

**GUIDELINES TO DEPARTMENTS FOR CASH RECEIPTING AND THE
INVOICING AND COLLECTING OF RECEIVABLES**

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INTRODUCTION

These guidelines have been developed to assist campus departments in developing written internal procedures for cash receipting and the invoicing/billing, collecting, and writing off of receivables. The East Carolina University (ECU or University) Cashier's Office within Financial Services and the Division of Health Sciences Depository Services (HSDS) have well-defined internal controls in place which conform to accounting and statutory guidelines, and therefore are the designated collection sites for University funds. The University Cashier's Office is the only invoicing point for student accounts. Student Financial Services manages the collections of all student accounts. In recognition of the fact that the establishment of other collection and invoicing/billing points is sometimes in the best interest of the University and its customers, these guidelines have been established to provide a framework for guidance and coordination and for establishing minimum control standards relative to receipting, invoicing/billing, and collecting funds.

Departments are responsible for developing detailed, written operating procedures that are in compliance with the requirements of the University's Cash Management Plan, the North Carolina Statewide Accounts Receivable Program, state and federal laws and regulations, the Office of the State Controller (OSC), the Office of the Attorney General (OAG), the Office of State Budget and Management (OSBM), UNC Business Process Standards, University PRRS and good internal controls. Operating procedures will vary between departments depending on the size of the department and the amount and complexity of activity. Procedures should be updated whenever there is a significant change in the process. At a minimum, procedures should be reviewed by the department head on an annual basis. This review should be documented with the department manager's signature and date. To assist departments in developing operating procedures, a Cash Receipting Procedures Template is provided in the Appendix of this document.

CASH RECEIPTING

Definitions

Cash Receipts - The term “cash receipts” as used in these guidelines includes any collections of currency, coin, checks, money orders, debit or credit card receipts, wire transfers and/or ACH payments.

University Collection Point - A University collection point is defined as a department, event, activity or other entity which has been authorized by the University Cashier’s Office or Health Sciences Depository Services (HSDS) to collect funds on behalf of the University.

General

NOTE: The University Cashier’s Office or HSDS must approve a specific area to collect any funds by any method (cash, check, credit card, debit card, electronically or any other method) prior to any funds being collected.

Departments should carefully consider internal controls when developing cash receipting process and procedures. The cash receipting process may include a receipt book, or cash register. Procedures will vary in complexity between departments depending on the type, quantity of activity and size of collections and the number of personnel involved. All nonstudent and nonpatient receipts must be entered into the Miscellaneous Receipts Module in Banner.

Department heads and managers of units that collect University funds are responsible for ensuring that adequate control procedures have been put in place and maintained to secure University collections and change funds. Only those departments or units that have *applied for and have received approval* from the University Cashier’s Office or HSDS will be authorized to function as a University Collection Point. Authorization is managed through the security approval queue in the Miscellaneous Receipts Module. Acceptance of electronic payments (credit/debit cards and electronic fund transfer) is heavily regulated by the Payment Card Industry. Only those departments that have *applied for and have received approval* from the University E-Commerce Manager may accept electronic payments.

Internal Controls

Internal control procedures must be in place at all locations handling cash to ensure the following objectives are met:

- All cash receipts are collected;
- Cash receipts are accurately and properly recorded;
- Cash receipts are properly safeguarded during the time between collection and deposit;
- Cash receipts are deposited on a timely basis in accordance with the ECU Cash Management Plan;
- Checks are restrictively endorsed immediately upon receipt;
- Credit card transactions are balanced and closed out daily;

- Cash receipts are reconciled to accounts daily; and
- Transactions and reconciliations are documented and documentation is kept in accordance with the records retention schedule.

The ECU Internal Control Manual located on the [website of the Office of Internal Audit and Management Advisory Services](#) provides additional guidance.

Segregation of Duties

The duties of receipting, recording, and reconciling should be performed by different individuals. In addition, personnel involved in the cash collection process should not be involved in the accounts receivable process. Departments are responsible for establishing compensating controls where a limitation of staff exists.

An employee with no cash handling duties should verify the amount of cash, checks and credit card payments matches the amount on the receipts and mail log, if used, or cash register system.

A person independent of cash handling should prepare the deposit. Ideally, this will be the person who compares the payments received with the receipts and mail log, if used. This person can enter the receipts/deposit into the Banner System if not done by an automated process.

Suggestions for segregating duties when there are limited staff can be found in the appendix of the ECU Internal Control Manual located on the [website of the Office of Internal Audit and Management Advisory Services](#).

Safeguarding of Funds

Payments should be mailed to a central lockbox whenever possible.

Cash, checks and credit card forms (when point of sale terminals are not used or readily available) should be maintained in a locked and secure area, with restricted access. Cash registers or cash drawers should be locked when a cashier is away from his or her workstation. Safe combinations should be changed at least annually, whenever staffing changes occur and whenever security may have been compromised.

Deposits submitted to the University Cashier's Office or HSDS should be transported in a locked bank bag. A University contracted security agency or ECU Mail Services Courier may be used. Deposits should not be transported by regular campus mail. Employees should not take deposits to a bank except in rare situations expressly approved by the University Cashier's Office or HSDS.

Checks should ideally be restrictively endorsed at the earliest point in the collection process. A restrictive endorsement stamp may be used if approved by the University Cashier's Office or HSDS.

Procedures at Cash Collection Point

A. Receipt Book

Receipt books are typically used in departments with little collection activity. Receipts should be sequentially numbered and should consist of at least two parts. One part will remain in the receipt book, as all receipts must be accounted for, and one part will be given to the payer.

Information entered on the receipt should include: date received, amount, method of payment (ex. check number or cash), payer, and the signature of the person issuing the receipt. Health Sciences departments must use the standardized receipt books issued by HSDS.

All copies of a voided receipt should be marked “VOID” and remain in the receipt book. Ideally voided receipts should be reviewed and approved by initial or signature by someone with no cash handling responsibilities, usually by supervisory personnel.

Departments should keep an inventory of its receipt books. Unused receipt books should be adequately secured in a locked location.

B. Cash Register

Ideally, all cash registers and cash register systems should be integrated with the Banner System. All should be approved by the University Cashier’s Office or HSDS. Change funds should be kept at a minimum amount and separate cash drawers should be used for each cashier. (See the ECU [Imprest Cash and Change Funds Website](#).) A system-generated, sequentially numbered receipt should be given to the payer.

C. Mail Receipts

Mail should be opened by two persons, if possible. Checks received should be noted on a mail log. Items noted should include: date received, payer, check number and amount. If cash is received in the mail, this should be notated on the log. Some departments may choose to make copies of checks or scan checks instead of using a mail log. Sensitive information (bank routing numbers, driver’s license number, SSN, etc.) must be redacted.

D. Change Funds, Cash Drawers and Other Items

Departments should follow the procedures provided on the Imprest Cash and Change Funds Website. ([Imprest Cash and Change Funds Website](#))

Restrictions:

- Restrict each cash drawer to only one employee.
- Do **not** comingle any University and personal funds.
- Do **not** make any disbursements from undeposited receipts.
- Do **not** make personal loans or cash personal checks from cash collections or change funds: these activities are **strictly prohibited**.

Daily Close-out and Preparation of Deposit Procedures

Procedures should include a designated time to cut-off cash collections for the day such that amounts can be transferred daily to either the University Cashier Office or Health Sciences Depository Services for deposit. All cash receipts should be totaled by type (i.e. cash, check, master card, visa, E-commerce, etc.) and grand total and documented on a form developed by the department. Any overages or shortages should be noted along with an explanation, if known. The form should be signed by the cashier or person collecting cash receipts **and** by the person who verifies the cash collections. If there is an overage or shortage, the form should also be signed by supervisory personnel.

The person verifying the cash collections should review the mail log to ensure that all checks are included in the count. This person or someone not involved in cash collections should enter the receipts on-line in the Miscellaneous Receipts Module in Banner and prepare a transmittal slip. Health Sciences departments should notify HSDS of their deposit information and HSDS will enter the receipts on-line once the deposit is verified. The transmittal slip, if used, any standardized deposit form approved by the University Cashier's Office or HSDS, and the accompanying funds should be delivered to the University Cashier's Office, HSDS or directly to a bank on a daily basis. All funds must be deposited daily. Exceptions must be submitted and approved by Office of Compliance Management and Office of State Controller. Health Sciences requires daily deposits of all funds collected regardless of amount.

Reconciliation Procedures

Departments should develop reconciliation procedures to ensure that the amounts collected agree with the amounts deposited and posted to Banner. The person performing the reconciliation should not prepare the deposit or perform collections.

Departmental Management Procedures

Supervisory personnel should perform the following procedures on a periodic basis:

- Review receipts for proper completion;
- Review refunds, adjustments and voids for propriety and excessiveness, which could indicate insufficient training, skill or irregularities.
- Perform and document surprise cash counts to ensure funds are intact.
- Review reconciliations.
- Ensure that employees who handle cash receipts or deposits take leave.

Records Retention

Documentation supporting receipts and reconciliations should be maintained in accordance with the University's Records Retention Schedule. Examples of documentation include: receipts, receipt books (used and unused), receipt book inventories, support for refunds, voids and adjustments, mail logs, daily cash forms, deposit slips, transmittal slips, reconciliations, etc.

ACCOUNTS RECEIVABLE – Invoicing/Billing and Collections

Definitions

Accounts Receivable - Accounts receivable is money owed to the University by others but not received by the University. Accounts receivable may be patient, student or non-student in nature and may be owed by an individual, company, corporation, state, federal or private agency, organization or foundation. In addition, amounts owed from one ECU department to another are considered receivables.

Accounts in Current Collection Status - These are account balances from new charges that are within the time period that is allowed for payments due on sales of goods or services to customers, and for repayment of loans or expense overpayments. Typically, this is the latter of: (1) the due date of the initial invoice, (2) the date that the goods/services are provided or the date an overpayment is detected, or (3) an extended time period stated in a loan or contractual agreement, whichever is the latest. Receivables associated with a loan or other contractual agreement (i.e. Perkins Loans, Technology Transfer, Contract or Grant, service contracts, scheduled payment agreements, etc.), could be different and in those cases, the current time period could be defined in the legal agreement.

Accounts in Past Due Collection Status - An accounts receivable is past due if the University has not received payment of the receivable by the payment due date. These accounts are not in a current collection status as defined above and are considered delinquent.

Debtor - A debtor may be an individual, fiduciary, firm, partnership association, corporation unit of government or another group acting as a unit who owes an account receivable.

Write-Off - This is the removal of an accounts receivable from the University's accounts receivable records and generally occurs when all collection efforts are exhausted, and the account is considered uncollectible. Some areas, such as patient and student, review, evaluate, and write off uncollectible accounts. The uncollectable balance is still owed to the University, however we no longer actively pursue collections outside of tax offset. In general, other write-off entries are made to the Banner System by Financial Services based on information supplied by departments. Regardless, all write-offs are subject to Financial Services approval.

Statutory and Regulatory Authority

[NCGS 147-86.21](#) requires the University to establish internal policies and procedures for managing and collecting accounts receivables consistent with statewide policies and procedures adopted by the Office of State Controller (OSC). OSC's website provides information on the [Statewide Accounts Receivable Program](#) and OSC policies for [Accounts Receivable](#).

ECU Collections

ECU Collections is a part of Student Financial Services. This office is responsible for collection procedures for nonpatient accounts receivables that are **past due** and have been turned over to it by University departments.

General

The invoicing/billing and collection processes for all patient accounts are centralized within the Health Sciences Clinical Finance Division. Other departments have developed various invoicing/billing and collection processes which may need strengthening to meet statutory and regulatory requirements. Departments should carefully consider internal controls when developing and reviewing its receivables invoicing/billing and collection processes for nonstudent and nonpatient accounts. Nonstudent, nonpatient receivables include but are not limited to salary overpayments, contract work for which the University has not received payment (including grants from other than state or federal agencies), fees, penalties and interest owed to the University, deposited checks returned unpaid for insufficient funds, and nonpayment for goods or services purchased from the University.

Internal Controls

Internal control procedures must be in place at all invoicing locations to ensure the following objectives are met:

- All receivables are billed timely;
- Past due account collection guidelines and requirements are followed;
- Interest and late payment penalty fees are billed;
- An appropriate Allowance for Doubtful Accounts is established;
- Uncollectible accounts are written off appropriately and timely.

Segregation of Duties

The duties of billing, collecting, recording, and reconciling should be performed by different individuals. Personnel involved in the cash collection process should not be involved in the accounts receivable process. Persons responsible for authorizing charges or adjustments should not also record those transactions. Persons responsible for recording charges or making adjustments to the account should not be responsible for receiving and recording collections. Departments are responsible for establishing compensating controls where a limitation of staff exists.

System Requirements for Tracking Accounts Receivable (AR)

A. Required Tasks of AR System

OSC provides requirements ([Agency-Defined Receivables Systems Policy](#)) on specifications a receivables system should include to adequately account for, record, and manage receivables,

whether the system is automated or manual. According to the OSC policy, university receivables systems should perform the following tasks:

1. bill accounts timely – usually monthly, regardless of the receivable funding source (state, federal, grant or other) unless contractual arrangements or industry standards specify differently;
2. maintain an accurate record of receivable transactions;
3. effectively interface with other university accounting systems as needed such as Banner General Ledger;
4. provide an aged trial balance of receivables (1-30 days, 31-60 days, 61-90 days, 91-120 days and > 120 days. **See AGING ACCOUNTS section for how these periods are defined**)
5. provide a record of collection activity on each past due account;
6. provide management reports of the collection status of past due accounts;
7. recognize and account for receivables written off;
8. provide realistic estimates for determining allowances for uncollectible accounts and adequate documentation of the methodology used to estimate the allowance;
9. recognize and report accounts receivable in accordance with General Accepted Accounting Principles;
10. comply with federal and other contractual regulations regarding the accounting, reporting, and managing of receivables;
11. maintain a record of year-end receivable balances; and
12. provide for the recording of interest and late penalties as prescribed by law.

B. Minimum Identifying Information Regarding Debtors Must be Maintained in AR System

In addition to performing the above tasks, the system must also contain minimum identifying information on University clients and debtors under [NCGS 147-86.24](#) as prescribed by OSC ([Minimum Identifying Information Policy](#)). This information is required in an effort to coordinate systems and procedures between State agencies to help maximize the collection of past due accounts receivable and help skip trace debtors. Minimum prescribed information – *where practical* – can include:

1. Full name and any previous names if applicable;
2. Home and office addresses for the past two years;
3. Telephone numbers and place of employment;
4. Federal Employer Identification Number;
5. For individuals or sole proprietorships contracting with the state in a business relationship, a Social Security Number is required.
6. For other individuals, Social Security Numbers and/or Driver's License numbers may be requested but are not required except as specifically provided in law (*see note below);
7. Date of birth;
8. Place and type of employment and employers address, and previous employer if less than two (2) years in present job; and
9. Credit Bureau reports – depending upon the receivable amount and the guidelines established by the Department

Contact ECU Collections within Student Financial Services for assistance in determining the types of information to obtain.

***Note:** Per ECU's [Standard Regarding SSN and PII](#), you must receive authorization from the Identity Theft Protection Committee (ITPC) to collect, use, store, disclose or transmit SSNs and personal identifying information which includes driver's license numbers. If you plan to collect, use, store, disclose or transmit SSNs, you must email the Identity Theft Protection Committee @ ITPC@ecu.edu for approval.

The minimum identifying information above may be maintained in a database outside the receivable system. If the information is contained in an electronic database, then [NCGS 147-86.24](#) requires that the University provide the State Controller on-line electronic access upon request, unless State or federal law prohibits the disclosure of such information.

Departments seeking information about individuals and businesses owing past-due accounts should **not** contact agencies outside of the University without the approval of the ECU Collections Office.

Billing Accounts Receivable

OSC requires the University to maintain a receivable system that bills accounts on a timely basis, whether the receivables are due from an individual, company, corporation, state, federal or private agency, organization or foundation, or a University department. This means that the account should be billed when the goods are provided or services are rendered. Payment terms should be thirty days (net 30) and billings should be on a monthly basis for employees and other third parties unless contractual arrangements or industry standards specify other billing terms.

Aging Accounts Receivable

OSC requires that the receivables system of the University should provide an aged trial balance of receivables and that the following categories be used for Statewide reporting: 1-30 days, 31-60 days, 61-90 days, 91-120 days and > 120 days unless specified and approved otherwise.

When aging accounts, please use the following definitions to assist in developing categories:

1. **Current** – Means an account that has been invoiced but is not due. Payment terms should be thirty days after billing unless contractual arrangements or industry standards specify otherwise. Therefore, if an account was invoiced on April 1, the balance would be due April 30. The period from April 1 through April 30 is considered current.
2. **1-30 days past due** – Using the example above, this would be the period May 1 through May 30, respectively.
3. **31-60 days past due** – Using the example above, this would be the period May 31 (which is 31 days past the due date) to June 29 (60 days past the due date).

4. **61-90 days past due** – Using the example above, this would be the period June 30 (which is 61 days past the due date) to July 29 (90 days past the due date).
5. **91-120 days past due** – Using the example above, this would be the period July 30 (which is 91 days past the due date) to August 28 (120 days past the due date).
6. **Greater than 120 days past due** – August 29 and beyond.

The aged listing of receivables should be reviewed monthly by departmental management.

Reconciliation Procedures

On at least a monthly basis, the amounts billed/invoiced should be reconciled to the amounts collected and the amounts outstanding. Total accounts receivable outstanding should be reconciled to the amounts per the aging reports.

Departmental Procedures When an Account Approaches and/or Reaches Its Due Date

Departments should **immediately** contact ECU Collections when an account has not been paid by the due date. At this point, departments should turn over all information relevant to the account. This includes copies of billings, statements, correspondence, and any other documentation supporting the balance not paid. This also includes contact information of the debtor such as name, current mailing address, current billing address, and any other information that will assist in the collection of the debt. If a department is aware that the debtor is an ECU department or is a person employed at ECU or another State agency, the department should notify ECU Collections. A reasonable effort should be made by the department to obtain an accurate address. If a department receives a payment on an account after the account has been turned over to ECU Collections, the department should notify ECU Collections immediately. The department should receipt the payment as a Miscellaneous receipt, include the payment in its receipt summary for the day and forward it to the Cashier's office.

Providing Services or Doing Business with Delinquent Debtors

Except when prohibited by law or legal contracts, persons or entities with accounts that are past due or have been written off due to non-payment should be denied additional goods or services until payments to the University have been received or resolved.

Assessing Interest and Penalties on Past Due Accounts

OSC, the Attorney General's Collections Section Policy and [NCGS 147-86.23](#) require the University to charge interest and penalties on all State past due accounts receivable. (An exception has been granted to the ECU Division of Health Sciences for health care services.) Simple interest should be used for the interest rate set every six months by the NC Department of Revenue and posted on its [website](#). Interest shall be charged from the date the account becomes past due until it is paid in full. The penalty rate is ten percent (10%) of the original past due

amount. Interest and penalties will be applied by the UCO on accounts turned over to it by departments. The University may waive the late payment penalty for good cause shown. If another statute requires the payment of interest or a penalty on a past due account receivable, this section does not apply to that past due account receivable.

Allowance for Doubtful Accounts and Write-Offs

University departments should determine and prepare the entries to the University's general ledger for the allowance for doubtful accounts and the write-offs of accounts.

Records Retention

Documentation supporting receivable charges, payments and reconciliations should be maintained in accordance with the University's Records Retention Schedule. Examples of documentation include: contracts, agreements and other documentation supporting receivable charges, invoices, correspondence, and documented phone calls. See also examples of documentation listed in the records retention part of the Cash Receipting section of this document.

RESOURCES AVAILABLE TO DEPARTMENTS

Written Information and Websites

[ECU Cash Management Plan](#)

[ECU Cash Management and Accounts Receivable PRR](#)

[ECU Imprest Cash and Change Funds Website](#)

ECU Internal Controls Manual located on the website of the Office of Internal Audit and Management Advisory Services at: <https://audit.ecu.edu/wp-content/uploads/sites/161/2020/10/Internal-Controls-Manual-updated-10.19.2020.pdf>

ECU's [Standard Regarding SSN and PII](#)

Financial Services Accounting Website - [Monthly Departmental Review Guidelines](#)

Other ECU PRRs at <http://www.ecu.edu/prr/>

Payment Card Industry (PCI) Compliance Guidelines located at:
<https://financialservices.ecu.edu/pci/>

North Carolina Accounts Receivable Program at:
<https://www.ncosc.gov/state-agency-resources/statewide-accounts-receivable-program>

NC General Statutes – Chapter 147, Article 6B – Statewide Accounts Receivable Program -
http://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_147/Article_6B.html

NC General Statutes – Chapter 105A, Article 1 - State Debt Offset Collection Act (SODCA) -
http://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_105A/Article_1.html

NC General Statutes - Chapter 143, Article 60 – Debt Owed to the State by State Employees, Officials and Legislators -
http://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_143/Article_60.html

State Budget Manual – Section 3.15.3 – Student Accounts Receivable, Section 4.6.1-4 – Debt Owed to State by State Employees and certain Local Educational Entity Employees, Officials or Legislators, and Section 4.6.5 – SODCA Requirements - <https://www.osbm.nc.gov/state-budget-manual>

UNC Policy Manual – Chapter 600.4 – Debt Collection (SODCA and Debt Owed to the State by State Employees, Officials and Legislators Guidelines) -
<https://www.northcarolina.edu/apps/policy/doc.php?type=pdf&id=767>

ECU Contacts

ECU Physicians Contracts: 252-744-2173

Main Campus Grants and Contracts: 252-328-9520

Health Sciences Contracts (excluding ECUP): 252-744-3097

Health Sciences Depository Services: 252-744-3802

Patient Receivables: 252-744-2320

Student Receivables: 252-328-2974

ECU Collections Office (nonstudent and nonpatient): 252-737-4915

University Cashier's Office: 252-737-6886 or cashier@ecu.edu

University eCommerce: 252-737-4729 or ecommerce@ecu.edu

APPENDIX

[Cash Receipting Procedures Template](#) (Word Document)