CASH HANDLING PROCEDURES

1.0 OBJECTIVE:

The primary purpose of this document is to establish campus protocol and guidelines for the handling of cash and cash equivalents including appropriate segregation of duties, in accordance with the relevant Integrated CSU Administrative Manual (ICSUAM).

2.0 STATEMENT:

The Chief Financial Officer (CFO) has designated the Director of Student Financial Services to institute controls and procedures to ensure the physical security of cash and cash equivalents, maximize the use of funds, accurately record receipts, ensure the reliability of financial data, and authorize employees to handle incoming cash and cash equivalents, as per ICSUAM 3101.02, 3102.03, 3102.05, 3102.10 and 3103.11.

3.0 ORGANIZATIONS AFFECTED:

Student Financial Services/Cashier’s Office and approved satellite locations and departments that have been authorized to accept cash and cash equivalents for designated activity.

4.0 DEFINITIONS:

A. Cash - Currency and coins.

B. Cash Equivalents:

  a. Cashier’s Check - Any check which is drawn on a depository institution, signed by an officer or employee of such depository institution; and is a direct obligation of the depository institution.

  b. Certified Check – Any check certified by a depository institution as to; the signature on the check being genuine; and the depository institution having set aside funds which are equal to the amount of the check; and will be used only to pay that check.

  c. Checks – Negotiable demand draft drawn on or payable through an office of a depository institution that is a qualified member of the Federal Reserve System.

  d. Money Order – Financial instruments issued by a bank or other financial institution allowing the individual named on the order to receive a specified amount of cash on demand.

  e. Travelers Check – Preprinted, fixed-amount checks designed to allow the person signing to make an unconditional payment to someone else as a result of having paid the issuer (usually a bank) for that privilege.
C. Cash Handling Unit:
   a. Cashier: Engaged in collecting cash, cash equivalent and credit card payments, and issuing receipts.
   
   b. Cashier Supervisor: Employee who supervises cashiers and who oversees all activity related to collecting cash, cash equivalent and credit card payments issuing receipts. Prepares deposits to bank for Cashiering and verifies deposits for satellite locations.
   
   c. Main Cashier’s Office: The operating unit authorized by the campus delegate from which collections are deposited directly to a bank and from which official operating cash change funds are issued. Cashier’s Office also collects cash and cash equivalent.

D. CASHNet- Point of sale cashiersing system.

E. Credit Card: Valid card issued by Visa, MasterCard, Discover, or American Express with magnetic strip and/or valid card number, expiration date and security code.

F. Delegate: The University Chief Financial Officer delegates the Director of Student Financial Services, who is responsible for the administration of these procedures.

G. Satellite Location: A department or unit authorized by the campus delegate to collect cash equivalent and credit card payments for a designated activity; collections are deposited with the Cashier’s Office.

H. Satellite Supervisor: Employee at a satellite location responsible for personnel, equipment and procedures involved with collecting and safekeeping cash equivalent and credit card payments and who prepares and arranges delivery of deposits to Main Cashiering.

I. Satellite Cashier: Employee engaged in collecting cash equivalent and credit card payments, issuing receipts and preparing deposits.

J. Cashier Daily Reconciliation Deposit Form- also known as the Balance Sheet. A worksheet that is use by a Cashier to balance out the total amount cash, checks and credit cards received.

K. Excess Cash: Currency and coin in surplus of the authorized limit of $5,000 in the cash register or lockable receptacle/safe.

L. PCI- Payment Card Industry (credit card security standards).

M. Sensitive Position - Positions designated by the CSU as requiring heightened scrutiny of individuals holding the position based on a heightened risk of financial loss to CSU.

N. Security Systems - Control/prevent unauthorized access and physical protection for employees, cash, and cash equivalents (e.g., alarms, panic buttons, motion detectors, security cameras, and software).
5.0 RESPONSIBILITIES:

A. The campus CFO designee/ Director of Student Financial Services (ICSUAM 3102.03):

   a. Authorize/Approve official cashiering satellite locations and departments accepting payments.

B. Cashier’s Office Supervisor responsibilities:

   a. Ensure appropriate approvals are obtained prior to establishing an official satellite cashiering station, and or departments collecting cash and cash equivalents.

   b. Maintain a listing of all departments and individuals that perform cash handling duties using CASHNet and deposit worksheets.

   c. Ensure cashiering stations are operating in accordance with ICSUAM and University policy and procedures.

   d. Ensure that the following requirements have been met for each cashiering station:

      i. Cashiers are considered to hold sensitive positions (handlers including student assistants) have had appropriate background checks (fingerprint/Live scan clearance) and employee history verified (ICSUAM 3102.01). This function shall be handled by the department dean or financial manager, other than in the Cashier’s Office.

      ii. Cashiers (handlers) have been properly trained in cash handling, the preparation and processing of deposits and the use of CASHNet (ICSUAM 3101.02).

      iii. Cash, checks, and debit/credit card information are physically protected (ICSUAM 3102.04).

      iv. Appropriate segregation of duties are maintained (ICSUAM 3102.02).

6.0 PROCEDURES:

A. Segregation of Duties:

   a. The Director of Student Financial Services or designee shall maintain a listing of all satellite cashiering locations, departments and employees.

   b. Satellite Supervisor shall notify the Cashier Supervisor or designees who leave the department and update the Cashnet Teller Inactivation Request form.

   c. Cash receipts/handling operations will require daily supervision and review by Satellite Supervisor, department director, department dean or supervisor.’

   d. The individual who authorizes refunds cannot receive or handle cash or cash equivalents.
B. Cashier Supervisor/ Satellite Supervisor:

a. Shall be responsible for the performance of their cashiers relating to the functions of receipt, deposit, management, and disbursement of cash, cash equivalent and credit card.

b. CASHNet users must complete a CASHNet Teller Activation Request Form. If the ‘cashier’ leaves the department, the supervisor or department manager must complete the CASHNet Teller Inactivation Request Form and notify the Cashier Supervisor for inactivation.

c. Must verify cashiers daily collections.

d. Approved voided transactions.

e. Prepare deposits.

f. Are responsible for the performance of their cashiers relating to the functions of receipt, deposit, management and disbursement of cash.

g. Are responsible for daily deposits to the Cashier’s Office.

h. At least two authorized individuals must be assigned to carry out key duties of handling processes.

C. Cashiering (Main and Satellite)

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 provide a receipt to the customer.

c. Each cashier must 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 $20.

d. Satellite Cashier Stations accepting credit card payments must use only Point of Sale terminals or equipment supplied to the location by the main campus’ merchant card processor. All credit card terminals shall be placed in a secured area. The terminal systems must be configured to prevent retention of the full magnetic strip, card validation code, PIN, or PIN Block cardholder data once a transaction has been authorized. If any account number, cardholder name, service code, or expiration date is retained, it must be encrypted and protected according to the standards outlined in the Payment Card Industry (PCI) Data Security Standards (ICSUAM 3102.05).
e. Each cashier shall be assigned a unique user ID, login, password, and cash fund should not be 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 (ICSUAM 3102.02).

f. Prior to leaving the cash register or work area for any reason, the cashier will lock the cash drawer in their designated safe, remove the key, keeping it in their possession (ICSUAM 3102.02).

g. 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. The original receipts with documentation must be sent to the Main Cashier’s Office with the Cashier Daily Reconciliation Deposit Form.

h. As part of normal operations throughout the day, the cashier will accumulate cash from sales. Cash in excess amount of $5,000 must be transferred from the register drawer to a designated safe or lockable receptacle.

i. Documentation of cash differences (overages and shortages) must be maintained for each cashier and a Cash Over/Short Audit Record must be completed and signed by the cashier, supervisor or manager. The cash difference must be recorded on CashNet before the Cashier's check-out the batch and to be deposited to the main Cashier's Office.

j. All cash registers and point of sale equipment must produce a Cashier Check-out receipt and Operator Payment Report for verification to cash and cash equivalents collected. Reconciliation must be reviewed, verified and signed by supervisor or designee.

k. At the close of business, all cash and cash equivalents must be secured and stored in accordance with CSU requirements as noted in Physical Security of Cash Funds section below (ICSUAM 3102.04).

D. Endorsement Stamps:

a. All checks accepted by the University must be restrictively endorsed by a receipt printer or an endorsement stamps upon receipt, but no later than by the end of business day (ICSUAM 3102.03).

b. All departments regularly accepting checks should have a Cal State LA approved endorsement stamp issued by the Main Cashier’s Office.

E. Requirements of Checks Received (ICSUAM 3102.03):

a. All checks must be made payable to California State University, Los Angeles or Cal State LA. (ICSUAM 3102.03).

b. Checks accepted by the University must contain all legally required elements including:
i. Dating no earlier than 180 days prior to the day of acceptance and no later than the day of acceptance. Posted-dated checks are not to be accepted.

ii. Legible and consistent amounts, both the numeric and written.

iii. The account holder’s signature on the signature line.

iv. No two-party checks, post-dated checks, checks drawn on a foreign bank, checks bearing “Payable/Paid in Full” are to be accepted.

v. Campus ID’s are to be recorded on checks or money orders for student payments.

c. Checks received in person from the maker should be reviewed at the time of receipt for the required elements. If any of the required elements are not met, the check should be returned to the maker for correction.

F. Payments received through mail:

a. Checks received in the mail must be reviewed at the time of receipt for the required elements for the noted in section E.

b. All checks received 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.

c. If checks received by mail are not payable to California State University, Los Angeles or Cal State LA or cannot be identified or properly applied after sufficient research, the item must be returned to the account holder to be reissued (ICSUAM 3102.02).

G. Cashier Daily Reconciliation Deposit Form (Balance Sheet)/ Department Transmittal Worksheet

a. Deposits shall be verified and authorized by a department supervisor, manager, or dean. For department deposits, all deposits will be verified by the Main Cashier’s Office.

b. Each department is responsible for reconciling deposits made to its collection records. Deposits must 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.

H. 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 main Cashier’s 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 should include the following:

   i. Department Transmittal Spreadsheet
   
   ii. Currency sorted by denomination
   
   iii. Endorsed checks and an adding machine tape in the same sequence as the checks.

I. **Deposits must be deposited at the main Cashier’s Office (ICSUAM 3102.11):**

   a. Satellite cashiering locations must submit all deposits by 9 am daily to the main Cashier’s Office for bank deposit. Approved departments accepting cash and cash equivalents must submit deposits by 3:30 pm to be processed the same business day. This applies to departments that do not have a safe, vault or other comparable storage.

   b. Department deposits must be made at least weekly or whenever collections exceed $500. No accumulated receipts for any amount shall remain un-deposited more than five business days.

J. **Transporting deposits to the Cashier’s Office**

   a. Transporting of deposits must be in a locked deposit bags provided by the main Cashier’s Office.

   b. Transporting of deposits to the Cashier’s Office 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.

   c. Employees transporting coins and currency in excess of $2,500 must be escorted by campus police (ICSUAM 3102.04).

K. **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 accumulative total that exceeds $10,000 in any 365-day period must be reported to the IRS. The Cashier Supervisor 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.
L. Physical Protection of Cash and Cash Equivalents

a. 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.
   - From $1,001 to $2,500 in a safe.
   - From $2,501 to $25,000 in a steel-door safe, 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 or better.
   - Over $250,000 in a class TL-30 steel or better safe.

b. 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.

c. 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.

M. Safes/ Lockable Receptacles

a. Safes should be bolted to the ground or wall and such activity should be coordinated through Risk Management.

b. 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 safe, locked desk, cabinet, or office when not in use for operations.

c. Department’s with a safe must record authorized personnel with the safe’s combination. It must be changed whenever a person who knows the combination leaves the employment of a cash handling unit. The combination should be known to as few persons as possible consistent with operating requirements and the value of the cash or documents.

d. 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.

N. Change Funds

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

b. Each change fund can only have one custodian.
c. Change funds must not be commingled with other funds and cannot be independently transferred to another individual.

d. When change funds are no longer needed, those funds must be deposited at the Cashier’s Office. The change cash fund custodian must also notify Business Financial Services.

e. A surprise audit will be performed on a periodic basis by Business Financial Services. The frequency of such verifications is based on the amount of funds at risk:

<table>
<thead>
<tr>
<th>Size of Funds</th>
<th>Frequency of Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200.00 or less</td>
<td>Annually</td>
</tr>
<tr>
<td>$200.01 to $500.00</td>
<td>Quarterly</td>
</tr>
<tr>
<td>$500.01 and over</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

M. Petty Cash

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

b. Each change fund can only have one custodian.

c. Petty cash funds must not be commingled with other funds and cannot be independently transferred to another individual.

d. When petty cash funds are no longer needed, those funds must be deposited at the Cashier’s Office. The petty cash fund custodian must also notify Business Financial Services.

7.0 REFERENCES:

3101.01 Centralized Management of Cash and Investments
3101.02 Campus Administration of Systemwide Cash Management Policy
3102.02 Segregation of Cash Handling Duties
3102.03 Acceptance of Cash and Cash Equivalents
3102.04 Physical Protection of Cash and Cash Equivalents
3102.05 Debit/Credit Card Payment Policy
3102.08 Recording Deposits to the General Ledger
3102.10 Change Funds
3102.11 Deposits and Transfers to the Bank
Change Fund Procedure
Petty Cash Procedure