

# University of Washington

## Undistributed Deposits Policy

Responsible Office – Financial Accounting

Date Effective – October 1, 2017

### **OVERVIEW AND PURPOSE**

The UW receives both domestic and international funds on a daily basis in the form of wire transfers and Automated Clearing House credits (ACH). These funds are deposited into the UW's main operating account at Bank of America. The recipients of these funds are various departments across campus. Current practice requires departments expecting these funds to submit a Cash Transmittal form (CT) to the Banking & Accounting Operations unit (BAO) in Financial Accounting in advance of the deposit, with instructions for recording the transaction in the Financial Accounting System (FAS) once the funds are received.

Occasionally the CT is received shortly after receipt of the funds. For some deposits, no CT form is received and the recipient is not identified for an extended period of time, if ever.

BAO makes every reasonable effort to determine the owner for undistributed (unclaimed) funds received by the bank. This entails, in part:

- Using bank remittance data to try and determine to whom the funds belong;
- Contacting the entity sending the deposit to have them provide recipient information;
- Publishing the list of undistributed deposits being carried on the bank reconciliation and in the BAO suspense budget to a website only accessible by UW employees. This listing is updated at least monthly;
- Notifying the business area primary contacts by email each time this website is updated.

Undistributed deposits impact the University's accounting records in the following ways:

- Deposits received by the bank but not recorded in FAS are carried as reconciling items on the bank reconciliation, and require tracking over time until the funds are claimed;

- Deposits received by the bank but not recorded in FAS understate the balance for the cash general ledger account in FAS representing this bank account;
- When recipients claim their deposits and record them in FAS using a CT, the source of the receipt (typically revenue) is recorded. FAS budget balances, and the associated revenue, accounts receivable, etc., are misstated when no CT is recorded.

This policy addresses the treatment of undistributed funds held in the main operating account at Bank of America (Account 5000). In particular, this policy specifies the length of time undistributed deposits will be reported as reconciling items on the bank reconciliation, the process for recording them to the accounting system, and the process to sweep these funds to a centrally held budget maintained by the Office of Planning and Budgeting (OPB) to redistribute according to University priorities.

#### **AUTHORITY**

1. Proper internal controls over financial reporting require that all transactions impacting University resources be recorded to the FAS accounting system in a timely manner.
2. Administrative Policy Statement (APS) 31.1 “Internal Controls to Minimize Risk Over Cash Receipts” says in part:
  - “1. Policy – All University units collecting cash must develop and implement procedures that address the following elements of cash receipts:
    - Accounting for cash as it is received;
    - Depositing cash promptly;
    - Reconciling cash activity in a timely manner”
3. APS 32.1 “Accounting for Revenues from Sales of Goods and Services: An Administrative Operating Guide” says in part:
  - “3.F General Guidelines – Cash Transmittal (CT) Preparation – All receipts from approved sales of goods and services must be deposited into the University bank account using a Cash Transmittal form.”

## **SCOPE**

All University schools, colleges, campuses, units and affiliate institutions must comply with this policy. Exceptions to this policy should be rare and unusual.

## **POLICY**

1. Undistributed wire and ACH deposits will be carried as reconciling items on the University bank reconciliation for no longer than 90 days.
2. Each month, any undistributed deposits carried as reconciling items on the bank reconciliation for longer than 90 days will be recorded to FAS by crediting a suspense budget managed by BAO.
3. Departments can claim funds that have been moved to this suspense budget after providing clear documentation to BAO that substantiates their claim to the funds.
4. At the end of each fiscal year (June 30), any undistributed amounts carried in the BAO suspense budget that are more than 12 months old will be swept to OPB for redistribution according to University priorities, set by the executive leadership. Once this occurs, these funds can no longer be claimed, even after providing supporting documentation substantiating the claim.

## **UNIT RESPONSIBILITIES**

### **Banking & Accounting Operations (BAO)**

- Record CT forms received from the business units to FAS within two business days from when the associated funds have been deposited at the bank;
- Follow up with business units when CT forms have been received but no deposit is recorded by the bank;
- Make reasonable efforts to determine the owner for undistributed funds received by the bank. This would entail, in part:
  - Using bank remittance data to try and determine to whom the funds belong;
  - Contacting the entity sending the deposit to have them provide recipient information;

- Publishing the list of undistributed deposits being carried on the bank reconciliation and in the BAO suspense budget to a website only accessible by UW employees. This listing is updated monthly;
- Notifying the business area contacts by email each time this website is updated;
- Each month, record to FAS undistributed deposits that have been carried on the bank reconciliation for longer than 90 days;
- On June 30 every year, upon approval by the Associate Vice President and Controller, transfer undistributed funds that are more than 12 months old out of the BAO suspense budget for redistribution according to University priorities, set by the executive leadership.

### **Business Units Receiving Deposits**

- Submit CT forms to BAO for all deposits expected to be received into the bank account no later than two business days following anticipated receipt;
- Monitor departmental budget activity to confirm that the CT has been recorded in FAS;
- For any CT submitted to BAO and not reflected in FAS, contact BAO to determine the reason;
- Monitor the list of undistributed deposits which is published online by BAO, looking for deposits that should be claimed. Notify BAO when a deposit is found on this list, and submit the associated CT form;
- For deposits moved to the BAO suspense budget, apply for receipt of these funds by providing substantiating documentation. Substantiating documentation entails evidence that clearly demonstrates that the funds were received for the benefit of the business unit making the application.