CASH MANAGEMENT & ACCOUNTS RECEIVABLE

- Link on Financial Services web page
- Cash Management Plan documents include:
  - Cash Management Plan and Accounts Receivable “draft” PRR
  - Cash Management Plan
  - ACH Payments and Collection Processing
  - Merchant Card Processing

CASH MANAGEMENT & ACCOUNTS RECEIVABLE - CONTINUED

- Accounts Receivable documents include:
  - Guidelines to Departments for Cash Receipting and Receivables
  - Cash Receipting Procedures Template
    - Provided in PDF format for reference
    - Provided in Word format for each of use

CASH MANAGEMENT KEY POINTS

- “Cash Receipts” as used in the Cash Management Plan include
  - Cash and coin
  - Checks and money orders
  - Debit and Credit card payments
  - Wire transfers
  - ACH payments
    - Basically any payment type received by ECU
CASH MANAGEMENT KEY POINTS - CONTINUED

• Daily Deposit of Funds:
  • **All funds must be deposited daily.**
    • There is no longer a $250 threshold for a daily deposit.

BANK ACCOUNTS

• All university funds must be deposited in university bank accounts.
• Financial Services approves and coordinates opening any new bank accounts with the North Carolina Department of State Treasurer.

ELECTRONIC PAYMENTS

• Department or entity must be approved by University Cashier’s Office or Health Sciences Depository Services to accept electronic payments.
• All departments, individuals, and foundations must receive advance approval from the E-Commerce Manager prior to entering into arrangements with other entities for processing payment cards.
EXCEPTIONS

• Any exceptions must be pre-approved by Stephanie Coleman, Interim Director of Compliance Management – Financial Services

• Exception approval involves North Carolina Office of State Controller and Department of State Treasurer

NON-STUDENT, NON-PATIENT ACCOUNTS RECEIVABLE

• Non-Student
  • Not billed through Cashier’s Office

• Non-Patient
  • Not billed through Division of Health Sciences Depositary Services (HSDS)

• Debtors include:
  • Individuals
  • External organizations
  • Businesses/vendors
  • Other state agencies
REQUIRED BY LAW

- Office of State Controller and Office of Attorney General requirements
- Under G.S. § 147-86.21:
  - State agencies are responsible for collecting accounts receivable owed
  - State agencies shall develop policies and procedures for the management and collection of accounts receivable that are consistent with statewide policies and procedures adopted by the State Controller
  - State agencies shall provide the State Controller a complete report of the agency’s accounts receivable at least quarterly or more frequently as required by the State Controller

CURRENT VS DELINQUENT

- Determined by department policies
  - Due date/terms of invoice
  - Grace period as defined by management
  - An extended time period as stated in a loan or Promissory Note
- Once an account is considered delinquent and past due, the account in now subject to formal collections.

COLLECTION TECHNIQUES

- Formal Demand Letters
- Submission to the OAG via the NCDOJ web Portal
- Collection Agencies
- Set Off Debt Collections (SODCA)
- State Employees Collections (SEDCA)
- Simple interest charged at rate established by the North Carolina Department of Revenue (NCDOR)
- Late payment penalties of 10%
QUARTERLY AND ANNUAL
OSC RECEIVABLE REPORT

WRITE-OFFS

- Under G.S. §147-86.21
  - Accounts should be written off an agency’s financial accounting records when all collection procedures, including those required by the Office of the Attorney General (OAG), have been conducted without results and management deems the accounts uncollectible.
  - Written-off for financial purposes vs written-off for collection purposes

PROVISION OF STATE SERVICES TO DELINQUENT DEBTORS

- Under G. S. 147-86.21 and G. S. 147-86.23
  - Except when prohibited by law or legal contracts, persons or entities with accounts that are past due or have been written off due to non-payment should be denied additional goods or services until payments to the University have been received or resolved.
MINIMUM IDENTIFYING INFORMATION

• Under G. S. 147-86.24
  • State agencies shall collect from clients and debtors minimum identifying information
• Please verify the debtor’s address and phone
• Per ECU’s Regulation Regarding SSN and PII, you must receive authorization from the Identity Theft Protection Committee (ITPC) to collect, use, store, disclose or transmit SSNs and personal identifying information which includes driver’s license numbers.

RESOURCES

• ECU Guidelines to Departments for Cash Receipting and Receivables

PCI – ACCEPTING PAYMENT CARDS (DEBIT/CREDIT CARDS)
ACCEPTING PAYMENT CARDS

• Any department that wants to accept payment cards (directly, via a third party or have a third party collect/sell for them) must have approval from Compliance Mgmt (Financial Services) and the PCI Committee

• Prior to contracting with any vendor for software, hardware or services that involves credit/debit card payments, you must request and receive approval from Compliance Mgmt (Financial Services) and the PCI Committee (as well as ITCS Central Projects Office)
  • Software that processes payments
  • Hardware that processes payments
  • Service offered by a third party to process payments/sell items

DO NOT...

× Email cardholder data (delete it & do not process)
× Allow faxes with cardholder data to a networked copier/fax (analog fax machines only – approval required)
× Store full card numbers electronically
× Store full card numbers (hard copies/paper) AFTER processing, unless you have a documented business need
× Process transactions on mobile devices (Wi-Fi is NOT secure)
× Surplus old credit card terminals/devices – contact Compliance Mgmt (Financial Services) to have destroyed properly
× Allow any employee to access cardholder data or equipment/software to process payments unless they have submitted a Banner Security Request and completed PCI Security Awareness training

WHAT OPTIONS ARE AVAILABLE?

• Touchnet U-store (registration/payments online)
  • https://epay-bnnr.ecu.edu/ECO694_ustores/web/index.jsp
• Touchnet U-Pay (links with Touchnet partners)
  • http://www.touchnet.com/prod/touchnet-ready-program.html
• POS terminals (credit card terminals connected to analog phone line/newtork)
• Cellular POS terminals – mobile (cellular card terminals processes on cellular network)
  • Available for rent by ECU departments for university business
WHAT'S NEW

- EMV Chip cards
  - 75% of campus can accept EMV chip cards
  - Insert chip end of card, let card remain until transaction is complete
  - If card is removed prematurely, it can cause duplicate authorizations (double payment)

- Contactless (NFC)
  - 75% of campus can accept contactless (Apple Pay/Google Pay)
  - Tap phone on NFC area on terminal or pin pad

PCI SECURITY, TRAINING

- Banner Security Request – one time
- PCI Security Awareness Training (online) – annual
- PCI Standards and Procedures (review and acknowledgement on SharePoint) – annual

- New hires – initiate process by submitting the Banner Security Request
- Termination/Transfer – notify Compliance Mgmt of employee’s departure so security can be removed
- Change in job duties – submit security request or notify Compliance Mgmt

TAX
EMPLOYEE VS. INDEPENDENT CONTRACTOR

- **Employee** - The IRS generally defines an employee under common law as anyone who performs services for you if you can control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed.

- **Independent Contractor** - The IRS generally defines an independent contractor as someone who is in an independent trade, business or profession in which they offer their services to the general public. The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work, not what will be done and/or how it will be done.

IRS PRACTICES

- IRS takes great care to avoid offering specific fact patterns that automatically allow for independent contractor status.

  - The IRS advice is simply to evaluate the relationship as a whole, based on 3 categories of control and independence:
    - **Behavioral** – Does the payer have the right to control what the worker does and how the worker does his or her job?
    - **Financial** – Are the business aspects of the worker controlled by the payer (how the worker is paid, are expenses reimbursed, who provides tools/supplies, etc.)?
    - **Type of Relationship** – Are there written contracts or employee type benefits? Will the relationship be ongoing and is the work performed a key aspect of the business?

ECU PRACTICES

- Materials Management’s Contractual Services Form combines questions from the 20 factor test and general concept inquiries from the Control and Independence Tests mentioned above, as well other items relevant to the State of NC and UNC system to assist in making a determination.

  - CSPR forms are reviewed by Material’s Management, with consultation of the University’s Disbursement Manager and Tax Accountant as needed.

  - De Facto Employee Determinations
    - Working directly with students or patients
    - Having supervisory or prominent roles in operations or projects
    - Employees contracted to provide services in addition to permanent duties

When in doubt, Employee Status is applied. If you have any questions, contact Materials Management, the University’s Disbursement Manager or Tax Accountant.
SALES AND USE TAX

SALES TAX ON ADMISSION CHARGES

- Effective January 1, 2014 sales taxes must be collected on admission charges to entertainment events and remitted to the N.C. Department of Revenue.
- N.C. General Statute 105-164.4(a)(10) imposes a tax on a retailer (including the University) at the current rate of 4.75% general State and applicable local and transit rates (currently 2.25% for Pitt County) of sales and use tax to admission charges to an entertainment activity listed below:
  - A live performance or other live event of any kind. *(most common for ECU)*
  - A motion picture or film.
  - A museum, a cultural site, a garden, an exhibit, a show or a similar attraction or a guided tour at any of the attractions.
*Admission charge includes charge for a single ticket, a multi-occasion ticket, a seasonal pass, an annual pass and a cover charge.

EVENTS THIS APPLIES TO

- A live performance or other live event of any kind. *(most common for ECU)*
- A motion picture or film.
- A museum, a cultural site, a garden, an exhibit, a show or a similar attraction or a guided tour at any of the attractions.

Types of Events
- Sporting Events
- Film Screenings
- Lectures
- Exhibits
- Performances
- Dinners that include student performers, guest speakers, etc.
EVENT EXEMPTIONS

Charges that Generally Do Not Constitute Admission Charges to an entertainment activity subject to tax under N.C. Gen. Stat. § 105-164.4(j)(10):

a. Registration fee to participate in a sporting activity.
b. Tuition or fee for a class or other learning activity that includes instruction.
c. A registration fee for an educational seminar or workshop.
d. Registration to attend summer camp.
e. Fees to bowl, skate, swim, or play miniature golf.
f. Fees paid to fish from a pier and not to observe persons fishing.
g. Golf greens fees or driving range fees.
h. A fee to ride a means of transportation where the purpose is for the transportation.
i. Boat hire, carriage ride, and similar activities where the fee paid does not include admission to an attraction.
j. The retail sale of prepared food as defined in G.S. 105-164.3(28) subject to sales and use tax at the 4.75% general State and applicable local and transit rates of sales and use tax.
k. Admission tickets given away for free that do not constitute bartered transactions.

WHAT DOES MY DEPARTMENT NEED TO DO?

• Departments will need to complete and submit an Evaluation Form-Admission Charged Events via Docusign

• Link is located on Financial Services website under helpful forms: Evaluation Form-Admission Charged Events Docusign link for Evaluation of Admission Charged Events

• Send questions to salestaxquest@ecu.edu

ARE YOU SELLING ANYTHING IN YOUR DEPARTMENT?

- Books
- Magazines
- T-shirts
- Apparel
ARE YOU SELLING ANYTHING IN YOUR DEPARTMENT?

• University has to remit sales tax monthly on items sold
• Please contact Stephanie Coleman colemans@ecu.edu if your department is selling anything

UNRELATED BUSINESS INCOME TAX

• University is generally exempt from paying income tax, however, some activities are taxable income to the university and must be reported
• UBIT Survey- sent to Director’s, Dean’s, Department Heads annually
• Make sure that the appropriate account codes are used-Rentals, advertising, sponsorships
CONTACT INFO

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