

CASH HANDLING PROCEDURES

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PURPOSE

The purpose of this document is to establish campus protocol and procedural guidelines for the handling of cash and cash equivalents and appropriate segregation of duties in accordance with University and ICSUAM Policies 3101.02, 3102.01, 3102.02, 3102.03, 3102.04, 3102.05 & 3102.08.

SCOPE

This document will pertain to any department, collectively and person, individually in the handling of cash or cash equivalent.

DEFINITION OF TERMS

Cash: Coins & currency.

Cash Equivalents: Checks, money orders, wire transfers, debit (ATM) and credit card transactions.

Cashier: Individual receiving cash or cash equivalents at the point of sale and recording same in CASHNet

Cashiering Station: Collection stations that typically collect cash and cash equivalents by using CASHNet.

CASHNet: University cashiering system.

Handle/Handling: Receiving, delivering, and storing cash and cash equivalents for department deposits.

Handlers: Persons performing duties defined as "Handle/Handling".

ICSUAM: Integrated California State University Administrative Manual.

Official University Cash Receipt: Must be generated from CASHNet.

Student Business Services (SBS): Main cashier's office responsible for the collection of student payments, department deposits and miscellaneous payments.

RESPONSIBILITIES

Chief Financial Officer (CFO) or designees' responsibilities (ICSUAM 3101.02):

1. Authorize/Approve official cashiering locations using the CASHNet system.
2. Authorize/approve annual review of compliance and provide report of findings.

Student Business Services Manager (SBS Manager) or designees' responsibilities (ICSUAM 3102.02):

1. Ensure appropriate approvals have been obtained prior to establishing an official cashiering station.
2. Maintain a listing of all departments and individuals that perform cash handling duties using CASHNet.
3. Ensure cashiering stations are operating in accordance with CSU and University policy and procedures.
4. Approve establishment and oversee operation of petty cash and change funds.
5. Ensure that the following requirements have been met for each cashiering station, with the exception of 5.a. below:
 - a. Cashiers (handlers including student assistants) have had appropriate background checks (fingerprint clearance) and employee history verified (ICSUAM 3102.01). This function shall be handled by the department dean or financial manager, other than in the SBS Office. This does not apply to existing cash handler employees per union contract, unless duties are changed.
 - b. Cashiers (handlers) have been properly trained in cash handling, the preparation and processing of deposits and the use of CASHNet (ICSUAM 3101.02).
 - c. Cash, checks, and debit/credit card information are physically protected at all times. (ICSUAM 3102.04).
 - d. Appropriate segregation of duties are maintained (ICSUAM 3102.02).

Risk Management and Police Services Departments' responsibilities (ICSUAM 3102.04):

Review and approve the physical setup of all cashiering stations to ensure the safety of funds and personnel.

PROCEDURES

1. Segregation of Duties

- a. The SBS Manager shall maintain a listing of all departments and employees who handle University cash or cash equivalents at each official cashiering station. Cash receipts/handling operations will require daily supervision and review.
- b. No single person should have complete control over the entire process of receiving, processing, applying a payment, preparing the bank deposit and verifying the deposit.
- c. The individual who authorizes refunds cannot receive or handle cash or cash equivalents.
- d. The person collecting cash, issuing cash receipts and preparing the departmental deposit shall be someone other than the person verifying the deposit, and must assure the funds are properly safeguarded in a safe, vault or secured receptacle (locked bag, locked drawer, locked drop box).
- e. The storage and inventory of blank receipt stock must be handled by someone other than a cashier.
- f. If proper segregation of duties cannot be implemented for any cash handling function, mitigating controls may be established, such as periodic reports that are reviewed and approved by a manager/supervisor and maintained as an audit record, reconciliations with inventory counts and bank record reconciliations to cash count records by a manager, supervisor or unrelated party can serve as adequate control techniques when staffing levels do not afford full segregation.

2. Cashiering Stations

- a. All cash registers and point of sale equipment must produce a receipt controlled by consecutive numbers generated automatically and recorded with each transaction. This numbering mechanism must be accessible only to the manufacturer's service representative or appropriate manager who is independent of that cashiering location.
- b. Subsequent to the collection of funds, each cashier shall offer a copy of the receipt to the customer (paper or electronic).
- c. Each cashier should take reasonable precaution to detect counterfeit money prior to acceptance. Cashier shall use a counterfeit detector pen and/or the currency counter for bills over \$100.

- d. Each cashier shall be assigned a unique user ID, login, password, and cash fund not accessible by or shared with other individuals. The department manager must provide a cash register drawer or other secure cash receptacle to which only the cashier has access.
- e. Prior to leaving the cash register or work area for any reason, the cashier will lock the cash drawer and remove the key, keeping it in their possession.
- f. As part of normal operations throughout the day, the cashier will accumulate receipts from sales. Cash in excess of daily operation need should be transferred from the register drawer to a University approved safe or lockable receptacle.
- g. Cashiers must always use the count back method when making change during a transaction.
- h. All cash registers and point of sale equipment must produce an end-of-day report total for verification to cash and cash equivalents collected. Reconciliation must be reviewed and verified by someone (supervisor or designee) other than the cashier responsible for the collections.
- i. At the close of business, all cash and cash equivalents must be secured and stored in accordance with CSU requirements as noted in section 11 below.
- j. Documentation of cash differences (overages and shortages) must be maintained for each cashier and reviewed by the appropriate supervisor.
- k. CASHNet users must complete a [CASHNet Access Application](#). If the 'cashier' leaves the department, the dean or financial manager must complete the form and notify the SBS Manager for deletion.
- l. Satellite Cashiering Stations, Cash Handling Departments and Accounting Offices may transport Cash and Cash Equivalents to the Cashier's Office using the following methods:
 - By secure, Armored Car Services.
 - By employees, in dual custody, transporting (walking or driving) the deposit to the Cashier's Office. In the case of cash deposits in excess of \$2,500, employees should be escorted Campus Security or a Campus Police Officer.
 - For endorsed Checks and Cash Equivalents only, deposits may be put into the Campus Interoffice mail and sent to the Cashier's Office.

3. Payments Received Through Mail

If checks received are not payable to California State University Channel Islands or cannot be identified or properly applied after sufficient research, the item should be recorded on the 'Checks Not Payable to CSUCI/Unidentifiable' log and the check returned to the name and address of the maker.

4. Official University Cash Receipt

An official University cash receipt shall be recorded for each collection using a cash register, point of sale equipment, and online secured payment sites, except in circumstances where it is not practical (i.e. event parking and payments received at department through the mail). Departments wishing to collect check payments must refer to the 'Department Deposit', section 9 below. A copy of the receipt (print or electronic) shall be provided to each payer making an in-person payment and to payers making currency and coin payments through the mail.

A collection not recorded on cash register or point of sale equipment must be recorded on an official pre-numbered, multiple part Cash Receipt. The receipts must:

- a. Be used sequentially and be inventory-controlled.
- b. Include a statement that the form is recognized as a receipt only after validation by cashier's or cash handling employee's initials or signature, or by validation stamp to identify the cashier or cash handling employee recording the transaction.
- c. Retained if voided (i.e. not given to the customer) and have signed and/or electronic approval by a supervisor.

5. Voids and Reversals

Voids and reversals of a prior cash or cash equivalent receipt, must be supported by all copies of the document involved, explained, and approved in writing or electronically by the cashier's supervisor at the time of the occurrence and submitted with the deposit supporting documentation.

6. Endorsement Stamps

- a. All checks accepted by the University must be restrictively endorsed by a cash register or an endorsement stamps approved by the SBS Manager. All checks should be endorsed immediately upon receipt.
- b. Endorsement should indicated "For Deposit Only – California State University, Channel Islands". For example, the following endorsement should be placed on the back of each check:

Pay to the order of
Wells Fargo Bank, N.A.
For Deposit Only
California State University Channel Islands
Account #####

- c. The SBS Office will order the appropriate endorsement stamp. Use the [Endorsement Stamp Order Request Form](#).
- d. If a check is made payable to the student (i.e. scholarship check), the student must endorse the check before it can be processed.

7. Requirements of Checks Received

- a. All checks must be made payable to California State University Channel Islands, CSUCI or reasonable variations thereof.
- b. Only checks drawn on US bank accounts are accepted. Checks drawn on foreign bank accounts that are not acceptable at face value by the depository bank must only be recorded as Uncleared collections, and must be sent to an approved depository bank for collection.
- c. Checks accepted by the University must contain all legally required elements including:
 - Dating no earlier than 180 days prior to the day of acceptance and no later than the day of acceptance.
 - Legible and consistent amounts, both the numeric and written. The written amount must match the numeric amount. If this amount does not match, the check must be returned to the maker. (Upon deposit, the bank will use the written amount, and will notify via adjustment letter if the two amounts do not match.)
 - Proper account holder signature.
 - The student's name (first and last) or the 9-digit student ID number should be written clearly on the face of the check.
 - Checks should be written in only blue or black ink. Other colors do not scan properly.
- d. The following procedures should be followed for checks that do not contain all the legally required elements noted in procedure 8.b. above:
 - Checks received in person from the maker should be reviewed at the time of receipt for the required elements noted in procedure 7.a, b and c. If any of the required elements are not met, the cashier must return the check to the maker for correction.
 - Checks received in the mail from the maker should be reviewed at the time of receipt for the required elements noted in procedure 7.a, b and c. If any of the required elements are not met, the cashier should make every effort to contact the maker to request a new check be issued. The cashier should mail the invalid check back to the maker and record the item in the 'Checks Not Payable to CSUCI/Unidentifiable' log.
- e. All checks must be verified, processed, and endorsed by the close of business on the day of receipt and kept secured in a locking drawer or safe.
- f. Actual checks should not be routed to other departments to obtain recording chart field information when the proper account(s) are not readily available. Endorse the check and scan it to the applicable department(s) for research. Any deposit

older than 3 business days must be recorded in the "Uncleared Collections" account.

- g. Checks not bearing a signature may be accepted and deposited with the regular bank deposit. If so deposited, the face of the check must contain the following statement:
 - Signature Lacking
Guaranteed by
CSUCI (Name of State Agency)
- h. Checks marked "paid in full," "payment in full," or any words to similar effect cannot be accepted. If received, the Cashier is responsible for making a copy of the front and back of a check. The original check is then returned to the payer along with a letter indicating that the check cannot be cashed as written, and requesting another form of payment or a new check that is not noted as "paid in full." The copy of the check, along with a copy of the response letter, must be submitted to the Collections Specialist and placed with the student file. This must be completed within 30 days of the receipt of the original check.

8. Department Deposits

- a. Deposits should be prepared by an individual who does not have access to recording transactions (i.e., should not have access to post journal entries), authorizing adjustments to the accounts receivable ledger or to the general ledger, or the person following up on collectibles (ICSUAM 3102.08).
- b. Deposit counts shall be verified by a second person. For department deposits, all deposits will be verified by the SBS Office.
- c. Deposits should be reviewed and verified/reconciled to the general ledger by an individual who is not part of the deposit process and does not have access to cash. This provides an independent verification that the amount recorded on the supporting deposit documents was the amount that was actually deposited.
- d. Deposits must be taken to the SBS Office within 2 business days of receipt or daily if accumulated cash is greater than \$250 or a total of cash, checks, and debit/credit card receipts is greater than \$10,000.
- e. Deposits should include the following:
 - [Deposit Transmittal Form](#)
 - [Cash Receipt Log Form](#)
 - Currency sorted by denomination
 - Endorsed checks and an adding machine tape in the same sequence as the checks.
- f. Transporting of deposits should be in a sealed and a non-transparent bag.
- g. Transporting of deposits to SBS should be accomplished in a secure manner. In order to protect the financial assets and individuals involved, the transport of all deposits shall be accomplished jointly by at least two employees.
- h. Employees transporting coins and currency in excess of \$2,500 must be escorted by campus police (ICSUAM 3102.04).

9. Cash Transactions > \$10,000 Notification and Processing

Funds received, from a single individual, in the form of cash, money orders, cashier's checks, traveler's checks or other bank instruments in US dollars in a cumulative total that exceeds \$10,000 in any 365 day period must be reported to the IRS. The SBS Manager will complete the required 'IRS Form 8300 Report of Cash Payments Over \$10,000 Received in a Trade or Business' and submit it to the IRS within 15 days of the date the total amount received exceeds \$10,000.

10. Security of Cash Funds

- a. All cash and cash equivalents shall be physically protected from loss at all times.
- b. Cash and cash equivalents must be locked in a secure receptacle, safe or vault at all times except when signed out by a cashier for working cash.
- c. At the close of business, all cash must be reconciled, and excess cash must be removed and prepared for deposit.
- d. The vault teller and the Bursar are the only employees who can access the safe/vault, issue cash boxes in the morning,

and secure all payments at the close of business.

- e. The following are the requirements for storage of cash and cash equivalents (ICSUAM 3102.04 & 3102.05):
- Up to \$1,000 in a lockable receptacle and all debit/credit card related information.
 - \$1,001 to \$2,500 in a safe/vault.
 - From \$2,501 to \$25,000 in a steel-door safe/vault, with a door thickness of not less than 1 inch and wall thickness of not less than ½ inch.
 - From \$25,001 to \$250,000 in a class TL-15 composite safe/vault or better.
 - Over \$250,000 in a class TL-30 steel or better safe/vault.
- f. Physical security systems are required in areas where large amounts of cash are collected.
- If more than \$2,500 in cash and cash equivalents is regularly on hand, a manual robbery alarm system or other appropriate measure must be installed for use during business hours to alert campus police.
 - If more than \$25,000 in cash and cash equivalents is stored overnight, an automated alarm system is required to alert campus police if the storage area is entered after business hours.
- g. Deposits must be adequately protected from loss while in transit. When necessary, armored car service or police protection should be used.

11. Safes/Lockable Receptacles

- a. To the maximum extent practical, a safe/vault must be locked between uses during business hours.
- b. Safes/vaults should be bolted to the ground or wall. It should not be opened in such a way that other persons can view the combination.
- c. The relocation or removal of existing safes must only be performed by an authorized vendor.
- d. Lockable receptacles that store cash, checks or debit/credit card information should always remain locked when not in use and should be stored in a locked desk, cabinet, or office when not in use for operations.
- e. Each safe/vault must be assigned a Safe Combination Coordinator by the appropriate dean or financial manager using the [Safe Combination Coordinator Appointment](#) and retain for recordkeeping or audits. A record of the combination, sealed and opened only under double-custody to prevent undetected access, must be maintained away from the safe area. The combination of a safe must be given only to supervisory and authorized personnel who must then commit the combination to memory.
- f. The Safe Combination Coordinator must list the names of the individuals who have been provided the safe combination on the [Safe Combination Access Listing](#) and the date the combination was last changed. This document must be retained for recordkeeping or audits.
- g. The combination should be known to as few persons as possible consistent with operating requirements and the value of the cash or documents.
- h. The combination must be changed when any employee having knowledge of the combination leaves the employ of the University, or no longer requires the combination in the performance of his or her duties.
- i. Funds or property not related to the operation of CSUCI must not be stored in the safe/vault or the vault area.

12. Door Combinations

Where appropriate, cash handling locations shall be kept secured by installing Omni codes. Secured areas that require the use of an Omni code must consult with the University Lock Shop.

13. Petty Cash and Change Funds

- a. Petty cash custodian is responsible for the security of their change fund.

- b. Each change fund can only have one (1) custodian.
- c. Change funds must not be commingled with other funds, cannot be independently transferred to another individual, and must not be used to make change for each other.
- d. When change funds are no longer needed, the petty cash custodian must contact the Accounts Receivable (AR) Accountant. After the appropriate procedures are completed by the AR Accountant, the funds must be deposited at the SBS Office.
- e. An unannounced audit will be performed on a periodic basis by the AR Accountant. The frequency of such verifications is based on the amount of funds at risk:

<u>Size of Funds</u>	<u>Frequency of Count</u>
\$200.00 or less	Annually
\$200.01 to \$500.00	Quarterly
\$500.01 and over	Monthly

14. Returned Item Processing

Cash Equivalents (non-coin & currency) and checks

- a. Cash Equivalents may be returned unpaid by the banking system for a number of reasons but the primary cause of returned Cash Equivalents is counterfeiting or lost/stolen instruments that have been stop-paid. Cash Equivalents returned to the Campus must be controlled during the process of attempting to collect on the returned amount. A non-cashiering department is to provide oversight over the returned Cash Equivalent Process.
- b. Checks may be returned unpaid by the banking system for a number of reasons: the primary causes of returns are non-sufficient funds, account closed and stop payment. Checks returned to the Campus must be controlled during the process of attempting to collect on the returned amount. A non-cashiering department provides oversight to the returned Check process.

APPROVAL AND REVISION HISTORY

Approved by	Title	Signature	Date Approved	Effective Date	Description of changes
Rachel M. Linares	Bursar	On File	10/5/15	10/5/15	

References:

ICSUAM Policies 3101.02, 3102.01, 3102.02, 3102.03, 3102.04, 3102.05 & 3102.08