Cash Handling Training
Cash Handling: It’s your responsibility

Whether you take in a lot of money ...

... or you collect pennies
Cash Handling: It’s your responsibility

......it is important to maintain good cash handling procedures:

- Segregation of Duties
- Security
- Reconciliation
- Management Review
- Documentation
What is included in “Cash Handling”? 

- It’s not just “cash”. It includes the following:
  - Coins
  - Currency
  - Checks
  - Money Orders
  - Credit Card Transactions
  - Cash Equivalents
    - Parking Tags
    - Stamps
    - Gift Cards
First, let's talk about risk and controls....

- Who or what is at risk?

The Money

You
Remember – In the cash collecting process, YOU are just as important as the cash………

The controls (rules) that we will discuss are designed to protect both YOU and the CASH you are handling.
Risk?

- Cash is lost
- Cash is stolen
- Information on Banner doesn’t agree with department records
- No audit trail
- Finger pointing/accusations
- Reputations
- Lost revenues
Before cash collection begins.....
“The planning checklist”

- Departmental cash handling supervisor develops a plan:
  - Is a change fund needed?
  - How is cash received? Mail or in person?
  - Who is going to collect the cash? Record the cash?
  - How is the cash going to be secured?
  - Who is going to prepare the deposit? How?
  - Who will take deposit to Cashiers Office? When?
  - Who will do the reconciliation? Management Review?
  - Who needs training?
“Is a Change Fund Needed?”

- If you are required to make change, then you must have an approved change fund. (Refer to Finance/Business Services Ext. 8294)
- Complete a purchase requisition to request a change fund.
- Keep amount at bare minimum. Talk with Finance/Business Services...they will help you determine how much you need.
- Keep the cash safe! (More on that later)
- Never use the change fund for making purchases, cashing checks, giving loans, or for travel advances.
- Never make change from your personal cash!
“Collecting the Cash”

- How is cash received? Mail or in person?
- Who is going to collect the cash? Record the cash?

In person:

- Each person authorized to receive cash should have a separate secured cash drawer or register.

- All sales/cash received amounts must be entered either in a cash register or other cashiering system or recorded on a pre-numbered duplicate receipt.

- All checks should be restrictively endorsed immediately upon receipt. Stamp back of check:
  “For Deposit Only to Utah Valley University”
  You can get a stamp to do this from Finance/Business Services
“Collecting the Cash”

**In person** (continued):

- Write the student’s ID number or driver’s license number on the check. Picture ID should be verified.
- When receiving payment via credit card, compare the signature on the back of the card and verify picture ID.
- The cash drawer should be balanced at the end of each shift.
- For proper segregation of duties, the responsibilities for *billing, receiving cash, preparing deposits and reconciling deposits* to departmental accounts should all be performed by different individuals.
“Collecting the Cash”

By Mail:

- Two people should open the mail together if checks are received in the mail.
- Immediately restrictively endorse each check “For Deposit Only to Utah Valley University”.
- Enter each check into a cashiering system if you have one. If not, then prepare a daily list/log of the checks received...reconcile this log to deposit reports.

<table>
<thead>
<tr>
<th>Date Received</th>
<th>Check #</th>
<th>Payer Name</th>
<th>Amount</th>
<th>Received By</th>
<th>Main Cashier’s Receipt Date</th>
</tr>
</thead>
</table>
“Now that we have collected the $$$$$$, what do we do with it?”

- Secure
- Balance
- Deposit
- Reconcile

Let’s go back to Our checklist......
How is the cash going to be secured?

Cash and checks should be kept in a secure register or cash box to help prevent “cash” from being lost or stolen.

Do not leave “cash” and individual’s personal identifiable information on your desk.

If copies of checks are made, black out all personal financial information such as bank account numbers on copies.

Federal laws and PCI requirements require the University to maintain proper procedures and controls to prevent an individual's identity and credit card information from being stolen.
“Securing Credit Card Information”

Keep Credit Card Information Secure By...

- Never email or fax credit card #'s.
- Never store credit card information on a computer or external storage device.
- Destroy/shred/block out records with an individual's full name & credit card #.
- Never throw this type and other personal identifiable information in the trash or recycle bin or leave unprotected on your desk.

Contact Finance/Business Services if you would like further information on PCI compliance.
OVERNIGHT STORAGE

- Be sure that all collected cash is kept in a locked safe. Access should be limited to only a few (2–3) people.
- Keep safe locked during the day when possible.
- Change the combination on a regular basis (once each year) and when an employee who knows the combination leaves the department.
“Securing the Cash”

What if your department does not have a safe for overnight cash storage??

If your department does not have a safe, secure the cash box in a locked drawer/filing cabinet to which access is limited to the person collecting the cash and his/her immediate supervisor.

Make sure that the key is kept in a secure, secret place.
“Balancing”

- Cash receipts must be balanced every day/shift. “Identify problems sooner rather than later”

- Compare the total cash, checks, credit card receipts received to the cash register tape totals or pre-numbered receipts.

- Balancer investigates and resolves discrepancies, then initials (or signs) & dates to document balancing.

- Balancer should not receive and balance cash in order to maintain proper segregation of duties.
“The Deposit”

✓ Who is going to prepare the deposit? How?
✓ Who will take deposit to Cashiers Office? When?

- Deposit all funds received. Record all overages/shortages.
- Deposit should be prepared by someone who did not collect the cash.
- Deposits over $500 should be picked up by University Police.
- When transporting cash under $500 across campus, always send two people.
- Received funds should be deposited daily when practical but must be deposited within three working days after receipt as required by Utah Code Annotated 51–4–2(2)(a).
“Transporting Cash”

If you have responsibility for taking the cash deposits to the Main Cashier’s Office, please use good common sense.

- Secure the cash and checks in a secure deposit bag available at the Cashier’s Office.
- Don’t be conspicuous.
- Don’t take the same route or go at exactly the same time everyday – don’t be predictable.
Reconciliation! Management Review!

Do not ever overlook this step!!

- Reconciliations should be performed by someone other than the person who received the funds or prepared the deposit.
- Reconcile the departmental copy of the cash report to the Main Cashier’s Office deposit receipt.
- Reconcile deposits on a monthly basis to Banner. (Banner Finance Transaction Detail Report – emailed weekly)
- Maintain documentation of these reconciliations.
“Management Review”

No matter who is collecting, depositing, and reconciling, Management is ultimately accountable.

- It is management’s responsibility to regularly review the cash handling and reconciliation process to assure timeliness, accuracy and resolution of all outstanding issues.
Establish an effective internal control system.

Delegate responsibility for cash handling duties to maintain proper segregation of duties.

Require that staff handling “cash” be properly trained & follow appropriate policies & procedures.

Review receipts and reconciliations on a regular basis.

Perform periodic surprise cash counts of departmental change fund.
This is the **most important control** in the cash collection process, and often, the most difficult to manage. A different person should be involved in each step: billing, receipting, depositing, and reconciliation.

Let’s talk about why and how to manage segregation of duties.......
Why Segregation of Duties?

- Fraud committed by employees is the most common type of fraud.

- Fraud is most often committed by trusted employees:
  - Financial Pressure
  - Rationalization
  - Perceived Opportunity

- Fraud schemes often continue for years before being detected when controls are not in place.

- The best way to prevent and detect fraud is to have a good system of internal controls/segregation of duties to take away the “Perceived Opportunity.”
“How to Segregate Duties”

What if you don’t have 4 people to bill, collect, deposit and reconcile?

Compensating controls must be implemented if you don’t have enough people to segregate these duties. Consider the following alternatives:

- Can cash collections be received by the Main Cashier’s Office?
- Can Finance/Business Services do the billing?
- Is there a way to share responsibilities with another department?
- If you only have two people – Alternate who performs collecting, depositing and reconciling.

If segregation of duties is a problem for your department, please contact: Finance/Business Services.
External Billing Authorizations

- Finance/Business Services bills external customers on behalf of departments.

- Instructions and billing forms are online at: UVLink/Employee/The Forms Channel/Accounts Receivable Billing Procedures and Forms. If you have any question, please contact the Accounts Receivable Office at (801)863-8961 or 8049.

- Accounts Receivable will produce an invoice and send the invoice and any supporting documentation to the vendor. If you receive payment for the invoice, please bring it to the Finance/Business Services Office to pay off the invoice. A monthly notification (Statement of Outstanding Invoices) is sent to the department until the invoice is paid.
For departments wanting to accept payments for conferences being held at Utah Valley University, please contact Mike Jones at (801) 863–8291 to be set up.

Keep in mind your department will be charged the 3% credit card merchant fee for taking credit card payments.

The university does not support PayPal.
“Cash Equivalents”

If you have the responsibility for cash equivalents such as gift cards, remember that they must be treated as if they are cash:

- Secure in a locked safe or drawer.
- Record the sale (software system, log).
- Document who received gift cards—Keep under $50 per year for employees (IRS tax regulations).
- Reconcile sales to inventory on hand.
- Deposit cash promptly.
- Reconcile sales to deposits recorded in Banner.
- Resolve all outstanding issues.
“Keeping Records – Record Retention”

**Original** documents for cash receipts should be kept on file for the *current year plus the six prior years*. For example:

- Cash Reports
- System Generated Reports
- Cash Register Tapes
- Carbon Copy of Pre-numbered Receipt

See State of Utah record retention requirements:

http://www.archives.state.ut.us/recordsmanagement/grs/stgrslist.html
The following is a list of frequent audit findings to avoid:

- Inadequate segregation of duties.
- Funds not adequately secured.
- Deposits not made within three working days.
- Supporting documentation for deposits does not match deposit amounts or is not on file.
- Deposits not reconciled to Banner.
- Supervisory approval not evident on voided transactions and handwritten corrections to cash register tapes.
- Cash equivalents not secured or adequately tracked.
- Departmental cash receipting procedures not formally documented in writing.
“Cash Handling Procedures”

Utah Valley University Procedures

Finance and Procurement Manual
www.usu.edu/finance
Cash Handling Guidelines, pages 5–9

State of Utah

Utah Code Annotated 51–4–2(2)(a)
Questions?

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