
**LAKE-SUMTER STATE COLLEGE
ADMINISTRATIVE PROCEDURES**

TITLE: CASH DISBURSEMENT PROCEDURE

NUMBER: PRO 6-31

REFERENCE: Rule 6.03
State Board of Education Administrative
Rules 6A- 14.0261 & 6A-14.054

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I. PURPOSE

- a. To provide cash disbursement procedures to ensure that funds are disbursed only for valid business purposes after approvals by authorized persons and in compliance with applicable donor, sponsor, or regulatory requirements.
- b. To establish procedures for the disbursement of funds via different modalities.

II. RESPONSIBILITY

The role of Financial Services in the cash disbursement process is under the general supervision of the Executive Vice President with specific responsibility of the Controller and his/her designee(s).

III. PROCEDURES

Disbursements are used to facilitate the purchase of goods and services. These payments (including Vendor Credit Cards and Bank Credit Cards) must conform to the College policies and in many instances the policies and restrictions of donors and sponsors including state and federal requirements. The College's procurement system includes the formal requisitions/purchasing system and requests for funds. Travel reimbursement vouchers constitute a request for a check to the traveler. The payment to employees for services rendered is considered a cash disbursement.

- a. Accounts Payable
 - 1. Payable vouchers (invoices, receiving reports, direct pay requests, and travel reimbursements) are used for processing payments to vendors and employees. Upon the appropriate authorization to pay, the Senior Program Specialist Accounting (Payables Processor) will assemble the payable voucher documentation to support the disbursement of funds;
 - 2. The Payables Processor will review the documentation supporting every expenditure in order to ensure it contains evidence to support adequate authorization, acceptable backup, and college purpose. Grant expenditures additionally require the signature of

the program manager over the grant. Also, the Specialist Grant Accounting will sign the payable voucher of the disbursement documents to signify approval;

3. Once a payable voucher has proper documentation and authorization, the Payables Processor and/or the Administrative Accounting Specialist (Office Assistant) will enter the payable data in the computer system to post the payable record. The accounts payable module does not allow the entry of identical invoice numbers for the same vendor and the accounts payable personnel are not allowed to update vendor files;
 4. Daily the Staff Accountant (or designee) views the posted voucher packages for proper authorization, acceptable backup, data entry accuracy, and sufficient funds against appropriate budget accounts. The Director, Accounting and Budgeting reviews any Nonsufficient Funds (NSF) voucher packages. The Assistant Director reviews any NSF for grants and club funds. If the voucher package passes all points of review, it is approved electronically and is ready for check printing. If the voucher package fails any point of review the voucher is disapproved electronically and the paperwork is returned to the Payables Processor for corrections. The Staff Accountant prints checks every day after invoice approval. The computer system automatically selects invoices with the check dates due to print for the current day, creates a file of sequentially numbered checks to print, prints the check register, and posts the related entries to the General Ledger;
 5. Checks are printed on blank stock. Specialized check printing software is used to only allow checks to be printed in the business office by assigned users on a specific printer located in a secure room. The software MICR encodes the checks as they are being printed. Unused blank check stock is kept in the secure room. The day's checks, their file copies, the related voucher packets and a check register are then given to the Cashier to review;
 6. The Cashier will match the printed checks to the approved documentation to ensure that the checks were generated for the approved amounts, payable to the correct vendor, and addressed per the supporting documentation. Any exceptions are reported to the Director, Accounting and Budgeting to take the appropriate actions to correct the discrepancy. The Cashier will place the checks in an envelope for outgoing mail, staple the check file copies to the respective voucher packets, and perforate each packet with "PAID". The PAID documents are sent to the Office Assistant to be filed.
- b. Student Refunds
1. Student refund balances are coded on individual student accounts in the computer system by the Bursar/Senior Staff Accountant (Bursar) or the Senior Specialist Accounting (Account Receivable Processor). The Staff Accountant creates an electronic file with the student ID, student name, and amount of the refund then forwards the file to the Third-Party Refund Processor. The Third-Party Refund Processor processes the electronic file pending wire transfer of funds. The Controller or VP Business Affairs is provided with a detailed listing of all refunds and total to initiate a wire transfer to the Third-Party Refund Processor through the college bank depository website. After the transfer has been initiated, the documentation is forwarded to the Bursar for release of the transfer. The Third-Party Refund Processor confirms both the refund file and receipt of the wire. Only the Controller and VP Business Affairs can initiate a transfer, they cannot release a transfer they have initiated. The Bursar can only release transfers, not initiate transfers. Each individual has their own unique user name and password to the college bank depository website and the software/certificate, which must be installed on each individual's computer and can only be accessed by that user's computer;

2. Student accounts with a low balance (less than \$50) or non-credit refund balances are mailed paper checks and are coded on individual student accounts in the computer system by the Bursar or Account Receivable Processor. The Staff Accountant prints the checks payable to students. A check register is printed. Checks are printed on blank stock. Specialized check printing software is used to only allow checks to be printed in the business office by assigned users on a specific printer located in a secure room. The software sequentially numbers and MICR encodes the checks as they are being printed. Unused blank check stock is kept in the secure room.
- c. Payroll - Checks and Direct Deposits
1. All faculty and staff are encouraged to receive payment for their services via direct deposit of funds to bank accounts of their choice. Otherwise, the employees' payroll check will be mailed to them;
 2. Direct deposit forms are received and entered into the computer system by the payroll manager and the forms are filed in the individual's payroll file;
 3. The Human Resource and Payroll module provides for only the Human Resources staff to have access to create new employees and job records;
 4. The Payroll Manager verifies authorization for payment from time sheets and/or pay authorization documents prior to paying to insure accurate payments. Employees are not paid without approved pay authorization;
 5. The Payroll Manager runs the jobs for the direct deposit file and payroll check file. The direct deposit file is forwarded to the bank by the IT staff, and then the file totals are verified with the bank by the Assistant Director of Human Resources. Checks are printed by the Staff Accountant from the payroll system produced file. After the checks are printed, they are delivered to the Benefits Manager who in turn reviews them to make sure no addresses or checks (count) are missing, and then deliver them to the mail room for delivery to the US Postal Service the day before payday;
 6. A check register is printed. Checks are printed on blank stock. Specialized check printing software is used to only allow checks to be printed in the business office by assigned users on a specific printer located in a secure room. The software MICR encodes the checks as they are being printed. Unused blank check stock is kept in the secure room.
 7. A check/direct deposit log is maintained by the payroll department for check/direct deposit numbers issued and recorded in the payroll system;
 8. Any returned checks are reviewed for re-distribution by the Bursar and the Payroll Manager to determine the appropriate action required in order for the employee to receive payment.
- d. Procedure for Invested Funds

Both the Special Purpose Investment Account and the State Board of Administration's Florida PRIME provide for repetitive transfers between these respective bank accounts and the College's primary bank account. The Controller or the VP Business Affairs is authorized to be able to transfer funds between the College's primary bank and investment accounts. Any change to the repetitive transfers or in any individual viewing or making transfers has to be authorized with each agency in writing by the President. Confirmation of activity is printed from the system and forwarded to the Senior Program Accountant/Bursar to record when a transfer is made.

e. Procedure for Credit Cards

See Administrative Procedure 6-27.

f. Procedure Vendor Credit Cards

See Administrative Procedure 6-09.

g. Miscellaneous Electronic Funds Transfer

1. Mandates currently require that payment of certain taxes and payroll contributions to specific vendor/agencies directly debit the College's bank account. For Federal withholding taxes and retirement contributions, the HR Payroll Manager or designee prepares the documentation and support based on reports from the computer system. Payments are made through a phone initiation completed by the HR Payroll Manager or designee using a specific phone number and user assigned passwords and ID's. These phone initiations are not made through the bank but directly to the specific vendors. Documentation is noted with date and transfer approval number and forwarded to the Senior Program Accountant Bursar, who prepares a journal entry to record the transfer payment and includes all supporting documentation, which is forwarded to the Controller for approval;
2. Sales tax payments are initiated through a State of Florida assigned web site by the Director, Accounting and Budgeting. Documentation and backup to show payments, including a journal entry, are completed by the Account Receivable Processor and forwarded to the Bursar for review. The journal entry to record the transfer payment includes all supporting documentation, which is forwarded to the Controller for approval;
3. All other miscellaneous request for electronic payment must be documented and approved by the appropriate authority and by the Controller;
4. Transfers of funds to manage cash between the College bank accounts are not considered cash disbursements but are electronic transfers of funds between banks, see Rule 6.03.