

Colorado State University-Pueblo Fiscal Rules

Policy No: 5.7
Policy Area: Cash Handling, Finance & Administration
Subject: Departmental Cash Handling Policy

Purpose

The purpose of this policy is to provide all CSU-Pueblo departments who may receive cash in any form with a policy to ensure the proper safeguarding of assets, for the protection of the employees involved in cash-handling, their departments, and CSU-Pueblo as a whole. The collection of money at CSU-Pueblo is decentralized, the deposit function is centralized through the Controller's Office.

The collection and control of cash and cash items are important functions. Departments are authorized to collect money on behalf of the University for a variety of activities. Internal controls are designed to protect against losses. The Controller's Office is responsible for establishing and enforcing policies and procedures for all university cash handling activities. The implementation of the policies and procedures covering cash-handling is the responsibility of each Department. It is the ultimate responsibility of the Department Head of any Department that receives cash to ensure that adequate controls are in place for the collection of cash. The Controller's Office serves as a resource to the Department in implementing cash handling procedures.

Applicability

This policy is applicable to every University department, administrative office and affiliated organizational area that receives cash for University related functions. Employees, and their supervisors, that collect cash on behalf of the University are required to be familiar with the requirements of this policy and related procedure.

Definitions

Cash. For the purposes of this policy, cash is defined as currency, personal or institutional bank drafts (checks), money orders, cashiers' checks, travelers' checks, or credit card payments.

Fund Custodian. The departmental employee specifically authorized to manage monies in a cash fund. The fund custodian is responsible for the fund's safekeeping and for ensuring that monies are deposited and accounted for in accordance with this policy. The fund custodian for each department will be named by the Department Head

Cashier's Office. The University unit responsible for receiving and depositing cash for the University.

Change Fund. A fund established at the departmental level for the purpose of supporting a sales or service operation. The change fund is used to make change for direct sales of goods or services.

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Cash handling departments. Those areas or departments where cash is handled -through a petty cash, or change fund, and/or cash receipts.

Cash Receipts. Any cash received by a university department in checks and/or currency, for any purposes.

AIS: The University's Accounts Receivable sub-ledger system.

Cash Sales: Sales of goods or services provided by the University and paid for by the customer at the time of sale. Cash sales include cash, checks, and credit cards.

Credit Sales: Sales of goods or services provided by the University that are not paid for by the customer at the time of sale. Please refer to FPI 2-17: Accounts Receivable for more information about credit sales.

Brinks: The CSUP contracted armored carrier service provider. Loomis provides the armored transport between established CSU departments and the bank.

Receipts: Cash, checks, or credit card transactions received in payment for sales.

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Procedure No: 6.7

Policy Area: Cash Handling, Finance & Administration

Subject: Departmental Cash Handling Procedures

Purpose

The purpose of this procedure is to provide all CSU-Pueblo departments who may receive cash in any form with a procedure to ensure the proper safeguarding of assets, for the protection of the employees involved in cash-handling, their departments, and CSU-Pueblo as a whole. While the collection of money at CSU-Pueblo is decentralized, the deposit function is centralized through the Controller's Office.

It is recognized that no one control model effectively or efficiently fits the needs of all departmental cash collection areas. However, there are certain standard control procedures that are expected to be in place, unless there is a demonstrated and justifiable reason for not doing so. In such cases, there would be an expectation that alternative or compensating control procedures be put in place.

A. Cash Handling Personnel

1. The handling of cash represents an area of high risk to the University.
2. Persons with assigned cash handling responsibilities should have written procedures on the handling and control of cash collections or change funds. At a minimum, persons handling cash are required to read these cash handling procedures and sign a copy acknowledging that they have read and understand them.
3. Personal loans or the cashing of personal checks from cash collections, petty cash or change funds is prohibited.

B. Separation of Duties

1. Separation of duties is an important component of internal controls in preventing errors and fraud. Cash handling duties can be divided into three stages: receiving, depositing, and reconciling. In a small department, it may not be feasible to fully segregate all of the cash-related duties and the department may rely on compensating controls, such as increased supervision and monitoring, to mitigate risks. The following is the ideal separation of cash handling responsibilities :
 - a. Receiving, collecting cash and other payments
 - i. Handling payments and entering transactions into the cash register system.
 - ii. Preparing manual check listing, manual cash receipts ledger, or preparing multiple-copy receipts.
 - m. Preparing daily cash balancing of cash register or cash drawer.
 - iv. Performing reconciliation of credit card receipts.
 - b. Depositing and recording
 - i. Preparing deposit slip.
 - ii. Maintaining accounts receivable records
 - c. Reconciling and control activity
 - i. Reviewing daily cash balancing cash register or cash drawer.
 - ii. Comparing daily cash balancing report, listing of checks, and other manual reports to bank deposit.
 - iii. Comparing cash register report to bank deposit.
 - d. Authorization

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- i. Authorizing write-offs of accounts receivable.
 2. Departments with limited personnel should have a supervisory review and oversight function in the cash handling process. The supervisor should review the cash register or drawer reconciliation, review the cash deposit slip tracing amounts to supporting cash register reports or manual reports, and maintain safeguards over the University assets.
- C. Written Procedures
 1. Each department approved to handle cash must have written internal cash handling control procedures based upon the information provided in this procedure. A template is available from the Controller's Office for use in developing departmental procedures.
 2. These procedures are to be approved by the Controller's Office and each department is responsible for performing an annual review to determine if any procedural changes have occurred.
 3. It is each department's responsibility to maintain the approved procedures for audit purposes.
- D. Receipting Cash and Payments

Receipts may be 1) cash, 2) check or 3) credit card. Procedures for each are defined below.

Cash Receipts

1. All payments (cash or credit sales) are to be made directly to the University Cashier's Office. However, certain departments, due to the nature of their operations, are permitted to receive cash for the sales of goods and services. In order to have permission to accept cash, the department must complete a **Departmental Cash Handling Application** and submit to the Controller's Office for review and action.
2. All cash received by University departments must be receipted either by a cash register, a Colorado State University-Pueblo Uniform Cash Receipt, or a Department Check Log (see attach).
 - a. Receipting with a Cash Register
 - i. Cash should be receipted at the initial point of collection and all customers should be provided a receipt or cash register tape.
 - ii. The cash drawer in the register should never be open unless a transaction is being processed.
 - iii. Accountability over sales proceeds and change funds should be assigned to specific individuals. Each employee who operates out of the same cash register should be assigned his or her own cash drawer or operator ID and Password. If the register does not have assignment capability and there are multiple employees cashiering on a given day, then adequate supervision needs to be provided.
 - iv. Cash registers should have appropriate control features and operators should not have the ability to reset totals.
 - v. To close out the register, the supervisor will run the cash register "totals report" (usually called a "Z" or "ZZ" report). This will close the period activity and reset the register.
 - vi. Overages and shortages should be documented and reported to the department manager.

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- viii. All corrections should be made through the cash register. The journal tape should be marked to indicate the action taken along with supervisory review and approval.
- b. Receipting in Person.
 - i. A Uniform Cash Receipt must be used when cash is received in person except where a cash register receipt is issued.
 - ii. University Uniform Three-Part Cash Receipts books are pre-numbered and controlled. Departments can obtain the receipt books from the Cashier's Office.
 - iii. The receipts must be issued in numerical order.
 - iv. If a receipt must be voided, write "VOID" across it and retain all three (3) copies in the receipt book.
 - v. Record information requested on receipt.
 - vi. Remove the original or top copy of the receipt and give to the payer. One of the duplicate copies will remain in the book. The second duplicate copy will be attached to the deposit slip at the time the deposit is prepared.
 - vii. If cash and checks are received together, checks should also be listed on the Check Log with a reference given to the receipt number - Refer to Check processing defined in this procedure.
- c. Sale of Admission or Event Tickets.
 - i. When admission tickets or individual items are sold at the gates of athletic or other events, cashiering equipment may not be present, nor may receipts be issued. The Campus department selling tickets or other items must develop adequate controls to safeguard tickets, including the use of pre-numbered ticket stock, and cash collections and to ensure that the number of tickets or items sold corresponds to the expected revenue from the sale of the tickets or items.
 - ii. A full accounting of "tickets sold" against cash received and amount posted to the General Ledger should be completed periodically, preferable weekly. This is to ensure that assets distributed at the point of sale are properly converted to cash and that the cash is being deposited into the Cashier's cash box.
- d. Conferences or workshops, etc.
 - i. Areas involved with conferences, workshops, etc., should use a list of attendees, or official pre-numbered documents, to verify the receipt of money.
 - ii. There should always be two people at all events. One to receive the money, the other to log the payment receipt against the list, etc.
- e. Sale of small item merchandise at events.
 - i. Merchandise may be sold at events and a ticket or receipt is not issued, for example, the sale of programs at athletic events. In these cases, a starting inventory count must be recorded along with an ending inventory. This provides the data necessary to reconcile the revenue received to the inventory sold.

Check Receipts

1. Checks of all types received in-person or through the mail, should be restrictively endorsed immediately upon receipt. .
For Deposit Only at
2. USBANK
3. To the Credit of
4. COLORADO STATE UNIVERSITY-PUEBLO

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(Department Name)

A stamp with this message, or a handwritten endorsement, may be used. Any exceptions must be approved by the University Controller's Office. A check intended for the University should not be made payable to an employee. However, if it occurs, the employee may endorse the check to the University. Then, place the endorsement shown above directly beneath the employee's endorsement

2. Receipting Checks Received by Mail.

Checks received by mail should be logged into a Departmental Check Log.

The check log should provide at a minimum:

- (a). The date received
- (b). A dollar amount
- (c). The name of the person or company paying for the transaction
- (d). A description of the service or product
- (e). The date remitted to the Cashier's Office

3. Every check or money order must be reviewed for completeness as follows:

- a. Verify that Account holder's name, address, and phone number are included on the check. A daytime phone number is preferred.
- b. Verify that the check has a bank name is listed, and that the routing number, customer's bank account number, and check number are encoded on the bottom edge of the check.
- c. Note the date. Do not accept a postdated check (a check with a date in the future) or agree to hold the check for future deposit.
- d. Verify that amount written in numbers matches amount written in words. If different, make special note on the cash receipt so that the Cashier's Office can handle appropriately. In general, banks will honor the written amount over the numerical amount.

4. When checks are received in person, the following information should be included :

- a. The payer's name and address (should be preprinted on the check)
- b. Telephone number
- c. Drivers license identification number, CSU-Pueblo PID number, or other identification number
- d. The payer must show some form of photographic identification such as a current University ID card or valid driver's license.

5. Checks are to be accepted for amount of purchase only. Departments should not return cash to the customer in the event the check exceeds the amount of the sale or service. Permission to do so must be approved by a Supervisor.

6. Departments that routinely accept checks as payment for sales and services should verify the payer's name against the University Returned Check List. Only currency or certified funds should be accepted from an individual identified on the returned check list. The Controller's Office will provide departments with an updated list on a monthly basis.

Credit Card Receipts

CSU-Pueblo Cashier's Office offers a centralized means of accepting credit card payments. Departments wishing to use this system for credit card transactions must complete a Credit Card Information slip in addition to a Deposit Slip and deliver to the Cashier's Office for processing.

1. Departments wishing to accept credit card payments within the department must complete a Request for Credit Card Merchant Number form, and send it to the Controller's Office.
2. Departments that accept credit card payments and print receipts electronically must adhere to the following.

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- a. Print no more than the last four digits of a customer's card number or print the card expiration date on the customer's card receipt.
 - b. Obtain the authorization # and record it in the cash register or receipt log.
 - c. Do not retain the full credit card information in the department.
 - d. Credit Card payments are completed when the batch settlement is transmitted. Departments must settle batches daily with a printed settlement report which lists total collected for each card type.
 - e. The Settlement Report must be attached to the Deposit Slip.
3. Departments are responsible for all costs associated with credit card processing, including but not limited to setup fees, monthly maintenance fees, bank fees, discount rate fees, and per transaction fees.
- E. Balancing
1. All cash received must be balanced by comparing the total of the cash, checks, credit card receipts, etc. to the cash register totals, the pre-numbered receipts totals and the money received by mail totals, as applicable.
 2. When the balancing is complete, the receipts can be prepared for deposit.
- F. Deposits
1. Once a department has received receipts totaling \$500, a deposit must be made to the Cashier's Office. Deposit receipts totaling less than \$500 needs to be made at least once a week.
 - a. Athletic events are the exception. If Athletics receives receipts totaling \$2000 or greater, a deposit must be made the same day. Deposits less than \$2000, made within a week.
 2. All cash and checks must be deposited during the month in which they were received which means they must be deposited by the month-end cutoff.
 3. It is the responsibility of the department to accurately count all currency and checks collected. It is recommended that a second individual recount the currency and checks before completing the deposit. To make a deposit, a Departmental Deposit Form should be completed as follows:
 - a. Enter Department name, preparer's name, Department EID Number, Account Number in which the deposit is to be made, campus phone number and the date prepared in the space provided.
 - b. Enter the 9-digit account(s) to be credited and the amount to be credited to each.
 - c. Enter a detailed description.
 - d. Enter the amounts of currency, coins, checks, and etc., being deposited. Enter the grand total. On check listings involving four or more checks, an adding machine tape should be attached to conform the total submitted. The checks should be in the same order as the adding machine tape entries. If there is more than one bundle of checks, a cover tape should be attached to affirm the total submitted.
 - e. The total of the accounting entries must equal the amount of the check(s), currency and coins.
 - f. For deposits for payments of invoices, list the customer EID number for each payment and write the respective invoice number in the description field.
 2. The deposit form is signed by the person preparing the deposit. The deposit is then verified, and signed, by a second individual.
 3. The deposit, and three copies of the Deposit Slip, is to be delivered to the Cashiers Office in a tamper resistant sealed bag.
 4. The Cashier's Office will process most transactions while the depositor is present, but in cases where customer volume is high, a department may be asked to leave the deposit for processing at a later time. The Cashier's Office will sign one copy of the Deposit Slip and return to the Depositor. The signed copy of the Deposit Slip will be retained in the originating department's files. The second copy will be sent to the department along with

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a copy of the Financial System Receipt that the deposit has been processed and recorded by the Cashier in the KFS. KFS records all cash receipts (CR) and income of the University. In KFS, a CR document serves as a record of the money delivered to the Cashier's Office and provides the information necessary to record receipts in the University's accounting system.

5. When transporting deposits to the Cashier's Office, departments should take all necessary steps to ensure the safety of the representative. For large deposits this should include having two individuals transport the funds. Departments that have unexpected large cash deposits due to events on campus, may need to contact the University police for an escort.
6. If the individual preparing the deposit transfers the cash to a second individual to deliver to the Cashier's Office, this is a transfer of custodianship. For adequate control, the transfer must be recorded (name, date, time, and department).
10. It is the responsibility of the department to accurately count all currency and checks collected. If the deposit contains errors (for example: the cash count does not match the amount reported, or a check is not properly signed) the department will be notified and it is the departments responsibility to correct.
11. The departments will be notified by Business Financial Services if a check included in your departmental deposit was returned due to insufficient funds or stale date reason codes. Generally, a check is considered stale-dated six months after the date on the front of the check. A service charge may be assessed for return of these checks.
12. Faculty and staff members are not authorized to collect payments from students in connection with their enrollment in classes. Customers making payments on student or commercial accounts should be directed to the Cashier's Office. If a department inadvertently receives a payment for a student or commercial account, promptly deliver the payment to the Cashier's Office, separate from any departmental deposit.

F. Reconciliation of Receipts

1. The Financial System Receipt from the Cashier's Office should be reconciled to the Departmental Deposit Form. This reconciliation should include verification that all funds received and deposited are recorded in the general ledger and in the appropriate accounts.
2. Discrepancies should be handled immediately by contacting the Cashier's Office, and documented in writing.
3. The Financial System Receipt should be attached to the deposit slip.
4. Report all unreconciled items to the department head.
5. The reconciliation and sales documentation, such cash register tapes, receipts, log sheets, etc., must be safeguarded and stored in a secure location. Departments should be conscious at all times of the need to protect sensitive information on sales documentation related to a customer's identify.
6. Maintain proof of all reconciliation by the department for five years plus the current year.

G. Cash Received as a Donation or Gift

- I. Gifts or donations to CSU-Pueblo are normally processed through the CSU-Pueblo Foundation Office. All gift money must be recorded to accounts in accordance with the donor's specifications. Centralized depositing of gift funds ensures proper receipting and acknowledgement to donors. Refer all gifts or donations to the University Foundation Office or the Controller's Office.

H. Cash received as a Reduction of Expense

1. Cash receipts which may be deposited as a reduction to expense are very limited. Vendor refunds may be the result of overpayment, returned prepayment, returned defective merchandise, credit for early payment, etc.
2. Deposits which result in credits to account codes beginning with 8xxxx through 9xxxx should:
 - g. Be credited to the fund and account code to which the original purchase was charged.

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- h. Show the invoice number and/or check number of the original payment or Accounts Payable approval for refund, rebate or overpayment.
- i. Include in the description the reason (refund, overpayment).

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J. Security

1. All cash receipts must be kept in a secure location. Departments are responsible for the security of cash receipts from the time of collection until they are deposited with the Cashier's Office. Lockable cash boxes, desk drawers, file cabinets, and safes all provide varying degrees of security. The departmental cash storage location should be in an area that is not visible to unauthorized persons, and is accessible to as few employees as possible. The amount of cash receipts on hand will determine the level of security required.
2. Whether a department uses a safe or a locked cash box, it is very important to change the combination periodically and always when an employee leaves the unit who has access to the combination.
3. If you use keys to access the safe, cash box, or a locked drawer, then make sure that the key is kept in a secure, secret place.
4. Handling of credit card information must meet PCI (Payment Card Industry standards).
 - a. Cardholder data collected is restricted to those users who need it to perform their jobs.
 - b. Cardholder data, whether collected on paper or electronically, is protected against unauthorized access.
 - c. All equipment used to collect data is secured against unauthorized use in accordance with the PCI Data Security Standard.
 - d. Physical security controls are in place to prevent unauthorized individuals from gaining access to the buildings, rooms, or cabinets that store the equipment or documents containing cardholder data.
 - e. Cardholder data is not processed, stored or transmitted using the University's network unless the Computing Services has verified the technical controls, including firewalls and encryption, in accordance with the PCI Data Security Standard.
 - f. Databases do not store either the full contents of any track from the magnetic stripe or the card-validation code.
 - g. Portable electronic media devices should not be used to store cardholder data. These devices include, but are not limited to, the following: laptops, compact disks, floppy disks, USB flash drives, personal digital assistants, and portable external hard drives.

K. Refunds

1. Refunds cannot be made directly through the use of petty cash funds, change funds, nor funds received from cash receipts, *unless specifically authorized by the Controller or Controller Designee*. A refund is the return of funds for a transaction that occurred on a prior business day. All refunds should be processed by the completion of a Check Request Form and adherence to the procedures as established by the Controller's Office, depending upon the type of transaction involved. These funds will not be used to reimburse employees for out-of-pocket expenditures.

L. Sales and Unrelated Business Income Taxes

1. University departments should be aware that the sale of certain goods or services may be subject to State sales tax and/or Federal Unrelated Business Income Taxes (UBIT). Concerns or questions regarding tax issues should be addressed to the Controller's Office.

M. Detecting Counterfeit Money

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All authorized cash handling departments, and the Cashier's Office, are responsible for exercising reasonable care in screening cash transactions for counterfeit currency. All departments must have adequate procedures and mechanisms in place for the detection of counterfeit currency. Preferably all denominations equal to or greater than twenty dollars should be checked. If a questionable bill is received, the department should:

- a. Test the bill again, but in the presence of another employee and preferably out of sight of the customer. Check the bill for the strip.
- b. Out of sight and hearing distance of the passer, notify your supervisor and contact CSU-Pueblo Sheriff's Office. Let the Dispatcher know your situation and request an Officer. Be prepared to provide descriptions of the passer, any companions.
- c. Do not return the note to the passer. If the passer becomes aggressive and demands the note back, give it back. Maintaining your personal safety is more important than identifying a potentially counterfeit note.
- d. Delay the passer if possible. If the passer decides to leave, do not try to stop them.
- e. Limit the handling of the note.
 - i. Write your initials and the date in the white border areas of the suspect note.
 - ii. Carefully place it in a protective covering, such as an envelope.
- f. Surrender the bill to a properly identified security officer.
- g. Document the event and notify the Controller's Office.

N. Training

The Controller's Office provides training on various financial related topics including cash handling. Training may be scheduled or provided on an as needed, request, basis.