State of North Carolina
Cape Fear Community College
Cash Management Plan

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."

Plan Administration

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments and institutions. This Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. It is the responsibility of each agency, department and institution 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, department or institution.

The Vice President of Business Services is responsible for developing and administering the College's Cash Management Plan. The Cash Management Plan is reviewed and approved by the President of the College and its Board of Trustees. The Cash Management Plan is subject to review and readoption annually by the College President and the Board of Trustees. The Vice President of Business Services will maintain the plan on file for review by the Office of the State Auditor.

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 monies collected into interest bearing accounts. To accomplish these objectives, all plans adopted will include these rules:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina, and received by an employee of the State in the normal course of their employment shall be deposited as follows:
   - All monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1
   - Monies 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.

2. Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by law.
   - Monies 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. The College may deposit such funds to the State Treasurer if the Board of Trustees so chooses, G.S. 115D-58.6
   - All other monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.

All funds, whether cash, check, or credit card, coming into the College are subject to the "Daily Deposit Law," G.S. 147-77. Efforts are made to comply with the requirement that funds received must be deposited by noon on the day of receipt or the next
banking day. Amounts received during registration must be deposited no later than the next banking day. Any substantial amounts collected late in a calendar day will be deposited the same day or otherwise safeguarded until deposited the next morning.

All employees making initial contact with receipts are to route them immediately to the College cashier. It is the responsibility of the Business Office to inform all employees of their role in the cash management process.

The Administrative Assistant to the Vice President of Business Services records checks received via mail in a check log. The Vice President of Business Services reviews the log and initials the checks daily. The checks are given to the cashier for receipting.

The Cashier or the Accounts Receivable Technician receipts checks, cash, and credit cards received on-site. The Cashier is responsible for the accuracy of monies collected and recorded. The Accounts Receivable Technician prepares the daily deposit under the supervision of the Controller who reviews and signs-off on all deposits.

If the College's depository discovers an error in a deposit or has a returned item, the College is contacted. Returned items are picked up as notified and errors are corrected expeditiously. The College pursues collection of returned items. There is no returned check fee.

3. Monies due to a State agency, department or institution from other governmental agencies or from private persons shall be promptly billed, collected and deposited.

4. Unpaid billings due to a State agency, department or institution shall be turned over to the Attorney General for collection no more than 90 days after the due date of the billing unless the amount is less than five hundred dollars ($500). The agency, department or institution may handle these unpaid bills pursuant to agency debt collection procedures.

There are three types of accounts receivable billings-- curriculum, continuing education, and miscellaneous. After the refund period is over for each semester (10% point of the semester), the curriculum accounts receivable records with outstanding balances are billed. After thirty days, statements are sent with follow-up phone calls. Continuing education accounts receivables are billed weekly as charges are incurred. Miscellaneous charges are billed as charges are incurred.

Letters are sent to debtors for old open accounts receivables, returned checks, unpaid deferments, Title IV repayment accounts, and any other open receivable account. The letter requests a response within ten days and notifies the debtor that their account will be sent to the Attorney General's Office for collection if it remains unpaid.

Unpaid accounts are submitted to the Attorney General's Office and they send a letter to the debtor along with a copy to the College. This letter gives a due date for payment. After that deadline, the College notifies the Attorney General's Office of the action taken. The Attorney General's Office responds on the action to be taken (ex. collection agency or write-off).

Uncollectible accounts that are less than $50.00 are requested to be written off at the May Board of Trustees meeting. The student or business' record remains encumbered.

Uncollectible accounts that are over 90 days and at least $50.00 are submitted to the Department of Revenue to be set off against any refund that is due the debtor under North Carolina income tax law. The setoff fee (retained by the Department of Revenue) is deducted from the amount paid by the debtor prior to sending the refund to the College. When the check arrives from the Department of Revenue, the College sends the student a letter notifying him that a portion of his income tax refund has been forwarded to the College and lists the collection procedure that was followed.

The College does not charge the debtor interest or penalty fee.

5. 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.

6. All federal fund pulls should be timed to that the funds are on deposit with the State Treasurer no more than two business days prior to the disbursement. Funds are requested by the Controller through the Internet-based Grant Administration and Payments System of the Department of Education (GAPS). A user-id and password controls access to the web site. Funds are requested by federal program and by award year. GAPS' approval provides information on the amount requested, award number, control number, and the date the funds will be deposited into the College's disbursing account.
Funds are credited to the College's Institutional and Federal Funds account electronically by the Department of Education within two business days of the request. The College's depository sends written confirmation of the deposit.

7. State agencies shall accept electronic payments, in accordance with G.S. 147-86.22, to the maximum extent possible and consistent with sound business practices. The College has an agreement with its local financial institution in accepting electronic payments, including credit card payments and electronic payment transfers from other state and federal agencies.

MasterCard and VISA credit cards are accepted for tuition and fee payments from students enrolling at the College. Credit cards are accepted through the telephone registration system and the student bringing the actual credit card to make payment. Credit card numbers are not accepted verbally over the telephone. All credit card transactions receive authorization from the financing institutions prior to electronic deposit into the College's Institutional Fund bank account.

In addition to adhering to these guidelines, agency plans shall employ proven techniques, which improve cash handling. Some of those techniques include:

- Receipt of federal grant payments by wire transfer when possible.
- Special post office boxes to facilitate the processing of large remittances.
- Color coded mailing labels and envelopes to identify remittances for special handling.
- Separate addresses to distinguish remittances from other mail.
- Reassignment of personnel, or the hiring of temporary personnel, when this proves cost effective, to accelerate the processing of remittances during peak periods.
- Deposits made by units outside Raleigh should be made with cash concentration banks designated by the State Treasurer.
- The evaluation and establishment of lock-boxes in areas which are large sources of remittances, but which are geographically distant from the nearest State agency office. Lock-boxes are locked Post Office boxes tended by banking agents. These allow quicker cash collection in areas which are not served by agency offices.
- The use of remittance processing equipment when justified by the volume of deposits.
- Establishing billing schedules which are both efficient and lead to earlier receipt of monies due to the State.
- Timing deposits in order 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 of time. 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. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee. The College accounts payable office screens incoming invoices as to due dates including discount dates. Bills are not paid until the due date, unless there is a discount date. This allows cash to remain on deposit the maximum time without jeopardizing the College's credit standing. The College's vice president of business services shall implement a similar screening procedure for payment of bills.

The Payroll/State Budget Accountant reconciles the college's bank statements and the Controller reviews the reconciliation. The Accountant utilizes the liPS administrative software in this process. The reconciliation is done monthly.
Disbursements for construction projects made from bond funds are made once the cash is available from the bond source, i.e., New Hanover County or State of North Carolina. These disbursements and receipts are captured in institutional funds.

2. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143-27, regardless of whether the State agency disbursing or expending the monies is subject to the 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.

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.

Disbursements are made weekly and are not mailed without verification of available cash-in-bank. The College controller monitors the cash balances daily.

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 College receives electronic payments from OSC and New Hanover County for the College’s monthly allotment. In addition, full-time employees are eligible for payroll direct deposit. Currently, the College does not process EFTs.

7. Delegation of Disbursing Authorities must be kept current and must be approved by the State Controller.

Techniques helpful in controlling disbursements include:

- Establishing special procedures for making large disbursements such as social security and federal withholding tax remittances to ensure that payment is made on the due date and not before.

- Managing inventory and supply levels to stock the minimum necessary to conduct business without disruption.

Approved by the CFCC Board of Trustees on July 25, 2001