

Cash Handling

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Background and Purpose

All ASI units that handle cash must have both an awareness of and show a commitment to strong internal controls for cash receipts that prevent mishandling of funds and safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling funds

by defining responsibilities in the cash handling process. This policy outlines the rules and procedures employed by the Associated Students, Incorporated for the proper handling of cash as that term is defined below, including the responsibilities of ASI employees in the cash handling process. These rules and procedures are intended to maximize ASI's cash flow and aid in preventing and/or detecting cash loss. Managers of those units handling cash are responsible for establishing and maintaining the proper environment of internal controls.

Policy Statement

It is the policy of the Associated Students, Incorporated to establish immediate control over all cash and checks received and to ensure their prompt deposit to ASI's bank accounts. Cash receipts shall be protected from misappropriation. Physical access to cash receipts and cash receipt records shall be limited to authorized personnel. Only ASI employees (full or part time) are permitted to handle cash as defined under this policy and in accordance with the procedures outlined below. This policy applies to all ASI personnel who handle cash during the processing of any transaction, or who retain, store, and/or safeguard cash prior to its deposit with the A.S. Business Office.

Who Should Know This Policy

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Budget Area Administrators | <input checked="" type="checkbox"/> Elected/Appointed Officers | <input type="checkbox"/> Grant Recipients |
| <input checked="" type="checkbox"/> Management Personnel | <input type="checkbox"/> Program Advisors | <input checked="" type="checkbox"/> Staff |
| <input checked="" type="checkbox"/> Supervisors | <input type="checkbox"/> Volunteers | |

Definitions

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Cash	Payment for goods or services or a gift or contribution to ASI that is received in any one of the following forms: currency, coin, check, money order, traveler's check, electronic funds transfer, credit card transaction, or debit card transaction
Cash collection points	Departments or other units that receive and handle cash on a regular basis
Deposit	The deposit of cash with the A.S. Business Office, or in the case of credit or debit card payments, deposit directly into the appropriate bank account under the rules established by the Business Office
Gift or contribution	An unconditional transfer of cash or other assets to ASI, or cancellation of a liability of ASI
Petty cash	Tangible cash that is stored for use in purchasing or in the reimbursement of inexpensive out-of-pocket expenditures. When maintained on an IMPREST BASIS, the exact amount of expenditures from the fund is replaced periodically.

Standards and Procedures

1.0 Conditions for Employment in Cash Handling Environment

Individuals who are hired into positions that handle large amounts of cash will be fingerprinted and have an appropriate background check conducted prior to employment. Desk manuals will be provided for all personnel who handle cash to provide step-by-step instructions on cash handling and vault operations. The desk manuals will be used as a training tool for all new employees who will be handling cash. A formal training certificate must be placed in the employee's personnel file providing evidence of completion of training after 50 hours of on the job training.

2.0 Cash Collections

All cash must be collected at the A.S. Business Office front counter by a Customer Service Representative except as noted below under "Cash Collection Points." In the absence of a Customer Service Representative, a Business Office staff member without vault cashing responsibilities shall be assigned to the front desk to perform this duty.

If received in person, cash collections will be recorded on a sequentially pre-numbered, multiple-copy receipt. If received by mail (checks) or by phone (credit card payments), payments will be entered immediately into a payment log. All gifts and/or contributions in excess of \$3,000 must be forwarded to the CSULB Foundation immediately upon receipt.

All receipts must identify the office making the deposit. The Customer Service Representative receiving the cash must sign or initial the receipt. All checks must be restrictively endorsed immediately upon receipt.

Reductions of recorded cash (e.g., voids and refunds) must be approved in writing by the Business Services Coordinator and supported by documentation. All voided receipts will be retained and filed numerically with the other receipts.

The sequence of pre-numbered cash receipts must be accounted for and follow-up done on any missing documents. Stacks of new receipts to be placed in use must be accounted for to ensure that the numerical sequence with the prior stack is maintained.

Cash drawers will be are balanced daily by the Customer Service Representatives. The funds and supporting documentation will be handed to the Business Services Coordinator for deposit into the vault.

2.1 Receipt of Cash by Mail

All payments by mail must be received in the A.S. Business Office. Any department that in error receives a payment by mail must forward that payment immediately to the Business Office.

Opening of mail will be assigned to an employee with responsibilities independent of access to files or documents pertaining to accounts receivable or cash accounts. Mail will be opened by the Customer Service Representative(s), who will prepare a detailed listing of cash and checks received each day. This listing must include the name, amount, invoice number (if applicable), and date. This list will be totaled each day.

All checks should be made payable to "Associated Students, Incorporated." The Customer Service Representative(s) will restrictively endorse all checks immediately upon receipt.

2.1.1 Unidentified Cash

If cash received cannot be identified and/or applied to the appropriate general ledger account, the cash will be deposited to a suspense account and a copy of any remittance advice (check, money order, correspondence, etc.) will be forwarded to the appropriate division Director to assist in identifying the proper deposition of the funds.

2.2 Cash Collection Points

Cash collection points are defined as departments or other units that receive and handle cash on a regular basis. Departments that wish to be designated as cash collection points must make a request to the Director of Administrative Services and demonstrate the ability to follow appropriate cash handling procedures. Departments or units that handle cash receipts on an occasional basis are also required to follow procedures and guidelines that apply to cash collection points.

2.2.1 Department Requirements

In order to qualify as a cash collection point, a department must meet the following minimum requirements:

- 1) The department must have a cash register. All cash received must be recorded through the cash register. If use of a cash register is not feasible, the department must provide a pre-numbered receipt form issued to the customer with a duplicate copy retained by the cash collection point.
- 2) Departments that wish to accept debit cards and/or credit cards must request point-of-sale terminals through the Director of Administrative Services and complete a Payment Card Account Application. The department will be responsible for all installation charges and any service charges.
- 3) The department head must request that the Human Resources Department perform a criminal background check before any employee is permitted to handle cash. There should be no outstanding or unexplained items resulting from these background checks.
- 4) The department must restrict access to cash at all times. The department must have the physical capability to properly safeguard cash from fire and theft.
- 5) Departments will only accept personal checks when presented with photo identification. All checks must have a preprinted name, telephone number, and physical address (PO Box is insufficient). Departments may not accept counter checks/starter checks or checks with an expiration date (credit card checks). If a check is returned by a financial institution for any reason, the check writer will be assessed a fee to offset bank charges. Customers with more than one returned check in a fiscal year shall lose their check-writing privileges with the ASI. Debts remaining unpaid as a result of returned checks may also result in criminal prosecution of the responsible party under California Penal Code Section 476a.b.

- 6) If the department accepts checks, checks must be restrictively endorsed immediately upon receipt. The department must contact the A.S. Business Office for an endorsement stamp.
- 7) The department must have staff available to meet with the A.S. Business Services Coordinator to reconcile cash received to the cash register or to the pre-numbered receipts on a daily basis or on an alternate schedule as agreed with the ASI Accounting Manager.
- 8) The department may not pay expenses from cash receipts nor cash checks from income collections. It will be the department head's responsibility to ensure that any amount deposited with the Business Services Coordinator includes all monies received.
- 9) The department supervisor must approve reductions of recorded cash (e.g., voids and refunds) in writing, preferably with cashier present, and provide supporting documentation for all voids and refunds. All voided receipts will be retained and filed numerically with the other receipts.
- 10) The department must have its own written procedures tailored to its specific organization that include, but are not limited to, the following:
 - Segregation of duties (see below)
 - Written cash collection or cash register procedures (if applicable)
 - Forms control, including pre-numbered tickets/receipts (if applicable)
 - Physical security

Each department must send its procedures to the Director of Administrative Services. For assistance in developing departmental procedures, departments can contact the A.S. Business Office.

Departmental procedures will be reviewed, signed, and dated by the department head indicating compliance with the ASI's Cash Handling Policy.

2.2.2 Monitoring the Cash Collection Process

Managers not directly involved with the cash receipt process will be responsible for periodically:

- Reviewing the nature and extent of overages and shortages
- Comparing actual deposits recorded with expected receipts
- Reviewing daily cash activity reconciliation
- Evaluating internal controls to ensure that reasonable controls exist to safeguard cash, and that employees understand and follow them
- Notifying the Director of Administrative Services of any deposit or recording of deposits discrepancy that can not be readily explained and/or corrected

- In the event of a loss or theft of funds, immediately notifying the Director of Administrative Services and University Police

2.3 Segregation of Duties

Departments handling cash must separate, to the greatest extent possible, all duties related to cash handling. A system of checks and balances must be put in place in which tasks are performed by different individuals in order to assure adequate controls. Departments must separate the components of cash handling (collecting, depositing, and reconciling) so that one individual does not have responsibility for more than one component. Small departments must separate the handling of the actual cash from the reconciliation of the cash. Ideally, the department head or his/her designee will not handle or have access to cash.

The department head will contact the A.S. Business Office with any questions regarding the development of or adequacy of mitigating controls. Internal audits will be conducted to periodically review the adequacy of the controls.

3.0 Cash Over/Short

All cash overages and shortages must be documented by individual cash drawer on a daily basis and documented with that day's activities. Shortages may be covered by overages within the following guidelines provided that adequate internal controls are in place. Any single shortage of \$100 or more must be reported to the Director of Administrative Services immediately. Any combined daily shortage over \$250 must be reported immediately to the Director of Administrative Services, the Executive Director and the University Director of Internal Auditing.

- Daily shortages of less than \$5 per individual cash drawer may be covered by department overages.
- Regardless of amount, if the shortage is the result of a suspected or documented theft, the shortage must be reported immediately in writing to the Director of Administrative Services, the Executive Director and the University Director of Internal Auditing for investigation.

3.1 Disciplinary Action

Failure of an employee to follow internal controls is considered negligence and could be considered misconduct resulting in disciplinary action. Employees who handle cash are expected to be careful and accurate and to reconcile their funds each day without overages or shortages. Nonetheless, ASI recognizes the possibility that differences may occur from time-to-time, and has developed the following disciplinary protocol:

- 1) If an employee has a cumulative cash over/short total of \$25 or more in one month, a verbal warning will be given. If an employee exceeds a cumulative cash over/short total of \$100 or more in any month, the employee will automatically receive a written warning.
- 2) A second violation will result in a written warning.
- 3) The next violation will result in termination. In addition, any single shortage of \$100 or more may be grounds for immediate dismissal.

The department supervisor must document each disciplinary action in writing under the advisement of the Human Resources Office.

Any exception to be the above actions must be approved in writing by the Human Resources Manager, the Director of Administrative Services, and the Executive Director.

4.0 Safeguarding and Storing Cash

Cash funds must never be left unattended and access must be restricted to the cashier or the person in a department acting as a cashier. During hours of operation, coins, currency, and checks must be secured to restrict access. At other times, coins, currency, and checks shall be stored in a safe or other locked secure place until they are deposited. For departments with computerized point-of-sale registers, each cashier will be assigned a register code/password and will be held accountable for his/her transactions. For those areas without computerized point-of-sale registers, each cashier should be assigned his/her own cash drawer.

4.1 Business Office Security

Access to the Business Office shall be limited to authorized personnel, subject to the approval of the Director of Administrative Services. Customer Service Representatives shall lock all cash in their cash drawers whenever they leave the immediate area. Drawer keys shall be secured by the Customer Service Representative.

4.1.1 Vault Security

The combination to the vault shall be known to two people only. A secured record will be maintained in the Director of Administrative Services' office showing the date the combination last was changed and the names of persons knowing the present combination.

Keys to areas where cash is safeguarded must be adequately controlled. The vault door and the gate door will be re-keyed and the alarm system PIN changed whenever there is a change in personnel. Replacement keys will not be issued without proper management approval.

All monies and money counting machinery must be kept in the vault at all times. The Business Services Coordinator's door will be locked whenever cash is being counted.

4.1.2 Vault Access

ASI personnel authorized to enter the Vault are the Director of Administrative Services, the Business Services Coordinator and the Business Services Coordinator's designated back up. Any other individual desiring materials from the vault must request such from an authorized individual.

4.1.3 Cash Levels

Levels of cash on hand in the vault shall be maintained at a level to meet corporate needs for cashing and petty cash reimbursement purposes. During summer months, levels should be decreased to a level approved by the Director of Administrative Services to correspond to the decrease in activity.

4.1.4 Vault Balancing

The vault must be balanced regularly. Vault counts and balancing will be performed weekly and documentation will be approved by the Director of Administrative Services. The document must be retained for audit purposes.

4.2 Use of Safes

Under certain conditions, departments that serve as cash collections points may acquire and use combination safes for the safekeeping and security of cash. The combinations of all safes must be filed under seal with the Director of Administrative Services. These records are subject to audit and periodic location checks will be conducted by the Business Office.

Acquisition of new safes should be reported immediately by the department to the Director of Administrative Services via a sealed envelope containing the combination with the following information typed on the outside of the envelope:

- ASI tag number (if applicable);
- Brand name and serial number of safe;
- Location of safe or vault;
- Name of individuals with access to the combination; and
- Date information is being provided.

Multiple safe combinations and descriptions should not be included in the same envelope. Safe combinations must be changed if a department experiences theft, employee turnover of individuals having access to the combination, or any other security concern. Requests to change safe or vault combinations should be made only by the Director of Administrative Services.

If a safe or vault is moved from one location to another, the Director of Administrative Services must be informed immediately. The notification must provide the description of the safe and the location change but should not include the safe or vault combination.

5.0 Depositing Cash

The full amount of all cash collected, including cash collected by departments, shall be deposited with the Business Services Coordinator in the A.S. Business Office. Cash collected may never be used to make disbursements or refunds, and deductions may not be made to pay expenses, to put on reserve for small cash purchases, or for any other reason. Under no circumstances may expenses be paid from this collected currency.

5.1 Cash Collected at the Business Office

Cash collected at the Business Office service counter, including records of credit or debit card payments deposited directly to the bank, shall be delivered directly to the Business Services Coordinator no later than 3:00 p.m. daily for counting, reconciliation, and deposit into the appropriate ASI accounts. Cash received in the after hours drop box shall be recorded with the receipts for the following business day and delivered to the Business Services Coordinator accordingly.

5.2 Cash from Collection Points

Departments acting as cash collection points must deposit cash intact with the Business Services Coordinator no later than 3:30 p.m. of the day following the day of receipt. The

Business Services Coordinator shall record each transfer of cash collection from a cash collection point (e.g. recreation, retail, and services area). All cash deposits must be counted under dual custody. It is suggested that a deposit or deposits be made earlier in the day whenever possible.

Whenever the cash accumulated by a department reaches \$2,000 or more, the cash must be counted and secured in a departmental safe until deposited as specified above.

When depositing cash, the individual making the deposit shall wait for the Business Services Coordinator to completely process the cash receipt transaction. Once the cash deposit is counted, a receipt shall be given to the person making the deposit. The department should retain copies of these receipts for a period of three (3) years.

5.3 Transporting Cash

Facilities outside the USU should use caution when transporting cash from one facility to the other. It is recommended that individuals transporting cash to the USU alternate their routines by using different routes to the USU and varying the times at which they make deposits. It is recommended that campus police be called to escort these individuals when a large amount of cash is being transported.

6.0 Bank Deposits

Bank deposits shall be prepared in the presence of two employees. The Business Services Coordinator and Director of Administrative Services shall verify deposits and place them in a safe in the vault. Bags shall be sealed under double custody prior to deposit to the bank.

Deposit slips, deposit log, and daily cash summaries shall be signed by management.

Bank deposits will be made daily. All bank deposits will be accompanied by appropriate documentation, such as a numbered deposit slip. All deliveries to the bank will be made in person by an authorized representative of the Business Office.

Notices from the bank of deposit overages/shortages will be mailed to the Accounting Manager. Discrepancies shall be investigated by the Director of Administrative Services and Accounting Analyst. Recurring errors shall be addressed with the Business Services Coordinator and serve as the basis for retraining and/or employee counseling.

7.0 Recording Cash to General Ledger

Individuals with cash handling responsibilities will not have access to post to the general ledger. Duties shall be segregated to ensure that the Business Services Coordinator cannot post to the general ledger and that only the Accounting Manager can post cash deposits to the general ledger.

The mathematical accuracy of cash summaries used as basis for general ledger entries must be verified. The Accounting Manager will compare the daily cash receipts to the journal to confirm accurate date entry, and sign the copy of the deposit slip, confirming collections reported.

All journal entries affecting cash deposits or cash accounts shall be reviewed and approved by the Director of Administrative Services. Journal entries prepared by the Director of Administrative Services must be approved by the Executive Director.

8.0 Checks Returned by Bank

Checks returned by ASI's depository bank for non-sufficient funds (NSF), stop payments, or closed accounts result in additional service fees to ASI. Individuals whose checks are returned for any of the reasons above will be assessed a return check fee as set by the A.S. Business Office. Persons with two or more returned checks in a fiscal year will no longer be permitted to present personal checks to ASI as a form of payment. When checks are returned for NSF, stop payments, or closed accounts, the departments that accepted the checks will be debited for the check amount.

9.0 Petty Cash Funds

Petty cash funds must be separately maintained from vault change funds. A cash count and verification of change and petty cash funds for which cashiers and cash handling employees are accountable will be performed on a periodic basis by someone other than the fund custodian. Verification of cash balances must be performed in the presence of the petty cash custodian and must be documented. For petty cash funds maintained on an imprest basis, the Business Services Coordinator shall prepare an RPP, attaching the log of disbursements and the supporting vouchers, whenever the fund needs to be replenished. Any differences between the check request to bring the fund up to the imprest amount and total disbursements made will be reviewed and a justification prepared. Fund disbursements will be recorded to the General Ledger when the fund is replenished.

Cash handlers may not exchange checks for currency to make change.

10.0 Lost & Found

There are two designated Lost & Found locations for the ASI, the USU Information Center and the Student Recreation & Wellness Center Front Desk. In instances where cash is turned in to one of these locations, the departmental Supervisor or designee will count and verify the cash and secure it in a departmental safe until it is deposited at the ASI Business Office the following business day.

11.0 Exceptions

It is understood that unique situations within individual departments may require exceptions to this policy. Any such exceptions must be included in a department's written procedures and must be approved by the Director of Administrative Services and Executive Director.

It is also understood that unique situations within individual departments may require a limited and/or short-term exception to this policy. Such exceptions must be approved by the Director of Administrative Services. All such exceptions must be restricted to specific dates or events and must be approved in advance of such dates or events.

Administration

The Director of Administrative Services is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed triennially and revised as needed, unless earlier revisions are necessitated by changes the regulations of CSULB or the California State University Office of the Chancellor.

Forms

There are no forms associated with the execution of this policy.