

# **State of North Carolina**

## **UNIVERSITY OF NORTH CAROLINA AT WILMINGTON**

### **Cash Management Plan**

**2022**

(Revised 3/31/2022)

## 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. This policy shall include acceptance of electronic payments in accordance with [G.S. 147-86.22](#) to the maximum extent possible consistent with sound business practices."*

## Plan Administration

Pursuant to [G.S. 147-86.11](#), the State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing, implementing, and amending as necessary a uniform statewide plan to carry out the cash management policy for all State agencies. This Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. The Office of the State Auditor (OSA) monitors agency compliance with the cash management policy. The State Treasurer publishes a quarterly report on all funds in the control or custody of the State Treasurer, showing cash balances on hand, investments of cash balances, and a comparative analysis of earnings and investment performances.

It is the responsibility of each agency 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. Each agency will identify an individual who will have cash management responsibility. Plans will be submitted to the Office of the State Controller for approval. Agencies will maintain a copy of their approved plan. The State Auditor, as a part of the annual financial audit, shall make any comments, suggestions, and recommendations deemed advisable to the agency as it relates to compliance of the State 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.

## Plan Requirements

### Cash Management over 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 moneys collected into interest bearing accounts. To accomplish these objectives, all plans adopted will include these rules:

1. *Except as otherwise provided by law, moneys received by employees of State agencies in the normal course of their employment shall be deposited as follows:*

*a. Moneys received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of [G. S. 147-69.3](#).*

*b. All other moneys received shall be deposited with the State Treasurer pursuant to [G.S. 147-77](#) and [G.S. 147-69.1](#).*

2. *Moneys received shall be deposited daily in the form and amounts received, except as otherwise provided by statute.*

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 moneys to ensure accuracy, timeliness, and adherence to university and state guidelines pursuant to [G.S. 147-77](#) as outlined in the University policy [05.141 Departmental Funds Receipting](#). Internal control policies that are followed to ensure proper practices

are employed throughout the University including receipting privileges, official endorsement, and safeguarding of monies. University departments are subject to periodic review of established internal controls consisting of written departmental procedures and compliance with the Departmental Funds Receipting policy.

All university departments with proper cash receipting privileges make daily deposits for all receipts regardless of daily amount.

All cash, check, and credit card deposits are received at the Cashier's Office via U.S. Postal Service or hand carried by university departments. University department personnel intending to receive cash receipts as part of normal operations must successfully complete Finance Training course RCT201-Departmental Receipting and request departmental receipting privileges via the approved form from the University Controller or delegate to ensure safeguarding of monies and internal controls are appropriate.

These privileges must be renewed annually including successful completion of RCT202-Renewal of Departmental Receipting Privileges. Any changes in personnel that occur during the year must also be revised and submitted.

Receipts from university students for billed tuition, fees, and charges are made directly to the 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 Cashier's Office and are posted to the university receipting system as received. Deposits received in the Cashier's Office by 2:00 pm each day are reconciled and deposited with the University's depository bank in the name of the State Treasurer the following day 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 moneys, included in certifications of deposits and recorded in university ledgers upon receipt in accordance with the Office of State Controller (OSC) North Carolina Financial System (NCFS (formerly CMCS)) and university policy.

The University accepts only US currency for deposit in all forms (e.g. cash, check, or electronic funds).

The University accepts only properly endorsed checks made payable to the University. The University does accept multiple payee checks where UNCW is one payee and a student is another payee. Both the university and the student are required to endorse the check to complete the deposit.

The University does not accept any third party checks for deposit (e.g. check made payable to someone other than UNCW).

Foreign checks should not be presented for deposit. Foreign checks are defined as checks drawn on a bank other than one that can be cleared through the Federal Reserve System, even if "payable in US funds".

Wires originating in a foreign country must be converted to US currency at an institution prior to transmission to the University's accounts with the State Treasurer.

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 \$35 is collected from remitter of a worthless check for each returned item as allowed per [G.S. 25-3-506](#). The University Controller or delegate reserves the right to waive the fee under special circumstances such as bank errors, improper endorsement returns, donations, and scholarships.

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 Billing, Collections, and Receipts:

*3. Moneys due to a State agency by another governmental agency or by private persons shall be promptly billed, collected, and deposited.*

The University's Accounts Receivable Office performs these functions for contract and grant invoices and other non-student invoices. Their policy [05.104 Billing, Collection and Write Off Policy for Non-Student Accounts Receivable \(External Invoicing\)](#) and departmental procedures are in accordance with the [Statewide Accounts Receivable policies, G.S. 147-86.21](#), and [G.S. 147-86.22](#).

The University's Student Accounts Office performs these functions for student invoices. Monthly 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 incorporates the Statewide accounts receivable policies and procedures, in accordance with [G.S. 147-86.21](#) for collection of receivables, employee debts and overpayments, and miscellaneous billings. The university collection policy incorporates all cost effective and appropriate actions to collect accounts receivable. The Collections Specialist in the Collections Office contacts the check owners for repayment with non-payments subsequently forwarded to the Attorney General's Office. Email notification is sent to students for returned check payments and a hold is placed on the student account. Outstanding miscellaneous billing past due notices are sent out at 60 and 90 days past due. Past due billings are turned over to the Attorney General's Office, collection agencies and/or setoff debt collection once the account is in arrears greater than 90 days.

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 may also use third party vendors 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 a late payment penalty of no more than ten percent (10%) to a past due account receivable. The [Department of Revenue](#) provides the current interest rate being charged.

*4. Unpaid billings, of any dollar amount, due to a State agency shall be turned over to the Attorney General for collection no more than 60 days after the due date of the billing (per [NC OSC policy 300.1](#)).*

The university collection policies and procedures follow the UNC System Office Procedural Guidance - Collection of Past Due Receivables and Write Offs which are based on the requirements as set forth by OSC and the Office of the Attorney General. 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 delinquent debts, that are at least \$50, owed by individuals under the procedure established by the Setoff Debt Collection Act. In accordance is [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/Vice Chancellor for Business Affairs, 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.

### **Cash Management of Electronic Commerce:**

5. *State agencies shall accept electronic payment (credit/debit cards [merchant cards] and electronic fund transfer [EFT]), in accordance with [G.S. 147-86.22](#), to the maximum extent possible consistent with sound business practices.*

UNCW participates in the statewide [Master Services Agreement for Electronic Funds Transfer \(EFT\)](#) with Bank of America which became effective June 24, 2013. [NC OSC Policy 500.8 Authorization for ACH Transactions](#) provides a summary that allows a quick understanding of the statewide Master Service Agreement (MSA) for EFT/ACH Processing Services.

University policy [05.118 Credit Card Acceptance Policy](#) was established in accordance with the [NC OSC Policy 500.2 Master Services Agreement for Electronic Payments](#) and [NC OSC Policy 500.7 Authorization for Merchant Card Transactions](#). UNCW participates in the statewide [MSA with SunTrust Merchant Services, LLC \(a First Data company\)](#) which became effective February 1, 2015.

### **Electronic Payment Acceptance and 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 flow of funds as described in [NC OSC Policy 500.1](#). OSC's [Statewide Electronic Commerce Program \(SECP\)](#) is based on the following statutes: [G.S. 147-86.10](#); [G.S. 147-86.11\(h\)](#); [G.S. 147-86.20](#); and [G.S. 147-86.22](#).

**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 accounts 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 money received shall be deposited with the State Treasurer pursuant to [G. S. 147-77](#) and [G.S. 147-69.1](#) (See Additional Information).

**Additional Information:** G. S. 147.77 requires daily deposit of all funds in the name of the State Treasurer. All university departments with proper cash receipting privileges make daily deposits for all receipts regardless of daily amount.

All credit card transactions 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 debit card 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 Bank of America and merchant card services with SunTrust Merchant Services acquired through the State Controller's respective MSAs. 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. See university policy [05.118 Credit Card Acceptance Policy](#).

The costs of the services secured through the MSA for outbound electronic transfers are paid with the university's institutional trust funds for all non-payroll transactions. The University reserves the right to charge transaction fees for electronic inbound credit card transactions, however at this time, transaction fees are assessed only on student online credit card payments. Transaction fees for online student payments to UNCW are retained by the third-party vendor (TouchNet) and are not received by the university. However, SunTrust charges merchant card transaction fees to the university for departments' inbound credit card payments. These transaction fees are funded by institutional trust funds and are allocated by departmental use.

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 Data Security Standards (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. All departments that process payment card data must certify annually their continued compliance to the PCI-DSS by completing the UNCW credit card acceptance self-assessment questionnaires (SAQ). The University has a contractual obligation to adhere to the PCI-DSS by completing a SAQ and submitting an annual attestation of compliance (AOC) to OSC and Fiserv (formerly First Data). 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 are 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 through the web, utilizing merchant cards as a method of payment, generates a confirmation that the transactions have 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 activities prior to making any corrections.

The University accepts electronic fund transfers for authorized prepayments of inbound funds as established by the State Controller. EFTs are receipted by the university's authorized users of NCFS (formerly CMCS) who must perform timely certifications.

#### **Federal Funds Receivables Management:**

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. All federal fund draws should be timed so that the funds are on deposit with the State Treasurer and are available for disbursement in accordance with Federal Financial Aid Guidelines.

The University is enrolled in electronic funds transfer for drawdowns for federal agencies that allow funds to be received electronically. Drawdowns for Sponsored Programs and Research Compliance (SPARC) receivables are performed on a reimbursement basis at least twice monthly after processing mid-month and end of month payroll. To comply with 2 CFR 200.305, it is intended that the university does not draw down funds in advance of incurring expenditures eliminating the 3-day drawdown issue. The university is required to minimize the time between drawing down funds and paying incurred obligations or it may be subject to payment of interest to the federal government.

In addition to adhering to these guidelines, UNCW employs the following techniques to improve cash handling:

- Receipt of federal grant payments by wire transfer when possible.
- Special post office boxes to facilitate the processing of large remittances.
- Reassignment of personnel, or the hiring of temporary personnel, when this proves cost effective, accelerates the processing of remittances during peak periods.
- Establishing billing schedules which are both efficient and lead to earlier receipt of money due to UNCW.
- Timing deposits 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. 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. Moneys 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 OSC. Only individuals approved by the Vice Chancellor of Business Affairs or designee can submit requisitions into NCFS (formerly 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 fifteen days of receipt of the statement. Any discrepancies are reported to the Banking Operations Section at the State Treasurer.

*2. As provided in [G.S. 147-86.10](#), the order in which appropriations and other available resources are expended shall be subject to the provisions of [Chapter 143C](#) of the General Statutes, regardless of whether the State agency disbursing or expending the moneys is subject to the State Budget 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" (either by paper check, direct deposit, or wire transfer). 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. UNCW has procedures in place to account for all warrants and to safeguard all check stock. Wires originate in US currency but may be converted to local currency when they arrive at the foreign bank. Foreign wires require the University to pay a \$25 fee for the transaction. The wire fee may not be charged to general funds.

*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.*

UNCW processes a weekly disbursement cycle to maintain prompt payment of bills due. A separate requisition for each budget code is submitted to OSC for each check cycle. Once funding has been approved by OSC and updated to the appropriate disbursing account, the positive pay file and direct deposit files are released, and the checks are released. The disbursing bank account balance at all times is zero or more, and at no time should have 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 employees. Transfers include payments for payroll direct deposits, payroll taxes, employee benefit programs, and intra-agency services. Authorized users of NCFCS (formerly CMCS), upon approval by the Controller or designee, request EFT for payment of the obligation on the due date. As a condition of employment, all UNCW employees are required to receive their pay as a direct deposit. Although not a requirement, most student refunds are also disbursed as direct deposits.

*7. State administered procurement cards should be used to provide employees with food, lodging and other applicable subsistence in emergency situations (See [NC OSC Policy 1100.6 Expenditures in Emergency Situations](#)).*

For non-emergency operational use, as authorized by university policy [05.160 Purchasing Card Policy](#), UNCW participates in the Department of Administration's [State administered procurement card program](#) for low value (up to \$2500 per transaction) and high-volume operational purchases. University policy [05.190 Visa Travel Card Program](#), describes the use of travel cards issued to permanent employees for authorized business travel expenditures.

Cards are issued upon completion of appropriate training courses. Transactions must be reconciled timely and supported by original documents. Cardholder receipts are reviewed and approved by departmental budget authorities and audited by Purchasing and Controller's Office for compliance and adherence to state and university policy for university funds. Both Purchasing and Travel use VISA credit cards issued by Bank of America pursuant to state contracts.

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(Chancellor)	(Date)
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(Chief Fiscal Officer)	(Date)
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(State Controller)	(Date)