

South Texas College

Departmental Cash Handling Procedures

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South Texas College Departmental Cash Handling Procedures

Introduction

Cash represents one of the College’s most sensitive assets. Due to its nature, there must be clear accountability for its receipt and custodianship. The primary purpose of this guide is to assist the Business Office in training staff employed in other departments in the areas of collection, custody and reporting of cash. The departmental cash handling procedures apply to departments not part of the Business Office.

The Cashiers’ department under the direction of the Comptroller has been charged with the responsibility of collecting payments and deposits from students, departments, faculty, staff and others and for processing refunds to those same groups. On occasion, however, departments not part of the Business Office may be allowed to collect payments and deposits. These other departments that collect and handle cash must adhere to strict internal controls detailed in these guidelines. Training on cash handling provided by the Business Office is mandatory.

Departments are responsible for establishing operating procedures to ensure compliance with these procedures. All departments who collect funds may be subject to periodic, unannounced audits by the Internal Auditors and reviews by the Business Office.

South Texas College departmental cash handling procedures require each department receiving cash to be approved by the Business Office. The Business Office will approve the department by training the department’s staff responsible for handling cash and providing them with a copy of the Cash Handling Guidelines. All cash collection departments must comply with the guidelines and procedures issued by the Business Office. Departmental employees handling cash must be certified as cash collectors by the Business Office.

Departments not complying with approved procedures may lose the right to function as a cash collection site. Requests to become a cash collection site should be submitted as indicated below.

Applicable Departments

These Cash Handling Procedures apply to all departments with the exception of Auxiliary Enterprise operations such as Food Services and Bookstore operations. The Auxiliary Enterprise operations should maintain proper cash handling procedures.

Board Policies

Board Policy #5110 - Controllership Function: Collection, Deposit, 5110 And Disbursement of College and Grant Funds and Board Policy #5630 - Establishment and Control of Petty Cash Funds provide the College's policy regarding cash handling.

Cash Handling Procedures on Business Office web page

These procedures can be downloaded from our web page at:
<http://finance.southtexascollege.edu/businessoffice/procedures.html>

Definition of Cash

For the purpose of these guidelines, the word "cash" includes coins, currency, checks, money orders, credit cards, cashier's checks and internal charges.

Approval for Department to Collect Payments and Deposits

Each department receiving cash must receive approval from the Business Office to be an authorized cash collection site. All cash collection sites must comply with the guidelines and procedures issued by the Business Office.

The Financial Manager should assign the primary responsibility of receipting and accounting for funds to one individual (or as few people as possible, depending on the volume of funds received). The responsible individual must be certified by the Business Office as a cash collector. Cash collectors must undergo training and must understand the importance of internal controls. Financial Manager must ensure that all new employees are properly trained.

The responsible individual must be a full-time, permanent employee. Part-time or temporary employees (including student workers) may assist the responsible person in carrying out these duties. Each department should maintain a single collection point.

Payments Directed to the Cashiers Office Only

Unless otherwise authorized by the Business Office, departments may not request that payments be mailed directly to their location. All mailed receipts should be mailed directly to the Cashiers Department at the address below:

Cashiers Department
P.O. Box 9701
McAllen, Texas 78502-9701

The specific purpose of the payment may be noted on the envelope.

All checks, money orders and cashier checks must be made out payable to South Texas College.

Conferences and Special Events

Departments planning conferences or special events must immediately contact the Business Office. The Business Office will provide guidance regarding revenue and expense organization codes. In addition, the Business Office will review the adequacy of the department's procedures regarding cash handling, safeguarding, depositing, reconciling and other internal controls.

Responsibility of Department Employees

Financial Manager – Establish an effective internal control system. Delegate responsibility for cash handling and maintain proper segregation of duties.

Cash Collector – Conduct cash transactions with customers. Endorse all checks immediately upon receipt with respective endorsement. Provide a receipt to every person paying in person. Enter each transaction into a cash register or cash receipt journal/log. Count the cash and forward it on to the deposit preparer at the end of the shift. Forward any documentation (cash register tapes, etc.) to the reconciler (or cash collection point supervisor if one is designated).

Cash Collector Supervisor – Monitor cash receipting functions and authorize various transactions, such as voids. Have access to the cash drawers and safe, if applicable. If a Cash Collector Supervisor cannot be appointed, this function can be performed by the Reconciler.

Deposit Preparer – Count the cash receipts, prepare the deposit and deliver it to the Cashiers' Office. Submit all appropriate accounting information. Deliver each bank validated deposit slip to the Reconciler. Store the cash in a safe or other secure place until it is deposited.

Reconciler – Follow procedures to account for cash as it is received. Verify that the Deposit Preparer has deposited all cash received (daily). On a monthly basis, reconcile validated deposit forms to the supporting documentation and to the Banner General Ledger Statement of Accounts.

Departmental Cash Collection and Deposit Procedures

Receiving Cash in Person or in the Mail

Funds can be received in person, mail, and/or electronically. All checks must be endorsed immediately upon receipt with respective endorsement. A receipt must be provided to every person paying in person. The transaction must be entered into a cash register or cash receipt journal/log. Count the cash and forward it on to the deposit preparer at the end of the day. Forward any documentation (cash register tapes, etc.) to the reconciler (or cash collection point supervisor if one is designated).

Checks must not be cashed by the cash collection point.

The cash collection point must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: collecting, depositing and reconciling unless it is not cost effective to implement segregation of duties.

Preparing the Cash Receipt

Departments that receive funds should issue receipts for those funds. Sequential numbered receipts must be provided for each cash transaction (cash register receipt or hand written receipt) to customer. One copy must be included with the deposit and one copy must be kept with the department/agency files for audit purposes. The Business Office distributes the pre-numbered cash receipts that must be used by departments receiving cash. Use of receipts other than official college receipts is prohibited. The Business Office will issue receipt books only to a regular employee who is to serve as custodian of the books and who is responsible for assuring that appropriate cash-handling procedures are followed and the receipt books are safeguarded. All used individual receipt books must be returned to the Business Office.

Voided and cancelled receipts must be maintained in sequential order with the rest of the receipts. Voided transactions must be approved by a supervisor.

Daily Balancing of Collections

On a daily basis, the responsible person should total all cash, checks, etc. to assure that amount equals the amount of receipts issued. Before depositing funds with the Cashiers' Department, the Financial Manager or designee should check the balancing of funds and receipts.

Deposit Support Forms

In a format approved by the Cashiers' Office, all deposits must be summarized and documented on a form that identifies the type of monies being deposited (cash, checks, credit card, etc.), the organization code to be credited; and the appropriate object coding.

Transporting the Deposit

Bags or envelopes, of a type specified by the Cashiers' Office, should be utilized for the transport of deposits from the department to the Cashiers' Office. Armored Car/Security Service may be necessary to transport deposits from departments with delegated receipting authority from their department to the Cashiers' Office. Generally, this will include high-volume departments or special functions. The Cashiers' Office will negotiate the use of this service on behalf of the departments and may allocate the costs among the departments using the service.

Credit Card Payments

Credit card information is very sensitive and should not be maintained by the department. The department should refrain from maintaining credit card information.

Students should be encouraged to use the online payment options.

Acceptance of Visa/MasterCard/Discover for payment requires pre-approval by the Business Office. No other credit card types may be accepted.

The department may arrange with the Cashiers Office to have the credit card payments taken by telephone.

A credit card terminal may be installed at the department's location. Credit card receipts must total the batch total from the credit card machine.

Cashiers' Office Receipts

The Cashiers' Office will issue a receipt to the person making the departmental deposit. That person should immediately return the receipt to the department.

Timely Review of Accounts

Not less than monthly, the Financial Manager or designee should review his or her accounts and compare them with the departmental receipts and the Cashiers' Department receipts, to assure that all funds were receipted and accurately deposited. This review may be delegated to another regular employee provided that individual does not perform any other duties associated with receipting or depositing of funds.

Departments not complying with approved procedures may lose the right to function as a cash collection site. Requests to become a cash collection site should be submitted as indicated below.

Shortages and Overages

Immediately report any balancing discrepancies in the amount of \$25.00 or more to the Bursar. Discrepancies will be investigated.

Internal Controls

Internal Controls Overview

Departmental cash handling procedures should incorporate the principles of good cash handling which include the following:

1. Proper segregation of duties
2. Adequate safeguards for handling, transporting, and storing cash
3. Promptly depositing cash at the Cashiers' Office
4. Independent reconciliation of deposit documents to the Banner statement of accounts
5. Management oversight and review

Restrictive Endorsements

Checks must be restrictively endorsed immediately upon receipt with the "For Deposit Only South Texas College" stamp. All checks must be endorsed prior to being transported. All checks, money orders and cashier checks must be made out payable to South Texas College.

Safeguarding of Cash

All checks kept overnight at the department must be placed in a safe or locked receptacle kept in a properly secured areas such as a locked desk or in a cabinet in a locked office.

Segregation of Duties

Cash handling duties are divided into three categories – the receiving of cash, the depositing of cash, and the reconciliation. The ideal is for all three categories to be the responsibility of different individuals. In a small department where this is not possible or cost effective to implement segregation of duties, the goal should be the separation of the cash receiving responsibility from the depositing and reconciliation.

Timeliness of Deposits

Deposits must be made with the Cashiers' Office not later than the close of business on the next business day following the date of collection unless the amount of the receipts is less than \$20. When as much as \$20 has been collected, a deposit must be made. Additionally, a deposit must be made at least once per week even when less than \$20 has been accumulated, as well as the end of the month. This time frame is necessary to assure that deposits to the colleges depository bank meet its requirement for deposit within seven days of the date of collection (Education Code §51.003-(b)).

Same-day deposits are required due to holidays or other extenuating circumstances. It is recommended that funds be deposited with the Cashiers' Office on the same day they are collected by a department, to minimize the amount of cash on hand.

Change and Petty Cash Funds

A department change or petty cash fund may be requested by the Financial Manager by submitting a purchase requisition and a memo/email to the Comptroller and VP-FAS. The memo/email should state the following:

1. The intended use of the fund,
2. The amount requested, and
3. The approximate length of time the fund will be needed.
4. The Custodian of the fund

Change and Petty Cash Funds Procedures to be followed are:

1. Custodian must be designated in writing by the Financial Manager.
2. Custodian must receive training from the Business Office.
3. Funds must be kept in a secure place, preferably a safe, when not in use and in a cash register, a locked drawer, or a locked box when in use. Unlocked petty cash should never be left unattended.
4. The funds should not be accessible to anyone except the official custodian or an alternate as designated in writing by the Financial Manager.
5. The funds cannot be used for financing IOUs, loans, accounts receivable, or cashing personal checks.
6. The personal use of cash from the fund is prohibited in all circumstances.
7. Personal/private funds cannot be commingled with Cash Funds.

8. Cash Funds must be reconciled at all times. That is, supporting data for receipts must be retained, which, when added to the remaining cash on hand, will always equal the total amount of the cash fund.
9. Sales tax will not be reimbursed.
10. Miscellaneous receipts of cash should not be added to cash fund.
11. Cash Funds should be accessible for audit by authorized persons at any time during regular business hours. When cash fund is counted by an auditor or other authorized person, the custodian of the fund must remain present.
12. The Account Manager who requests a Cash Fund is ultimately responsible for the fund and should notify the Business Office immediately of any change of custodian or location of the fund. Any questions concerning the use of the funds should be directed to the Business Office.
13. Disbursements from cash funds must be approved by VP-FAS and must be supported by documents which include date of payment, price, discount, description of expenditure, signature of person receiving the disbursement, and the account to which the expenditure should be charged.
14. Disbursement from a Petty Cash Fund may not exceed \$50 per transaction/receipt unless specific arrangements have been made in writing with the Comptroller and VP-FAS.
15. Cash funds from which disbursements are made must be approved by the VP-FAS and should be reimbursed at least quarterly intervals throughout the year, and in any event, at August 31 of each fiscal year. Reimbursements should be requested on a purchase requisition.