
BUDGET MANAGEMENT

CASH RECEIPTS

SUMMARY

The purpose of establishing and maintaining proper procedures applicable to all entities (academic, administrative, and clinical) in handling University cash receipts is to ensure that they are deposited in the bank and are promptly recorded in the appropriate account. The term "cash receipts" includes currency, checks, credit cards, and wire transfers received by mail or in person.

Amounts received from third parties (i.e., entities external to Johns Hopkins University) for payment of delivery of goods or services, reimbursement of expenses, or as contributions are to be treated as revenue and should be recorded using a Revenue Source Code. Examples of third party receipts include

- general revenues for tuition and fees, auxiliary, parking, rental income, investment income, and sponsored events
- service center revenues from third parties
- revenues from private sources such as gifts and other designated funds
- clinical revenues
- revenues for sponsored awards
- revenues from sale of goods and services
- reimbursements from:
 - affiliated institutions
 - conferences and seminars
 - alumni functions
 - insurance companies for copies of medical records

Receipts from the sale of goods and services may in some instances be subject to unrelated business income tax (UBIT) if the activity is not substantially related to the University's exempt purpose. The University Tax Office can provide guidance for identifying these activities and to coordinate reporting procedures.

When a department is directly invoicing a sponsoring agency, an "IN" number must be created to properly account for revenue in CUFS. Contact Research Accounting to obtain the "IN" number.

Code refunds received from a third party for the return or price adjustment of goods or services purchased by the University with the same object code used for the original expense. These are the only cash receipts from a third party recorded as a reduction of expense. Examples include

- refunds from vendors for returned or rejected items
- refunds from vendors for overpayments or price adjustments

Cash received as charitable contributions needs to be deposited immediately to a gift account through the appropriate development office.

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INTERNAL CONTROLS

OBJECTIVES <ul style="list-style-type: none">• Ensure that cash received at the University is deposited intact and in a timely manner to the bank• Ensure that cash receipts are recorded in the proper account
RISKS <ul style="list-style-type: none">• Theft/fraud• Mismanagement of funds• Loss of University investment income• Mis-statement of revenue and expenditures• Non-compliance with University policies

AUDIT CHECKLIST

	Do staff members responsible for handling cash and checks have the ability to record or verify transactions posted to accounts receivable records or the Revenue and Expenditure Reports?
	Is each check restrictively endorsed upon receipt with the elements: "For deposit only/JHU/Department of x"?
	To provide supporting documentation, are checks copied or is a cash receipt log used with the name of the payor, amount of receipt, purpose of payment recorded, and date when and location where receipts were sent for deposit?
	In areas that collect cash by direct contact solicitations or special events, is the person who collects currency closely supervised and independent of accounting functions?
	Are prenumbered receipts or tickets used for in-person receipts to track collections so that the person to whom the funds are turned over can verify the count in the presence of the collector?
	Are all unused prenumbered receipts and unsold tickets accounted for?
	Are receipts properly coded as revenue or refunds?
	Are the cash receipt logs or check copies forwarded to the individual who will be reconciling the amounts with the Revenue and Expenditure Reports?
	Are deposits made by the next business day or when a predetermined number of receipts are on hand, but held no longer than five working days?
	Are cash receipts stored in a secure location with restricted access prior to deposit?
	Is the documentation for the transfer of cash or checks within the department sufficient so that lost or misappropriated funds can be traced to the responsible individual?
	If the department has received a check from a sponsoring agency, has Research Accounting been contacted for an "IN" number prior to submitting the deposit?
	Are deposit transmittal forms submitted to the Cash Accounting Department of the Office of the Controller for cash receipts?
	Are foreign checks sent directly to the Cash Accounting Department of the Office of the Controller?

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AUDIT CHECKLIST, CONTINUED

	Are appropriate forms submitted to the divisional development office for gifts and endowments?
	Are differences noted during the monitoring and verification process investigated immediately by persons who are independent of those preparing deposits and posting accounts receivable?
	Has your department determined that its cash receipts are not subject to unrelated business income tax (UBIT)?
	Has the department contacted the University's Tax Office to coordinate procedures if collections are subject to UBIT?

SOURCES FOR POLICY

Administrative Bulletin (http://www.controller.jhu.edu/admbull.htm) Object Code Guide (http://www.controller.jhu.edu/objguide.htm) Tax Office (http://www.controller.jhu.edu/TAXOFF10/Home.htm)
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RESOURCES FOR ASSISTANCE

Administrative Policy Training Program Courses, 410-516-6800 Cash Accounting, Office of the Controller, 410-516-8958 Divisional Business Offices Divisional Development Offices Divisional Research Administration Offices (see list of addresses and phone numbers in Offices to Contact section) Physicians Billing Services Core Services, 410-933-1292 Research Accounting, Office of the Controller, 410-516-8169 Tax Office, Office of the Controller, 410-516-8442 Treasurer's Office, 410-516-8120

FORMS ON THE WEB

Deposit Transmittal Form (http://www.controller.jhu.edu/uforms/C90.pdf)
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