

## **Lock Haven University Guideline**

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### **Cash Payments Operating Guideline**

#### **A. Purpose**

To comply with IRS Regulations passed by Congress that require certain cash transactions be reported to the IRS in an effort to trace money from drug dealers, smugglers, and terrorists, who often use large cash payments to "launder" money from illegal activities, evade taxes, and participate in other criminal activities. IRS Publication 1544 refers to the Reporting of Cash Payments of Over \$10,000. To do this, the IRS requires Form 8300 be completed when cash payments total \$10,000 or more in one year (12-month period).

#### **Reference Policy ###**

#### **B. Scope**

This policy applies to anyone submitting cash payments to the University for any purpose.

#### **C. Definition(s)**

1. Cash: Defined as currency and coins of the United States and any other country; it does not include personal checks, cashier's checks, automated debits or credits, money orders, bank wires, etc..
2. Form 8300: An Internal Revenue Service (IRS) document that must be completed when the University has received \$10,000 or more in cash receipts in a 12-month period.
3. Lock Haven University Cash Transaction Reporting Form: A form any individual supplying Lock Haven University with \$3,000 or more in cash in a single transaction completes which includes the payer, the beneficiary of the payment and the number of \$100 dollar bills.
4. Log of Individuals Conducting Cash Transactions: A log that is completed and maintained in the Student Accounts Office to assist in regular review of all cash payments that indicate a payer could be nearing the threshold of \$10,000.
5. Required Statement to Payer: A notice that must be sent to the payer when the payments reach or exceed \$10,000 in cash. This would be mailed upon completion of Form 8300 to the payer. Email is sufficient if the payer gave their email address for this purpose.

## D. Policy

1. Student Accounts Responsibilities: When an individual makes a payment in the form of cash in the amount of \$3,000 or more, the Student Accounts representative must:
  - a. Check the Log of Individuals Conducting Cash Transactions – to see if the individual has paid cash in the previous 12 months in any significant amount.
    - i. If the individual has not previously paid cash, enter a new log entry.
    - ii. If the individual has, then complete a new line item for cash received in this transaction.
  - b. Complete a Cash Transactions Reporting Form – identifying themselves as the payer and their identification needs including Tax Identification Number (TIN – otherwise known as SSN), the beneficiary (in most cases a student). The Student Accounts representative will verify the funds and include the number of \$100 dollar bills in the transaction.
    - i. If the payer refuses to supply their TIN, the representative should inform the person that he or she is subject to a \$50 penalty imposed by the Internal Revenue Service under section 6723 [26 USCS – 6723] if he or she fails to furnish his or her TIN. This should be noted on the form that the person has refused to supply the information required.
  - c. The Student Accounts representative should immediately notify the Controller when an individual's cash payments total more than \$10,000 in any 12-month period and should forward the Cash Transaction Reporting Form or forms to the Controller.
  - d. After Form 8300 is filed, the Bursar must start a new count of cash transactions received from the payer, and notify the University Controller if the individual's cash payments total more than \$10,000 in any subsequent 12-month period.
  - e. If at any time, Student Accounts believes that a transaction is suspicious, they should immediately notify the Controller.
  - f. The Student Accounts Supervisor will run monthly queries to verify all those that should have completed a Cash Transactions Reporting Form, as well as those that would qualify for the Form 8300 are submitted. A query can be run upon demand to verify cash receipts as well.
2. Controller Responsibilities: Upon notification from Student Accounts that an individual has paid more than \$10,000 in cash within a 12-month period, the Controller must:
  - a. File IRS Form 8300 within 15 days of receipt of last payment.
  - b. Notify the payer in a written or electronic statement, that Form 8300 has been filed. The statement must indicate that the information was furnished to the IRS, include the University address, provide the name and telephone number of a University contact, and be sent on or before January 31 of the year following the calendar year in which the cash was received.
  - c. Maintain copies of all documentation related to the preparation and filing of Form 8300 for five years.
  - d. Monitor internal controls to ensure that cash transactions are being properly tracked and reported timely.
3. Attachments

- a. Cash Transaction Reporting Form
- b. Log of Individuals Conducting Cash Transactions
- c. Required Statement to Payer
- d. Form 8300