

# University of Missouri System Accounting Policies and Procedures



**Policy Number:** APM-45.05

**Policy Name:** Processing Cash Gifts

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## **General Policy and Procedure Overview:**

The University of Missouri receives gifts in many forms from many different groups of individuals and organizations. This policy provides authoritative guidance for the University to record and process Cash Gifts.

## **Definition of Key Terms:**

**Gift:** A gift is a voluntary transfer of funds, property or other items of value by a person or organization to the University of Missouri without any consideration of value or compensation to the donor.

With the following exceptions:

- Gifts made payable to affiliated organizations and foundations. (Until such time as the organization or foundation transmits the gift to the University, the donation is not considered as having been received by the University for financial reporting purposes.)
- Grants, i.e. Grants from State and Federal Agencies and private sponsors.
- Endowment earnings.
- Student activity fees or other monies from sales and services even though such money may be intended for a development project.
- Gifts to agency funds administered by the University.

**Cash Gifts:** Any gift received by cash, check, debit card, credit card, wire transfers, or payroll deductions.

**Gift Pledge:** A Gift Pledge is a future commitment to remit funds to the University. The commitment period could be monthly or annually, and can span multiple years based on the donor stipulation. Pledge reporting in the University financial system is governed by the Governmental Accounting Standards Board, Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

**Authorization to Accept a Gift:** An Authorization to Accept a Gift is a written statement from the appropriate campus and system offices authorizing the acceptance of the gift. The authorization is a result of an analysis of risk related to the acceptance of the gift.

## **Detail Policy:**

### **Receipt of Cash Gifts from Non-Employees**

Gifts Received from non-employees include Alumni, Parents, Corporations, Foundations and various other organizations and individuals. These gifts can be received directly by the Development Office or they can be received by other departments throughout the University. Campus Departments and/or the Development Office record cash gifts they receive using PS-Cash Receipts Report (CRR) on the Web Application system (<http://webapps.umsystem.edu/>). If the individual or department makes deposits directly with the bank, choose the **Direct Deposit with Gift Money**; if the individual or department makes deposits by taking cash to the Cashier's Office choose **Cashier Deposit with Gift Money**.

- A gift clearing ChartField string will be credited for each campus. The MoCode/PS Account combination is entered automatically as follows:

Columbia	C4779 - 480050
UM-System	C4779 - 480050
Hospital	C4779 - 480050
Kansas City	K1700 - 480050
Rolla	R2054 - 480050
St Louis	S1296 - 480050

- Complete the CRR following normal procedures. Indicate the total amount of gift monies being deposited on the gift clearing ChartField line.

**NOTE: If you have any non-gift funds to deposit, complete other lines of the CRR, as needed.**

- When submitting the Gift CRR, the system displays an Advice of Gift form.
- Complete a separate form for each gift, as follows:

Donor name and address  
 Date of gift  
 Amount of gift  
 Preferred MoCode/PS Account  
 Comments, restrictions or special instructions regarding the use of the gift

- The editing rules for Advice of Gift are the same as the CRR, i.e., the preparer or Cashiers can edit until the nightly processing of CRRs begins (usually 6:00 p.m.).
- The Development Office uses the information on the Advice of Gift to determine how to input the gift in SunGard Higher Education (Advance) software system.
- For campuses where Departments submit the Gift CRR and Advice(s) of Gift, departments print a copy of the combined CRR/Advice of Gift. The departments submit this form as a batch cover sheet with the following information to the Development office for each gift received:
  - A copy of the check.
  - Any original correspondence received from the donor and the envelope if appropriate (see campus-specific Development policies for envelope details).

- Any other original material received with the gift that may provide information about the donor(s) and the purpose of the gift.
- When the Development Office receives this material, the gift will be processed and moved from the clearing ChartFields to the applicable gift ChartField(s) by Journal Entry.

The Development Office must review and evaluate all gift terms prior to official acceptance by the University. Other departments may also receive gifts and must notify the Development Office of such gifts. The Development Office has the ultimate responsibility for managing the overall gift receipt process. Before a gift is processed an Authorization Form must be prepared and signed by properly authorized individuals. If this is a new gift, the Development Office staff ensures the appropriate authorizations are in place. If this is cash received as payment on an already authorized gift, it may be processed.

A daily control total is established for all gifts processed. This control total is used to provide an opportunity to review for completeness and accuracy through subsequent processes.

- A person independent of the person establishing the control total records the gift Advance. On a nightly basis these transactions are transmitted to the PeopleSoft Finance System in the form of a journal transaction feed as discussed in more detail under **Receipt of Cash Gifts from Non-Employees**.

The documentation used to enter the gift into the system is returned to the Development Office control desk. A report from Advance, “Acknowledgements and Receipts” is balanced to the CRRs for the date and the control total. The detail information is verified for accuracy of data entry. Required corrections are made and subsequent “Acknowledgements” reports run until the information in Advance is accurate. This control ensures the accuracy of the entries to both Advance and PeopleSoft and the completeness of the daily transactions being submitted. When correct, the batch of data from Advance to PeopleSoft is released. The final Acknowledgements report is initialed by the reviewer and retained as evidence of the review process. In addition to reviewing and accepting the gift, the Development Office acknowledges the gift and sends an official receipt to donor as required by current Internal Revenue Service (IRS) regulations.

The Development Offices will review the feed daily from Advance to PeopleSoft to ensure the totals established above have in fact been posted within PeopleSoft.

### **Departmental Tracking/Reconciling Gift Clearing ChartFields - Monthly**

- After selecting PS Financial Reports, a user can enter the ChartFields for Clearing or an operating DeptID, select other options as desired for the correct month and year and run the report. After the report displays, select the Account desired by clicking on the amount you want to validate. A line(s) should display and the user can select the Journal number link to view all transactions on the journal or click the CRR number link to view details of the Deposit and Advice of Gift portion of the CRR.

All clearing accounts are reconciled monthly by either the development or campus accounting offices ensuring all entries have been processed. A formal written reconciliation including an

aging of items remaining in the clearing account will be prepared, signed by the preparer, and retained.

### **Reconciliation of Bank Accounts:**

The Controller's Office reconciles the bank accounts receiving the deposits of cash gifts. This segregates the control of cash from the preparation and processing of entries. It also controls the accuracy of the entries. The CRRs prepared by the departments are reconciled to the deposits made thus controlling the receipt of deposits. Additionally, the bank accounts are reconciled to the PeopleSoft system ensuring the completeness of processing. (see [APM 15.10 Daily Reconciliation](#) and [APM 15.15 Monthly Reconciliation](#))

### **Receipt of Cash Gifts from Employees and Retirees**

Gifts can be received from employees through payroll deduction from bi-weekly or monthly paychecks. The process for handling employee payroll deduction gifts are as follows:

1. If an employee wishes to contribute to the University through a payroll deduction, the Payroll Deduction Form must be completed by the employee and sent to the Development Office. A copy of the Payroll Deduction Form can be obtained from the campus Development Offices. For downloadable forms:
  - Columbia, Hospital, System  
<http://giving.missouri.edu/how-to-give/give-now/payroll-deduction.pdf>
  - Kansas City  
[http://www.umkc.edu/e-blast/torchbearer/Authorization\\_for\\_Payroll\\_Deduction.pdf](http://www.umkc.edu/e-blast/torchbearer/Authorization_for_Payroll_Deduction.pdf)
  - Rolla  
<http://records.mst.edu/documents/PayrollDeductionForm2008.pdf>
  - St. Louis  
<http://www.umsl.edu/services/develop/docs/pdfs/Authorization%20for%20Payroll%20Deduction.pdf>
2. After the Development Office receives the completed Payroll Deduction Form, the information is entered into Advance. The Development Office then forwards the Form to the campus Payroll Office in order to update the employees' payroll file.
3. When each payroll is processed on a monthly or bi-weekly basis, the payroll deductions are made from the employees' paycheck and the funds are transferred to the applicable Development Clearing DeptID.
4. If an employee or retiree wishes to make a donation other than through a payroll deduction, the process for non-employees, described in the **Receipt of Cash Gifts from Non-employees** is followed to process the gift.

### **Responsibilities:**

Development Office:

- Handle cash in accordance with procedures in the Business Practices Manual.
- Balance the Cash received to the daily input to Advance

- Ensure the accuracy of the Advance system
- Balance the feed of the Advance system to PeopleSoft.
- Review and evaluate all gift terms prior to official acceptance by the University
- Acknowledges the gift and sends an official receipt to donor as required by current Internal Revenue Service (IRS) regulations
- All clearing accounts are reconciled monthly ensuring all entries have been processed

Controller's Office:

- Reconciles the bank accounts receiving the deposits of cash gifts

*Effective Date: June 30, 2005*

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*Revised Date: May 10, 2012*

### **Questions and Comments?**

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.