

IV. CASH MANAGEMENT

4.1 GENERAL CASHIER'S OFFICE POLICIES

The Cashier's Office receives and accounts for cash from various sources for the University, and from time-to-time, for Lamar Institute of Technology, Lamar State College-Orange, and Lamar State College-Pt. Arthur.

Cash sources include registration fees, Continuing Education services, sales, gifts, and student fees. Unless otherwise specified, cash is defined as coins, currency, credit card receipts, traveler's checks, personal checks, cashier's checks, and money orders (checks should be made payable to Lamar University). Each Department Head or Account Manager is responsible for assuring that the University's cash handling procedures are followed.

All University employees receiving funds while conducting University business or University-sponsored activities or events are required to follow the University's cash handling procedures. This applies regardless of the source of funds.

Costs of compliance with cash policies are to be borne by the individual departments of the University.

4.1.001 CASH/CHECK HANDLING

1. Incoming checks (payable to Lamar University) received by University departments are to be security endorsed, "**For Deposit Only, Lamar University**" immediately upon receipt. The name of the department or the departmental account number should also be added. Endorsements must be within one and one-half inches of the leading edge of the check.
2. Acceptance of post-dated checks is prohibited. If they are received through the mail or lockbox, they will be handled as if they are current dated.
3. Acceptance of second-party checks is limited to checks drawn on Lamar University accounts only in payment of an obligation to the University. Such checks will be endorsed "**Payable to Lamar University**" with the signature of the payer and will be security endorsed. The security endorsement should be made immediately upon receipt and should specify "**For Deposit Only, Lamar University**" and the name of the department or the departmental account number.

4. The name and driver's license number of the person giving the check to the University must appear on the face of the check. Second-party checks require the name and driver's license of the person presenting the check to the University on the face of the check. (During registration, a student may present a check written by a parent in payment of tuition and fees; in such a case, the student's driver's license number and the student's name must be written on the face of the check).

4.1.002 MONIES RECEIVED THROUGH THE MAIL

1. All checks received through the mail in the Finance Office will be diverted to the Cashier's Office by the mail room. If sufficient information accompanies the check, the Cashier's Office will process an entry directly into FRS for the proper account. In cases where insufficient information is provided, the Cashier's Office will process the check into a clearing account and send a photocopy of the check to the Accounts Payable department. The Accounts Payable department will be responsible for notifying the appropriate accounting personnel to research and send back to the Cashier's Office the necessary account information.
2. **For all departments**, all envelopes containing checks must be opened in the presence of two employees. These monies must be recorded on a "Daily Incoming Cash/Check Log" (*see Exhibit A*). The log records: date, name of payer, amount received, check number (or "cash" notation), and recipient. The check log is to be kept on file in each department. Monies received during registration time are opened by a designated cashier who (with the exception of research items) inputs the payments immediately.
3. A pre-numbered sundry or an automated receipt must be written for all cash (not checks) received through the mail and mailed to the payer. A receipt is not necessary for checks received through the mail, but can be issued for internal departmental purposes without the necessity of mailing the receipt for the check to the payer.

4.1.003 CREDIT CARD PAYMENTS

Lamar accepts the following credit cards for payment: Visa, MasterCard, Discover, and American Express. Charges should be processed through the credit card terminal for an approval number. The following information should be present on the sales slip: signature, social security number, driver's license number, and telephone number.

Credit card payments by telephone must be by the actual cardholder. The same information is required on the sales slip along with the notation that the charge was made by telephone. The customer is mailed a copy of the sales slip as a receipt.

As much as possible, all credit card payments are encouraged to go through the VRR (telephone) system. Reconciliation only involves SIS/BR and VRR (cashier time is freed for those that must pay in person).

After receiving the approval for the charge through the terminal, the payment is posted to the proper student account. If the department receiving the charge is not on-line with the Student Information System, they must include the sales slips with their deposit to the Cashier's Office and they will post a batch payment of the credit card charges directly to the specific departmental account through FRS.

In addition to the deposit form, the credit card terminal must be closed at the end of business each day. The department must fill out a Terminal Balancing form which identifies the different types of credit cards accepted and dollar value of each. These totals combined should add up to the total charges for the day. The form must be completed and include all of the merchant copies of the sales slips. The Terminal form is delivered to the Cashier's Office along with the departmental deposit.

4.1.004 LOCKBOX PAYMENTS

Payments can be received through a bank lockbox. Upon receiving these payments, the bank credits a University account and sends photocopies of all items received and an electronic file of the payment amounts and corresponding student identification numbers. The electronic file is fed to the B/R system as payments. The Cashier's Office monitors the process and resolves any errors. The items received by the bank are then filed according to the date posted. In the event a lockbox payment is returned NSF, the student is responsible for all fees (and also an NSF fee) as if the payment had never been made.

4.1.005 SUNDRY RECEIPTS

May be used by certain University departments, primarily those providing on-site services and for limited short-term cash collection periods.

Each receipt must specify: name of payer, amount of purchase, payer's Social Security number, date, receipt issuers' name, explanation of transaction, notation of "cash", check number (payable to Lamar University), etc., and account number(s) to which money is to be deposited. Where applicable, the student's University identification

number may be used in lieu of a social security number and must be on the face of the receipt. The original copy of the receipt is issued to the payer; second copy (pink) accompanies the deposit to the Cashier's Office and a third copy (yellow remains in the book) must be kept on file in the department receiving the cash.

Pre-signing of Sundry Receipt forms is prohibited.

Voided Sundry Receipts require that the original copy of the receipt remain with the other copies in the receipt book. **"VOID"** must be clearly written on the face of each copy of the receipt and have two signatures of people representing the department.

Corrections of errors on Sundry Receipts require that a single line be drawn through the error and initialed by the person correcting the error and either (a) another person representing the department or (b) the person remitting the cash.

4.1.006 SUNDRY RECEIPT BOOKS

These books are available from the University Supply Center for the use of departments which are authorized by the Director of Cash Management to collect cash. A University departmental account number and a demonstrated need must exist before a Sundry Receipt Book is issued.

To obtain a Sundry Receipt Book, a supply requisition must be completed and have the Director of Cash Management's signature.

Sundry Receipt Books are to be kept in a secure location. The Cashier's office will audit annually each department that collects payments for compliance with collection guidelines, security guidelines, and record keeping guidelines. Sundry Receipt Books must be kept in storage for at least the past three (3) fiscal years plus the present fiscal year. Upon request for audit purposes, the individual departments must present any or all Sundry Receipt Books.

For those departments utilizing Sundry Receipt Books, it is the responsibility of the Account Manager to ensure that internal controls over the funds are adequate. Such controls include: segregation of the duties of receipting, asset custody, and deposit preparation. In order to assure that funds are received for all goods or services and that those funds are deposited intact, it is advisable that the following duties be preformed independently and by different individuals: control or custody of the goods or services; receipting; deposit; and report review.

4.2 DEPOSITING

4.2.001 Deposits With The Cashier's Office

These are required to be made on a daily basis for all cash and check receipts regardless of amount (which can be accomplished through the Cashier's Office during regular hours or the night drop box after hours outside Room 116 of the Plummer Building). The Cashier's Office must have all remote cashier deposits by open of business the day after the monies were collected. Other deposits made before cut-off (currently 3:00 p.m. Monday through Friday) will be considered same day business. Deposits made after will be considered next (business) day business.

Departmental deposits of any amount made to the Night Depository in the Accounting Office must be contained in a locked banking bag to which the Cashier's Office has a master key. These bags are available from the Cashier's Office.

Departmental deposits in excess of \$100.00 in cash or checks made during business hours must be contained in a locked banking bag. Deposits must be made by an authorized faculty, staff, or student employee of the department.

Two representatives of the Cashier's Office will be present when the Night Depository is opened and the transactions are processed.

All departmental deposits made with the Cashier's Office require the following documentation:

1. A deposit slip signed by two (2) people representing the department making the deposit specifying all information necessary to make the deposit.
2. Sundry Receipts (pink), if applicable.
3. Two adding machine tapes (for bank and for file): checks, cash, and total. "Checks" tape should contain details of each check. "Cash" tape should be by denomination. Money orders and travelers' checks should be included with checks for deposit purposes.
4. Vendor I.D. (Social Security) number and Driver's License are required on all checks. Even though social security numbers may not be available for out-of-town payers and/or businesses, a driver's license number or tax I.D should be available.

For deposits made by departments that issue sundry, cash register

receipts, or other kinds of receipts (e.g., gift or donation acknowledgments), no re-issuance of receipts will be done on the automated system unless a need exists to have the particular transaction on a student account. Batch deposits will be done in all cases to the extent possible.

4.2.002 Remote Cashiers

All Remote Cashiers must balance their day's work against the Daily Cash Collection Audit (screen 410 under B/R). The Daily Cash Collection Audit form (see *Exhibit B*) must be filled out showing that cashier's check, cash, and credit card totals for the day. These totals will be compared to the 411 screen and any outage will be noted. Procedures for cash overages and shortages must be followed should an outage occur. The CCA form must be audited by a second person and their signature obtained at the bottom of the form. This procedure is to insure that no errors are present in order to facilitate the University's deposit the next morning.

4.3 DIRECT DEPOSIT RECEIPTS

4.3.001 Unexpected

There are occasions when unexpected direct deposits are made to a University bank account from an outside source. In these cases, the Director of Cash Management researches the transaction to determine the appropriate account and account control to use to record the transaction primarily by phoning the bank and (possibly) a University department to ascertain the appropriate account in which the funds should be credited.

When the appropriate account and account control have been determined, the funds are receipted by the Director of Cash Management using a Cash Receipts/Bank Transfer form, FRS-012/090 (see *Exhibit C*) which is also signed by the Director of Cash Management.

4.3.002 Other Initiated Incoming Wires

From time to time (separate from the incoming wires associated with payroll or investment activity), the Director of Contracts and Grants requests that the Director of Cash Management initiate incoming wires from NASA, DHHS, or DOE.

The Director of Cash Management initiates these wire requests by the appropriate method (e.g., modem, telephone) and then sends notification upon receipt of the funds on the same form as the Director of Contracts and Grants used to signify the request back to the Director

of Contracts and Grants to be recorded in the General Ledger.

4.4 GIFTS/DONATIONS/GRANTS/CONTRACTS

Gifts and donations (cash or checks made payable to Lamar University) are made to various departments, colleges, or to the University with or without stipulations as to their use (i.e., either as designated or unrestricted). Upon receipt, the recipient should hand-deliver the cash or check on the same business day to the University Advancement Office. Accompanying the cash or check: a completed Gift and Donation Form F.6.1 (*see Exhibit D*), a copy of all correspondence pertaining to the gift or donation including the envelope which has the donor's return address, and matching gift forms (as applicable). After processing, the University Advancement Office will prepare a deposit slip for the appropriate account or accounts and hand-deliver the cash or check with the deposit slip and the Gift and Donation form to the Cashier's office for deposit. If the gift or donation has been sent to benefit more than one account, a separate Gift and Donation form will be completed for each account. Credit card gifts and donations are handled similarly.

Monies received for contracts and grants will be processed by the Director of Contracts and Grants, by completing a deposit slip indicating the account(s) to be credited and the appropriate donor number.

4.5 SECURITY

4.5.001 Cash Security

Security precautions should prevent entry to processing areas by unauthorized persons. When not in use, cash should be stored in a safe, if available (locked, in any event). At cashier stations (or in a department), cash must be stored in a cash register, locked drawer, or locked box. Each cashier should have their own locked drawer, box, etc., for which they are responsible. Cashiers must not combine their cash drawer with those of other cashiers. Persons having combinations or keys to safes, cash drawers, and so forth shall be kept to a minimum. When personnel changes occur, combinations to safes and keys to locks are to be changed.

When cash is transferred from one person to another (even for short periods of time), it should be counted in the presence of both persons. The amount of the cash transferred should be documented in writing and signed by both persons involved in the transfer.

An armed security escort must be obtained for the movement between locations of funds involving \$500.00 or more in any combination of

currency, coins, and checks.

4.5.002 Cash Overages/Shortages

Cash overages and shortages will be reported by the cashier to the individual department involved and to the Supervisor of Cashiering. In the event of a shortage in an amount greater than \$25.00, it will also be reported to the Director of Cash Management.

Should an overage occur, the money must be deposited into the University's over/short account. In the case of a shortage, a journal entry will be prepared to charge the shortage to the University over/short account.

4.5.003 Cash Theft or Suspected Theft

Must be reported in writing to the immediate supervisor, who in turn reports it to the Director of Cash Management or the Supervisor of Cashiering, the Lamar University Police, and to the Internal Auditor. A copy of the police department report should be turned in to the Director of Cash Management or the Supervisor of Cashiering. Penalties for any loss (including deliberate theft and negligence contributing to a loss or a theft) may result in legal action, dismissal, the requirement to reimburse the University, or any combination of these or other actions. Repeated losses through negligence (even if reimbursed) may also subject the person responsible to dismissal (as well as the requirement to reimburse the University).

4.6 DELINQUENT PAYMENT GUIDELINES

4.6.001 Financial Holds

Financial holds are to be placed on student records so as to prevent further registration and transcript issuance for those persons who are indebted to the University. Holds are not placed on records for amounts of less than \$100.00 for those who are continuing students.

4.6.002 Non-sufficient Funds Checks

NSF checks are processed twice by Lamar's depository bank. Upon return from the bank, the Cashier's Office contacts the student or writer of the check. Payment must be made in full for the face amount of the check and administrative charges within 10 days of notice. The only acceptable forms of payment are: **cash, certified check, money order, or credit card**. Other personal checks will not be accepted in payment of NSF checks regardless of the payer.

If payment is not made, the NSF check will be forwarded to a collection agency and reported to a credit bureau. The check writer becomes responsible for the payment of the face value of the check plus University late fees, NSF fees, and all collection charges.

Writers of checks who place stop payment orders on checks written to the University are also subject to the above requirements and penalties.

Students paying tuition or fees with NSF checks may not be considered enrolled for courses until full payment is made for those fees. Additional "late" registration charges may be assessed because an NSF check may not be considered payment. Similarly, loans and installments paid with NSF checks may not be considered to be paid until full payment is made.

Some NSF checks will be returned to the department that made the deposit for collections. These departments will generally be charged the prevailing NSF fee for each check. The appropriate departments for this action will be determined on a case-by-case basis.

4.6.003 "Cash Only" Status

"Cash only" status will be imposed on those students who write any NSF check for any good or service of the University. Such status will remain in effect for the life of the student's account with the University. The student may appeal in writing to the Director of Cash Management.

All University departments are prohibited from accepting a subsequent check from an individual who is on "cash only" status.

4.6.004 Recording of Non-sufficient Funds Checks

Recording of NSF checks to the financial accounts is the responsibility of the Cashier's Office. A cash disbursement is prepared to decrease the cash account and establish an NSF Receivable.

In the event the check is collected by the Cashier's Office (or collection agency), the cash account is increased and the receivable is decreased.

In the event the check is returned to the originating department, the department's revenue account is decreased. If the department is successful in collections, the revenue account will be increased.

4.6.005 Collection Agencies

Collection agencies are employed on a routine basis to assist the University in collecting unpaid obligations. The student is charged a

collection fee which generally equals one-third (1/3) the amount due on the debt. This collection fee is added to and becomes a part of the total debt (including any other applicable fees, e.g., late fees and NSF check charges); and must be paid in full to clear the debtor's financial records at the University. Once a debt has been turned over to a collection agency, payment must be made to that agency and cannot be accepted by the University without approval of the Director of Cash Management.

4.7 ACCOUNT WRITE-OFF

Write-off of delinquent accounts are done twice a year. Once in the Spring for the prior Spring semester outstanding balances and once in the Fall for the prior Fall, Summer I, and Summer II outstanding balances.

The procedures for accomplishing this are:

When running the BBRL07, request the following order if at all possible.

1. Backup the SIS (as usual).
2. Concat, ABD015, delete concat (daily cycle, as usual).
3. Run ONLY the BBD110.
Normally the BBD110 and BBD120 would be run at this point. However, more reports are needed that only pickup "fed" items, and we are also going to generate some additional transactions which need to be "fed" as well (so wait to run the BBD120).
4. Run BBRL05's and BBRL30's.
As mentioned above, these reports read only "fed" transactions. These reports will provide a BEFORE picture of the student accounts.
5. Run the BBRL07. This builds the write-off transactions.
6. Daily cycle against (concat, ABD015, delete concat) to pickup the BBRL07 transactions.
7. BBD110 and BBD120 to feed these transactions and print the report.
8. Run BBRL08, BBRL05's, and BBRL30's.
Again, these reports only pick up "fed" transactions. So the ABD105 and BBD110 must be run again (preferably all immediately after the BBRL07 in order to get a good set of AFTER reports).

4.8 PETTY CASH

Petty Cash Funds are for the sole purpose of making change. A Petty Cash Fund can generally be established with approval of the appropriate dean or department head and the Director of Cash Management. Requests must specify: amount requested, responsible employee and department, security available, and purpose or use of the fund. Petty Cash funds require written re-authorization from the Cashier's Office prior to the beginning of each fiscal year.

Petty Cash Funds are subject to quarterly, unscheduled intra-year audits by the Supervisor of Cashiering. The purpose of the audit will be to verify the petty cash on hand and to check that security and deposit procedures are being followed according to University policies. When Petty Cash is counted by an auditor, the person responsible for the money must remain present.

4.8.001 Petty Cash Operating Changes

Changes of custodians, security measures, or the use or location of the petty cash fund should be reported to the Director of Cash Management. Transfer of the Petty Cash Fund from one custodian to the next, including vacation replacements, should be counted in the presence of both custodians and receipted by the new custodian. Access to petty cash funds must be limited. Authorized individuals are to be kept to a minimum. Petty Cash funds must be reconcilable at all times. The cash should equal the established amount.

4.8.002 Petty Cash Security

Must be maintained when the fund is not in use. During the normal operating hours, the fund must be in a cash register, locked drawer, or locked box. Unlocked petty cash must not be left unattended. The petty cash fund should be the responsibility of two persons. A weekly internal audit should be kept on a balancing sheet with the signatures of the two responsible persons.

Overages or shortages in petty cash funds related to receipts should be recorded with the deposit. Shortages must be reported to the Supervisor of Cashiering. Losses involving theft or burglary should also be reported to the immediate supervisor, the Lamar University Police and the Supervisor of Cashiering. The Supervisor of Cashiering will report the losses to the Director of Cash Management and Internal Audit.

4.8.003 Petty Cash Fund Guidelines

Require that no I.O.U.'s, postdated checks, loans, or accounts receivable be financed through the Petty Cash Fund. Such transactions may constitute an extension of the State's credit and be in violation of State law.

Check cashing is not a service of the petty cash fund. Private funds must not be combined with the petty cash fund.

4.9 STUDENT CHECK DISBURSEMENTS

4.9.001 Function

The Financial Aid office is responsible for awarding loans, grants, scholarships, and work study for students, and makes the determination of the amount of such awards. The Cashier's office is responsible for processing and disbursing financial aid checks, reconciling financial aid accounts, and collecting Perkins loans. Institutional Loan Promissory Notes are maintained in the Cashier's Office.

Financial Aid checks will be mailed to eligible students.

In emergency situations, a student or someone other than the student may pickup the financial aid check. Such checks will be released **ONLY** with written authorization from the financial aid recipient and with the recipient's Lamar I.D. The person who is picking up the check **MUST** also present their own form of photo I.D. This transaction is subject to a \$25.00 special handling fee.

Checks which are to be presented at an award ceremony must have the Director of Cash Management's approval written on the check stub before disbursing to the account manager or an individual named in advance of distribution.

Guaranteed Loans (PLUS Loans, Stafford Loans, and Unsubsidized Loans) which are paid to the order of the Student, Parent, or Lamar University will be credited to the student's account. For example: a PLUS loan is made jointly to Lamar University and the parent. The parent must endorse the check before Lamar University will endorse it and then the check is credited to the student's account. If there is a residual, a check will be prepared for the student or parent depending on the parents' request.

4.10 TYPES OF FINANCIAL AID

The types of financial aid available to Lamar University students include all of the following:

4.10.001 Scholarships

Scholarships are funds based on scholastic achievement, performance of an activity (i.e., art, music) or athletic potential, to cover all or a portion of a student's expenses.

Scholarships may be administered solely by Lamar University (including selection of the recipient) or may be administered by the University at the request of a donor who selects the recipient (such as the Lions Club). Scholarships are financed primarily by donations. Academic scholarships are based on academic standing and college entrance

exams scores.

4.10.002 Grants

Grants are awarded to help defray a student's expenses, on the basis of need, and do not require repayment by the student. Federal, State, and Local Grants are available. Grants which are federally funded include PELL and Supplemental Equal Opportunity Grants (SEOG). The State of Texas requires a certain percentage of tuition be set aside for Texas Public Educational Grants (TPEG). The amount to be set aside is not less than 15% and not more than 20% of in-state tuition revenue and not more than 3% of non-resident tuition revenues [*Texas Education Code, Sec. 56.033*]. Of these monies, not less than 90% shall be used for TPEG Grants and not more than 10% shall be used for emergency loans [*Texas Education Code, Sec. 56.033 (b)*]. Texas Public Education State Student Incentive Grants (TPESSIG) are 50% funded by the Federal Government and 50% by Lamar University.

4.10.003 Loans

Loans are available on both a short-term and long-term basis. Short-term loans are made for periods of less than one year and usually repayment is required within the semester in which the loan is made. Loan types include:

- a. Federal Perkins Loans (formerly NDSL): A Federal loan program administered by the University.

This loan fund was established to assist students with financial need, based on federal government guidelines, in meeting their educational expenses. Documentation is retained by the Cashier's Office.

The Federal Perkins Loan Program requires repayment following a grace period which begins after graduation, withdrawal from the University, or a drop below half-time enrollment. Under certain conditions repayment may be deferred; these conditions include a continuation of studies, joining the armed services of the United States, and joining the United States V.I.S.T.A. program. Portions of the Federal Perkins loan may be forgiven for specified reasons such as the student's teaching in a designated poverty-stricken school after graduation.

- b. Texas Public Educational Grant Emergency Loan Program for Texas and Non-Texas Residents (TPEG): A state loan fund administered by the University. This fund was established to provide both resident and non-resident students with "short-term"

loans, to meet their educational expenses.

These loans must be repaid within the semester for which they are borrowed--usually within 30, 60, or 90 days after the date of loan approval. TPEG loans pay tuition/fees for the original registration.

- c. University Student Loan Fund (Emergency Loan): A local fund administered by the University. This fund was established to assist students who have financial emergencies. No funds are currently available.
- d. United Student Aid, Inc.: A loan fund administered by the University. These funds are on deposit with Chase Manhattan Bank of New York. The original promissory notes are retained by United Student Aid.
- e. Parent Loans for Undergraduate Students, Stafford Loans, and Unsubsidized loans, are loans administered by the Lender or Servicer. These funds are on deposit with the lending institution.
- f. Hinson-Hazlewood College Loans for students are administered by the Texas Higher Education Coordinating Board. These funds are on deposit with the State of Texas.
- g. College Access Loan Program for students are administered by the Texas Higher Education Coordinating Board. These funds are on deposit with the State of Texas.

4.10.004 College Work Study Program

Available through both a State and a Federal program. These programs enable students to work on-campus in various capacities. A student's eligibility to participate in the Work Study Program is determined by the Financial Aid Office. After the amount of the Work Study award is determined, a student cannot earn more than that award amount. A student who earns wages in excess of their Work Study Award **MUST** be paid as a Student Assistant for the hours worked over the award amount. The Federal and State Work Study Programs fund 75% of a student's wages. Individual accounts in which the students are employed are responsible for the remaining 25% of the gross wages. *[Reference: Texas Education Code 56.076(4)]*

4.11 PROMISSORY NOTES

Promissory Notes are required for student loans. TPEG and Institutional notes are retained by the Cashier's Office (responsible for maintaining files, following archive rules for paid notes, and destroying old notes on the retention schedule). Federal Perkins notes are retained by the Financial Aid Office. United Student Aid, Notes for Parent Loans, Stafford Loans, and Unsubsidized Loans are retained by the lender or their servicer.

4.12 LOANS, GRANTS, AND SCHOLARSHIPS

Loans, grants, and scholarships may be awarded for more than the amount of tuition and fees. This requires that a check be written to the student for the "residual" amount (the excess of the award over tuition/ fees and housing charges). The Cashier's Office submits a production work request (BBA400) to the computer center to print residual amounts. Residual checks are mailed by the Cashier's Office.

4.13 DROP/WITHDRAWAL REFUNDS

The Cashier's Office compares checks being held for disbursement with the student's account on the 409 screen to verify that the student should receive a refund check. If the student should not receive the refund check, it will be voided by the Accounting Assistant Senior.

4.13.001 Drop Refunds are processed by the Cashier's Office by requesting the BBRF05 with Option 3. Currently, the verification for this function is completed by reviewing the 409 screen. These refunds are produced with all other types of credit balance refunds residing in SIS.

4.13.002 Withdrawal Refunds are processed when the Cashier's Office submits a request to run the BBRF05 with option 2 to process Withdrawal credit balances. The Cashier's Office must review the 409 screen before mailing checks or disbursing checks.

4.14 LOAN COLLECTIONS

Generally, after reasonable notices have been given for final payment, registration and transcript holds are placed on the unpaid student's account and the unpaid portions are sent to collection agencies. Collection agencies generally charge a fee equal to 25% or 33.3333% of the total obligation (principal, interest, late charges, etc.) and this fee is added to the borrower's debt.

4.14.001 TPEG Loans

The Cashier's Office has the responsibility of maintaining the files and

handles the billing. The Cashier's Office will send a student's account to a collection agency if the student has failed to meet his/her obligation to the University. TPEG loans assigned to a student's account are included in this process.

4.14.002 Perkins Loans

The Cashier's Office is responsible for due diligence on all Perkins Loans. Lamar University cannot delegate this responsibility to a third party though currently a billing service is employed (AFSA Data Corporation). The billing service is not responsible for the file maintenance on Perkins. The following due diligence steps are carried out on all Perkins loans. The only exceptions are when a loan is discharged in Bankruptcy, Teacher's Cancellation, or Disability.

1. Pre-loan Counseling-Student Financial Aid:
 - a. Collect personal data about the borrower.
 - b. Have the borrower read and sign:
 - (1) Promissory note when award disbursed.
 - (2) Statement of Rights and Responsibilities which must reflect the exact amount disbursed on the Promissory Note.
2. Recording of the receivable by the Cashier's Office:
 - a. Submit loan information to the billing service and credit bureau after loans have been disbursed.
 - b. The In-School Journal and the registration file shall be compared twice per semester (usually the last day to drop without academic penalty) to accurately track the grace period and ensure that the borrower is enrolled at least half-time.
3. The Exit Interview is performed jointly by the Student Financial Aid office and the Cashier's Office. Lamar University has elected to have group exit interviews. If the borrower does not attend the exit interview, the University must mail the exit packet to the borrower.
 - a. Collect personal data about the borrower.
 - b. Have the borrower read and sign repayment schedule.
 - c. Provide (and review with) the borrower copies of:
 - (1) Promissory notes maintained by the Student Financial Aid office (signing off on any changes which need to be made).
 - (2) Repayment Schedule(s) and Rights and Responsibilities (also produced by the Cashier's Office).
 - d. Review in-school journal on the last day to drop without penalty for students who leave school without going through an exit interview.

LAMAR UNIVERSITY
FINANCE OFFICE - PROCEDURES MANUAL

4. Grace Period Notices (when the borrower is no longer attending school):
 - a. Three notices are required for a nine-month grace period and two notices are required for a six-month grace period.
 - b. Initial Grace
 - c. Continuing Grace

5. Out-of-School Due Diligence includes:
 - a. Review out of school journal on the 12th class day to identify borrowers that have returned to school who may be eligible for deferments or who may have enrolled without proper authority.
 - b. Establish and maintain regular billing procedures including billing at least 30 days before first payment due and at least 15 days before all subsequent payments are due. Assess charges for late payment as necessary.
 - c. Past due notices are mailed when an account is 15 days and 45 days past due. A final demand notice is mailed when an account is 75 days past due. Notices of loan acceleration are sent at least 30 days prior to action.
 - d. Telephone Calls (as necessary).
 - e. Skip-Trace activities (as necessary).
 - (1) Institutional records of all appropriate offices.
 - (2) Credit Bureau.
 - (3) Use the Department of Education's IRS/Skip-Trace Service.
 - (4) Hire a professional skip-trace company or perform equivalent activities with institutional personnel.
 - (5) Attempt to locate the borrower at least twice a year.
 - f. Collection and Litigation Procedures (as necessary):
 - (1) Report account to credit bureau.
 - (2) Hire a collection agency or perform equivalent activities with institutional personnel.
 - (3) At the end of 12 months litigate or make a second effort to collect.
 - (4) Make at least an annual attempt to collect until recovery is barred by statute of limitation.
 - (5) Assess collection costs.
 - g. Write-Off and Assignments (as necessary):
 - (1) Write-off loans with a balance of \$25 or less after due diligence has been performed.
 - (2) Assign loans with a balance greater than \$25 after the first level collection effort has been performed and after the loan has been accelerated.

4.15 ALTERNATIVE REPAYMENT PROGRAMS

Delinquency of Federal Loans (e.g. Perkins) may be alleviated by the Alternative Repayment Program. Generally, the borrower pays 10% of the outstanding balance or \$100 (whichever is greater). Some adjustments can be made if the borrower is below a specific income level. The account will then be entered into temporary payment status until the loan is paid in full or becomes current (under the original repayment program). Such temporary status allows the borrower to enroll in additional classes, but still requires a regular monthly payment. See the Perkins Loan Collections Manual.

From time-to-time, allowances are made to extend payment of TPEG loans without sending the borrower to the collection agency. In those cases (sometimes adjusted to allow for the individual circumstances of the borrower) a large down payment (usually 50%) is required with a payoff within 30 days. The borrower is then allowed to attend school the next semester if the loan is paid completely before the next semester starts.

4.16 INCOME TAX LIABILITY FOR SCHOLARSHIPS/GRANTS

Income Tax Liability for Scholarships/Grants may arise in instances in which the amount of a scholarship or grant exceeds the cost of tuition and books. It is the responsibility of the student to document the amount of actual expenditures for tuition and books, the amount of their scholarship or grant, and to pay any income tax liability arising from receipt of the scholarship/grant.

The University is **NOT** required to issue 1099's (or any similar form) to report scholarships and/or grants which are not the result of rendering services (as would be in the case of wages). Compensation for fellowships, etc., required by rendering of services are paid through the payroll system and are reported on W-2's. [Reference: Internal Revenue Service 1099 Instructions and Letter from IRS].

4.17 LOAN WRITE-OFF

Handle consistent with Procedures outlined in Cash Management Section 4.7.

1. Texas Public Education Grant Allowance for doubtful accounts are set up on a loan that is 12 months past due or is otherwise deemed uncollectible. Lamar University will not set up an account which is currently receiving payments.
2. Texas Public Education Grant loan account is written off once the account is more than 24 months past due.
3. Perkins loans are not written off per Federal Regulations. The Cashier's Office will assign a loan to the Federal Government as soon as it is determined the loan is uncollectible.

4.18 TPEG FUND BALANCE VERIFICATION

The Director of Cash Management prepares an Analysis of TPEG balances at the end of each month (see *Exhibit E*). The purpose of the report is to verify that TPEG funds are not being used for any other purposes. The report is prepared based on total TPEG receipts and disbursements for the month. The TPEG revenue accounts are 1-15405 (Rev. TPEG Texas Scholarships), and 1-15406 (Rev. TPEG Non-Texas Scholarship), and the TPEG Expenditure accounts are 2-15505 (TPEG Texas Scholarships), and 2-15506 (TPEG Non-Texas Scholarships).

TPEG receipts for the month are added and TPEG disbursements are subtracted from the prior month's ending balance to determine the current month's balance. This is done separately for TPEG Texas and TPEG Non-Texas balances. The two balances are then added together to determine the total TPEG balances as of the end of the month. It is then verified that the Designated cash and investment balances are greater than or equal to the total TPEG balance.

The Designated funds investment balance is obtained by looking at the Summary of Invested Balances by Fund portion of the Monthly Financial Report. If the total of the Designated investment and cash balances is not greater than or equal to the total TPEG balances Designated cash balances, an interfund loan will be made to the Designated Fund in an amount which will bring the cash balance to an amount to cover current TPEG balances.

Exhibits

- A Daily Incoming Cash/Check Log*
- B Daily Cash Collection Audit*
- C Cash Receipts/Bank Transfer*
- D F6.1 - Gift and Donation Form*

V. BONDS

5.1 BOND OBLIGATIONS

LAMAR UNIVERSITY
FINANCE OFFICE - PROCEDURES MANUAL

It is the responsibility of the Director of Cash Management under the supervision of the Assistant Vice President for Finance, to ensure that all bond debt obligations are paid as scheduled. Bond debt obligations are transferred to The Texas State University System office on or before September 15 and March 15 of each year. All bond debt is currently issued at The Texas State University System.

The current outstanding bond issues are:

1. TSUS Revenue Financing System Bonds - Series 1998
2. TSUS Tuition Revenue Bond - Series 1998.