

# **Truman State University Cash Handling Procedures Updated April 2010**

Cash is the most liquid of assets and is susceptible to loss if not properly controlled. It is extremely important that all departments are approved to handle cash implement and adhere to strong internal controls. For the purpose of this guide, cash would include checks in addition to currency and coins.

This internal control guide provides guidance to Truman departments with regard to safeguarding cash. Departments approved to collect money on behalf of the University are responsible for complying with the cash handling policies.

Departments approved to handle cash are responsible for safeguarding cash from the time of receipt to the time of deposit at the Business Office cashier window. Cash must not be left unattended.

Please use the following guide to review and strengthen your internal controls over cash handling.

## **Overview**

The Business Office cashier is the University area responsible for collecting cash payments. When possible, amounts should be paid directly at the Business Office cashier window or billed to students through the Student Accounts section of the Business Office. When this is not possible, and your area has been approved by the Business Office for cash handling, it is the department supervisor's responsibility to establish and follow strong internal controls with regard to cash handling. All units collecting cash must ensure proper controls are in place to safeguard collections until deposit.

In addition to collection, some departments may have a change and/or petty cash fund. A change fund earmarks an amount of cash to provide change for customers of the department. A petty cash fund earmarks an amount of cash to be used by the department to handle small, miscellaneous emergency purchases. Both change funds and petty cash funds must be preapproved by the Business Office.

## **Separation of Cash Handling Duties**

Cash handling duties can be divided into three stages: receiving, depositing and reconciling. Ideally, all three stages would be performed by different individuals. The purpose of this segregation of duties is to minimize the opportunity for an employee to mishandle funds and avoid detection. In a smaller department, it may not be feasible to fully segregate all of the cash related duties. In these circumstances, the department may rely on compensating controls to mitigate the risk that cash is mishandled (e.g., increased monitoring by a supervisor). Sometimes knowing records might be checked by others is enough to prevent misappropriation of funds.

## **Written Procedures**

Each office approved to handle cash must have written internal control procedures using the information provided in this policy. Up to date “Separation of Duties/Cash Handling” forms must be on file with the Business Office Head Cashier, and updated when personnel changes are made.

### **Receiving Cash (Informal cashiering environment without cash register)**

- All checks should be made payable to Truman State University—never to an individual. It is acceptable to include the department or activity, for example Truman State University baseball camp.
- Checks should be restrictively endorsed at the time of receipt with “For Deposit Only--Truman State University”.
- Do not accept post dated or stale dated checks—the date on the check should be the current date.
- Review the check to make sure it includes the signer’s printed name, address, and phone.
- Review the check to make sure the number amount of the check agrees with the written amount of the check.
- Do not accept checks for amounts over the amount due—do not provide change.
- Do not leave cash unattended.
- Specific persons must be delegated the authority to receive cash. The authority must be in writing and they must understand that they are responsible for safeguarding the cash.
- All collections should immediately be recorded in pre-numbered receipts. If payment is in person, the payer must be given a copy of the pre-numbered receipt at the time of payment.
- All voided pre-numbered receipts must be reviewed and approved by departmental management.
- All refunds must be reviewed and approved by departmental management, and documentation as to the refund retained.

### **Safeguarding Handling and Storage of Cash**

- A mail log should be used to document collections received by mail. The Business Office Head Cashier can provide a sample log format used by the Business Office.
- Collections should be held in a secure manner until deposited. This may be accomplished by such means as a fireproof safe, a locked desk drawer or other locked device. The amount of collections should be considered when choosing the locking device.
- Access to secure locations via keys or combinations should be limited to authorized individuals only.
- Collections should be handled by as few people as possible.
- If cash is transferred to another person in a department before deposit, accountability transfers to that person and care should be taken to agree on the amount of cash being transferred.

- Safe combinations should be changed regularly and whenever security may have been compromised. Departments should also change safe combinations when an employee with knowledge of the combination leaves the department.
- Locks should be changed whenever security may have been compromised. Departments should ensure keys are returned when an employee leaves the departments.
- Do not leave cash unattended.
- All cash collection should be deposited at the Business Office cashier office often: daily if \$1,000 or more; at least once a week if less than \$1,000; daily if adequate, secure storage is not available.
- Collections may not be used to pay for expenditures, to reserve for petty cash, to cash checks or for any other reason---all funds collected must be deposited.

### **Depositing Cash**

- Collections should not be sent via campus mail. All collections should be deposited at the Business Office cashier window in 105 McClain.
- All deposits brought to the Business Office cashier window must include a completed deposit reconciliation form including the department name, date, amount of cash, amount of checks, grand total, Banner account number, a brief description of the funds, and the signature of the person preparing the deposit. This form may be obtained from the Business Office cashier window. In addition, ticket sales reconciliations must document the number of tickets sold, for example number 1-49 at \$5 each totaling \$245.
- All supporting documentation, including a daily summation of receipts should be included with the deposit.
- Persons collecting and recording funds should not prepare deposits.
- Deposits must be made in a timely manner, with as little cash as possible being kept in a department. Public Safety escorts are available for those transporting large amounts.

### **Reconciling Cash Related Activities**

- Reconciliations should be completed by a specified individual who does not collect funds. If this is not feasible within a department, someone outside of the collections process should review the reconciliation.
- Daily reconciliations should be performed by a specified individual, comparing the following:
  - The cash receipt records (e.g. pre-numbered receipts and bank deposits if applicable)
  - The completed collections report.
  - The reconciliation should be dated and signed.
- Monthly reconciliations should be performed by a specified individual that is not involved in the collection or recordkeeping of cash receipts making sure the Business Office cashier receipts equal the deposits made. This reconciliation should be dated and signed.
- All differences should be documented and promptly resolved.

Have questions? Need help? Contact the Business Office Head Cashier, Karen Bugh at x4160, the Assistant Comptroller, Cheryl Cragg or the Comptroller, Judy Mullins at x4150.