation to adhere to the PCI-DSS and for annually certifying their continued compliance by submitting the PCI-DSS Self-Assessment Questionnaire (SAQ) appropriate to their credit card activities. All computer security measures which include physical security, logical application controls, transmission security and firewall utilization have been met. Individual credit card information is confidential. Failure to maintain strict controls over this data could result in unauthorized use of credit card data. Credit card information is confidential information and must be treated as such.

For merchant card transactions and electronic funds transfers, owner’s data is stored and protected in accordance with industry standards including not disclosing account information except on a need to know basis and available only to administrative staff as part of their job responsibilities. All records containing account number information is made unreadable prior to destroying or archiving. For point of sale transactions, the University adheres to both applicable State law (G.S 14-113.24) and the Payment Card Industry Security Standards pertaining to printing of account numbers and expiration dates of cards on the cardholder’s copy of the receipt and is met by printing the last four digits of the account number. Merchant card approval is received electronically real time and telephone authorizations are not
employed for University point of sale.

Inbound transactions utilizing merchant card as a method of payment through the web generates a confirmation of the transactions has taken place by showing the account balance (student accounts) or providing an electronic confirmation to the user.

Merchant credit card disputes are resolved by the University with the credit card user and with the assistance of the merchant card service provider. A financial transaction from a dispute is supported by fully detailed information in all reporting activity prior to making any corrections.

The University accepts Electronic Fund Transfers for authorized prepayments of inbound funds as established Office of State Controller and receipted by university authorized users of CMCS perform timely certifications. The University is enrolled in the electronic fund transfer for draw downs for federal agencies that allow funds to be received electronically.

In addition to adhering to these guidelines, agency plans shall employ proven techniques, which 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 State Treasurer provides disbursing accounts approved by the OSC. Only individuals approved by the Vice Chancellor Business Affairs can submit requisitions into the CMCS for deposit of funds into disbursing accounts. The disbursing accounts are reconciled monthly with the "Statement of Account" from the State Treasurer and are reviewed by the Controller. Reconciliations are performed within 15 days of receipt of the statement. Any discrepancies are reported to the Banking Operations Section at the State Treasurer.

2. As provided in Section 147-86.10, 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. Billings to the University for goods received or services rendered are pre-audited to determine: legality of disbursement, validity and accuracy of payment, payment due date, and the adequacy of the documentation supporting payment and receipt of goods and services. All disbursements from university funds maintained with the State Treasurer are made through the issuance of a "State Warrant". All warrants meet the required specifications of the American Banker Association, the Federal Reserve Bank, and the State Treasurer. Warrants are computer generated and numbers are consecutively printed in the top right hand corner. Procedures are followed to account for all warrants and to safeguard all check stock.

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. A regular disbursement cycle is processed weekly to maintain prompt payment of bills due. A separate requisition for each budget code is submitted for each check cycle. Once adequate funding is determined in the disbursing account and the positive pay file is received and updated by the State Treasurer, the University Controller releases the warrants. The disbursing bank account balance at all times is zero or more, and at no time has an overdraft.

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. The University utilizes Electronic Funds Transfer (EFT) for certain payments between State and local units, vendors and employee. Transfers include payments for payroll direct deposits, payroll taxes, employee benefit programs, and intra-agency services. Authorized users of CMCS, upon approval by the Controller, request EFT for payment of the obligation on the due date. As a condition of employment, permanent employees are required to receive their pay as a direct deposit. Student and temporary employees are strongly encouraged to have their pay direct deposited. Student's financial aid refunds are disbursed using a bank account with Wells Fargo

7. 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.)

The University participates in the State administered procurement card for low value and high volume operational purchases, travel expenditures for employees for authorized travel supported by original documents, reconciliation procedures and internal control compliance and on going audit of purchases. Card holder's original receipts are reviewed and approved by departmental budget authority and audited by Purchasing and Controller for compliance and adherence to state and University policy for University funds.

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 OSC approval.

Techniques helpful in controlling disbursements include:

   o 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.

______________________________________
(CEO, Chancellor, President) (Date)

______________________________________
(Fiscal Officer) (Date)

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(State Controller) (Date)