



Business Rules Governing Cash Deposits

Presented by

School of Education Business Office at the
Administrative Forum, September, 2006



Topics to Cover

- **Policies governing cash deposits**
- **Types of deposits**
- **Handling procedures for each type of deposit**

Proper Handling of Deposits

- UW-Madison Internal Audit has a self-assessment questionnaire that is a good tool to evaluate your cash handling practices. It can be found at <http://www.bussvc.wisc.edu/intaudit/receipts.html>



Proper Handling of Deposits

Five Characteristics of Proper Handling

1. **Separation of duties** is an important aspect of proper handling. Opening the mail, processing deposits, and reconciling accounts should each be done by different individuals.
2. Upon opening the checks they should be **restrictively endorsed FOR DEPOSIT ONLY.**



Proper Handling of Deposits

3. Checks should be **stored in a secure, locked location** until transmitted
4. Checks should not be sent through Interdepartmental Mail. They should **sent via secure carrier**, either hand-delivered by a UW employee or mailed via U.S. Post.
5. Funds collected should be **deposited within one week** of receipt.



What Type of Deposit is it?

- Four Basic Types of Deposits:
 - Generated Revenue
 - Gifts
 - Sponsored Activities
 - Refunds/Reimbursements
- Determining the correct type of deposit is the first step in proper handling.



Our first type of Deposit: Generated Revenue

Deposits: Generated Revenue

- **Generate Revenue** is defined as consideration received for goods or services provided to outside organizations.
- Revenue is typical for revenue-producing activities (fund 136), non-credit outreach (fund 104) and occasionally for fund 101.

Deposits – Generate Revenue

- Revenue deposited into 101 should be approved by Pennie in advance. 101 Revenue Activities should :
 - Be related to department's operating budget
 - Take place within one fiscal year
 - Incur only non-salary expenses
 - Deposit less than \$25,000
 - Record only sales credits, not receipts

Generated Revenue Deposits

- Receipt Deposits are processed with a UW Receipts Deposit Form.
- External Sales Credits are processed with a UW Sales Credit Deposit Form.
- Both forms and instructions can be found at <http://www.bussvc.wisc.edu/acct/forms.html>
- Routing: School of Education allows units to send deposits directly to Bursar's office.

Generated Revenue Deposits

- Coding and Forms for Income Deposits are determined by the nature of the fund and income.
- Deposits in Fund 136 should be coded:
9300 - SERVICES or 9400 - SALE OF MATERIALS.
- Deposits in Fund 101 should be coded as:
3980 - EXTERNAL SALES CREDITS.
- Class/Account Code table's URL is:
www.bussvc.wisc.edu/acct/codes/description.html

Revenue Deposits – Receipts

THE UNIVERSITY OF WISCONSIN-MADISON Receipts Deposit Form

Voucher No.
(Accounting services use only)
Date:

FUND	ACCT NUMBER	Y R	UNIT/ DIVISION DEPT	RECPT CLASS CODE	TOTAL DEPOSIT AMOUNT	GROSS TAXABLE AMOUNT	CNTY TAX CODE	DESCRIPTION (LIMIT 21 CHARACTERS)

TOTAL DEPOSIT \$0.00

PRINT ONE COPY

PRINT THREE COPIES

Checks	
Currency	
Coin	
TOTAL	\$0.00

FOR:

Validation

Prepare in triplicate; one copy will be returned as your receipt

Endorse all checks: "FOR DEPOSIT ONLY" followed by department name.

Deliver to: UW Madison Bursar's Office
Room 122, AW Peterson Bldg.
750 University Ave

Dept:	
Name:	
Phone :	

ACRECDEP12-97



Revenue Deposits – Sales Tax

- Sales tax usually applies to tangible goods, not services
- Exemptions from sales tax may be appropriate for non-profits, governmental agencies, and when goods are shipped out of state
- Sales that invoke state sales tax are also subject to county sales tax

Revenue Deposits – Sales Credits

THE UNIVERSITY OF WISCONSIN-MADISON Sales Credit Deposit Form

Voucher No. _____
(Accounting services use only)

Date: _____

FUND	ACCT NUMBER	Y R	UNIT/ DIVISION DEPT	A C T	CLASS CODE	TOTAL DEPOSIT AMOUNT	GROSS TAXABLE AMOUNT	CNTY TAX CODE	DESCRIPTION (LIMIT 21 CHARACTERS)

TOTAL DEPOSIT **\$0.00**

PRINT ONE COPY

PRINT THREE COPIES

Checks	
Currency	
Coin	
TOTAL	\$0.00

FOR:
COMMENT SECTION

Validation

ACRECEP

Prepare in triplicate; one copy will be returned as your receipt

Endorse all checks: "FOR DEPOSIT ONLY" followed by department name.

Deliver to: UW Madison Bursar's Office
Room 122, AW Peterson Bldg.
750 University Ave

Dept:	
Name:	
Phone :	

Revenue Deposits – Sales Tax

- In all cases receipts subject to sales tax must be indicated.
- Tangible property is usually taxed unless sold to schools, non-profits, or governmental agencies.
- Information relating to Sales Tax can be found at <http://www.bussvc.wisc.edu/acct/policy/rpa/rpa2inst.doc> along with general rules regarding revenue producing activities.



Our second type of Deposit: Gifts



Gift Deposits

- A **Gift** is a voluntary transfer of assets from a donor to a recipient.
- Donors of gifts do not receive goods or services in exchange for their contribution.

Gift Deposits

Gifts must meet the following five criteria:

1. Must support broadly based activities such as buildings, scholarships or general areas of research
2. No technical reporting is required as a condition of the gift
3. The donor makes no claim to any intellectual property arising from the gift
4. There are no restrictive provisions such as advanced notice of publication or dissemination of data
5. The gift must be irrevocable

Gift Deposits

- There should be a separation between the person who is making the donation and the person who will be spending it.
- For instance, when a faculty member makes a donation, it should be deposited into an account that is managed by the chair or director.

Gift Deposits

- Gifts should be acknowledged to the donor.
- UW Foundation sends an acknowledgement letter for donations deposited there.
- Departments should send an acknowledgement letter to donor when the donor check is deposited directly into a 133 account.
- A form letter that can be customized is posted: www.rsp.wisc.edu/forms/giftltr.txt however, language in second paragraph must be retained.

Gift Deposits

- Gift funds may be deposited into one of three locations which will determine the UW fund where expenditures are made:

University of Wisconsin Foundation

UW System Trust Funds

UW-Madison



Gifts – UW Foundation

- The **UW Foundation** is an independent not-for-profit entity established to support the University.
- UW Foundation is the designated fundraiser for the UW-Madison.
- Expenditures from UWF funds are made in Fund 133, but may also be made directly by UWF in specific circumstances.

Gift Deposits – UW Foundation

- UW Foundation is the official fund-raising and gift-receiving organization for the University of Wisconsin-Madison.
- In general, gifts for the University should be made through the UW Foundation. Donors can send checks directly to the UW Foundation. They can also donate using a credit card.
- UW Foundation's web site is:
<http://www.uwfoundation.wisc.edu>

Gift Deposits – UW Foundation

- Checks for deposit at the UW Foundation should be made payable to the UW Foundation.
- A UW Foundation Gift Deposit Form should accompany the deposit. Form is posted at: <http://www.uwfoundation.wisc.edu/giftdeposit>
- Deposits and forms should be routed through the Business Office. Related correspondence from the donor should be attached.

Gift Deposits – UW Foundation

Please review instructions for completing this form in the [FAQ database](#).

Gift Deposit Form

Department:

Contact:

Phone #:

Enter a Fund Number below and click the button to display the Fund Number/Name

--- Or ---

Select a fund from the drop down list.

If this is a new fund or existing fund for another entity, please enter fund information here.

UWF ID# (optional)	Amount	Donor name and complete address	Special Instructions
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

More Gifts? Yes No

Gift Deposits – UW Foundation

- Policies regarding the handling and use of UW Foundation gifts can be found in a memo from Chancellor Wiley. The memo is posted on RSP's web site:
<http://www.rsp.wisc.edu/html/uwfoundation.html>
- Information regarding record retention:
<http://archives.library.wisc.edu/rm/arms/arms10.html>

Gifts – UW System Trust Funds

- The **UW System Trust Funds** receives gifts in trust, often from estates, made to the University of Wisconsin or Board of Regents. It is a part of the UW System and expenditures are made through a fund 161 project/grant. Trust Funds does not engage in fundraising activities.



Gifts – UW-Madison

- Non-estate gifts to the **UW-Madison** or Board of Regents can be deposited into specific “gift accounts” in Fund 133 project/grants.

Gift Deposits – UW-Madison and Trust Funds

- Gifts should be acknowledged by the receiving department.
- Correspondence from the donor must accompany the check to verify that the five criteria of a gift are present (see slide 17)
- Gifts are transmitted using a T-Form which can be found at <http://www.rsp.wisc.edu/html/tform.html>
- T Forms are routed through departments to the Business Office. After approval, T-Forms are sent to RSP for processing.



Our Third Type of Deposit: Sponsored Activities

Deposits: Sponsored Activities

- **Sponsored Activities** include federal & non-federal research grants and contracts to conduct research and public services activities.
- Receipts for sponsored activities are processed through campus Research and Sponsored Programs (RSP).
- Federally funded activities use fund 144 project/grants. Non-federal activities use fund 133 project/grants.

Sponsored Activity Deposits

- If the full budget amount for the 133 or 144 project/grant shows on WISDM, the check can be sent directly to Research and Sponsored Programs with a note indicating the related project/grant number.
- If there is zero budget showing on WISDM or the budget must be increased to match the receipt, route check with a Transmittal Form (T-form) to the SoE Business Office.

Sponsored Activity Deposits – T-Form

UW Form 2006-5

University of Wisconsin-Madison Extramural Support Transmittal Form

Project Information

1. Agency/Sponsor Deadline: _____ Postmarked Received

2. Submission
Instructions:

- Electronic Submission System _____
- First Class US Mail
- Overnight Delivery (completed airbill or pre-paid stamp attached)
- Will Pick-Up (Name & Phone) _____
- Internal Routing Only
- Fax to: _____

To be Completed by RSP

PALS No. _____

Date Submitted _____

Initials _____

3. UW Contact Name & Phone: _____

4. Number of copies to Agency/Sponsor: _____
Copies to Dean and RSP 1 each

5. Agency/Sponsor: _____

Prime source of funding: _____
(if pass through)


6. Principal Investigator: _____

Co-Investigator: _____

- tenured/tenure track
- permanent PI status
- other appointment Dean's Approval _____

7a. Project Administration/
Primary Spending Edit: _____
UDDS: _____

Act(s): _____



Our Fourth Type of Deposit: Refund/Reimbursements



Refunds/Reimbursements

- Relate to a specific prior expenditure.
- Are usually rebates or refunds from vendors for price adjustments, overpayments, returned items.
- Are treated as negative expenses and are coded in exactly the same way as the original expenditure.

Refunds/Reimbursements

- Deposits should be posted using the original funding source and account coding
- Submit endorsed check with “Vendor Refund Form” & three copies to Rose Budig in the Business Office
- Deposit Instructions & Form:
www.bussvc.wisc.edu/acct/forms.html

Vendor Refund Form

The University of Wisconsin-Madison
Vendor Refund Form

Voucher: _____
For Acct Serv Use Only

Date: _____
For Acct Serv Use Only

Credit the attached check number _____ dated _____
from _____ as a refund of disbursement to:

Fund	Acct	FY	UDDS	Activity	Class	Bldg	Req # Soc. Sec. # Reference	Amount	Voucher #/Vendor Name

Payment has been credited for the following reason:

Checks	
Currency	
Coin	
Total	\$0.00

Submit completed form to:
Cash Management, Room 327 AW Peterson
750 University Ave, Madison WI 53706

Department Name: _____
Submitted By: _____
Phone Number: _____
Date: _____

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Cash Deposits - Summary

- Follow good cash handling procedures.
- Understand the types of the deposits.
- Use the right form and route appropriately.
- Keep one copy of all documentation for the deposit and attach another copy to the transmittal form.
- If you are unsure about any of the above, contact the SoE Business Office.

References

Policy 402; Revenue Accounting

www.bussvc.wisc.edu/acct/policy/revenue/revpol.html

UW-Madison Internal Audit Checklist

www.bussvc.wisc.edu/intaudit/receipts.html

Business Services: How to Deposit Cash/Checks

www.bussvc.wisc.edu/howto/admin/gift_funds.html

Records Retention on Deposits

archives.library.wisc.edu/RM/ARMS/arms10.html

Chancellor's Memo on UW Foundation

www.rsp.wisc.edu/policies/uwfoundation.html