

Ball State University
Cash Handling Procedures
Effective July 1, 2015

Objective

The purpose of this procedure is to provide guidance ensuring the accountability and safeguarding of University cash and cash equivalents. Department heads and managers collecting University funds are primarily responsible for ensuring adequate controls are in place and followed to properly secure the collection and deposit of funds. These procedures are intended to be a framework for guidance in establishing the minimum internal control standards related to the cash handling process. All departments that accept cash or its equivalent assume the responsibility of instituting and following proper cash handling procedures as outlined below.

All Departments who collect funds may be subject to periodic, unannounced audits by the Office of the University Controller, Internal Audit, or the State Board of Accounts.

These procedures are established to insure a best practice for strong internal controls within each department. The intent is to minimize the potential for the mishandling of University funds. Additionally, following proper procedures will help identify and resolve overages, shortages, and provide an audit trail allowing a proper review of cash transactions. These procedures apply to the deposit and recording of all monies received at all locations within the University.

Cash is defined to include coin, currency, checks, and money orders. Credit Card transactions are covered in separate written procedures.

Separation of Cash Handling Responsibilities

Cash handling responsibilities are separated into three distinct functions.

1. Cash receipts (“cashier or receiver” hereinafter)
2. Cash deposits (“depositor” hereinafter)
3. Cash reconciliation (“reconciler” hereinafter)

Each of these various functions must be performed by different individuals. No one individual may perform more than one function.

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1. Cash Receipts

a) Formal Cashiering Environment (cash register used)

- i) Each cashier begins the day with a predetermined cash balance and his/her own cash drawer. Cash drawers should not be shared whenever possible.
- ii) All checks and money orders should be in U.S. dollars, drawn on a U.S. bank, and made payable to Ball State University.
- iii) All checks must be restrictively endorsed with “For Deposit Only Ball State University” and must include the identifier for the department.
- iv) If the customer is there in person, a receipt for the transaction must be provided upon request.
- v) Each cashier must balance the cash drawer activity at the end of his/her shift and sign the register report as the preparer if he/she is not identified on the check out tape.
- vi) An independent designated individual verifies that the cash received matches the cash register’s report of business by cashier. Please reference the Appendix in the event of a discrepancy.

b) Non-Formal Cashiering Environment (no cash register)

- i) Specific person(s) should be delegated the authority to receive cash.
- ii) All checks and money orders should be in U.S. dollars, drawn on a U.S. bank, and made payable to Ball State University.
- iii) All checks must be restrictively endorsed with “For Deposit Only Ball State University” and must include the identifier for the department.
- iv) All cash received must be immediately recorded in CASHNet. In addition, a pre-numbered receipt, Form B-4, is available from Central Stores and must be used to record the collection of cash and checks. The procedure to be followed when using the pre-numbered receipts is as follows:
 - (1) A copy of the receipt is to be given to the customer. Receipts must be complete indicating the date, customer's name, transaction identifier, and amount.
 - (2) A copy of the receipt must be retained for departmental files.

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- v) Each receiver must balance the daily activity at the end of his/her shift and sign the balancing form as the preparer.
- vi) An independent designated individual verifies that the cash received matches the daily activity report prepared by the receiver. Please reference the Appendix in the event of a discrepancy.

c) Reimbursements for Petty Cash

- i) Requests for reimbursements for University approved expenditures up to \$50.00 are to be completed on a (Petty Cash Voucher), Form B-6, accompanied by the original receipt(s), and reviewed and approved by an authorized signer. The B-6 must include the entire FOAPAL for accounting purposes and a brief description of the expense(s). Form B-6 can be found at <https://cms.bsu.edu/-/media/WWW/DepartmentalContent/Bursar/PDF/PettyCashVoucher.pdf>
- ii) Petty cash reimbursement bags must be dropped in the Bursar Express drop slot for processing. Reimbursements should be submitted to the Bursar's Office no later than one week from the date of the earliest attached receipt. Reimbursement requests that do not adhere to the Ball State University Expense Reimbursements Accountable Plan will not be accepted. The funds and locked bag will be available for pick up the next business day between 3–4 P.M. (2–3 P.M. during summer hours).
- iii) A validated copy of the B-6 along with the original receipt(s) becomes part of the daily balancing that is forwarded to the Office of the University Controller.
- iv) B-6's from Housing and Residence Life (HRL) must be stamped by the hall and approved with authorized signatures prior to submitting to the Bursar's Office for reimbursement.
- v) University petty cash funds are prohibited from being used for making loans of any type. Petty cash funds are also not to be used for the cashing of personal checks.
- vi) If reimbursement is being given at time of request, a picture ID and signature are required of the person receiving the funds.

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2. Cash Deposits

Preparation of deposits may not be done by the cashier / receiver, or the reconciler. The depositor verifies the cashier / receiver's balancing form and signs and dates the balancing form acknowledging the total deposit matches the batch total of receipts.

In the event of a discrepancy between documentation and collected funds please reference the Appendix at the end of this document.

To maximize cash flow and safeguard assets, deposits need to be made in a timely manner.

- **All receipts must be deposited no later than three (3) business days from date of receipt.**
- **Collections must be held in a secure manner until deposited (i.e. in a locked location).**
- **Access to secure location(s) via keys or combinations must be limited only to authorized individuals.**
- **Collections should be deposited intact (no expenditure may ever be made from a collection).**

a) All CASHNet deposits must include the following:

- i) The deposit remittance detail must be processed online through CASHNet and must include the appropriate FOAPAL, account description, and signatures of both the depositor (preparer) and reconciler (approver). The description should contain enough information that an auditor can review the deposit and determine the event or purpose of the deposit. The approver should be a person designated by departmental management to review the deposit for accuracy. The approver cannot be the same person as the depositor.
- ii) The deposit remittance must be accompanied by an adding machine tape of checks with proper endorsement, checks in order of adding machine tape, cash grouped by denomination, and if possible coins rolled. Checks must include a proper endorsement, verification that the numeric amount and written legal tender amount agree and that an authorizing signature is present.
- iii) The deposit total must agree with the total of all cash. Please see the Appendix at the end of these procedures regarding discrepancies related to deposits.
- iv) Workshop deposits must include the FOAPAL, workshop description, and checks must be properly endorsed including the workshop or department name. If the workshop/department needs detail of the name and ID number of the participants, that information should be included on the deposit remittance.

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b) Cash Receipts Voucher (CRV) Form B-113 deposits (CASHNet Exception):

Exceptions to the use of CASHNet may be permitted when total deposits are less than six (6) per year. If an exception is permissible use Cash Receipts Voucher (CRV), Form B-113, and include the following:

- i) The CRV must include the appropriate FOAPAL, account description, description of the source of funds, signatures of both the depositor (preparer) and reconciler (approver). The description should contain enough information that an auditor can review the deposit and determine the event or purpose of the deposit. The approver should be a person designated by departmental management to review the deposit for accuracy. The approver cannot be the same person as the depositor.
- ii) The deposit remittance must be accompanied by an adding machine tape of checks with proper endorsement, checks in order of adding machine tape, cash grouped by denomination, and if possible coins rolled. Checks must include a proper endorsement, verification that the numeric amount and written legal tender amount agree and that an authorizing signature is present.
- iii) The deposit total on the CRV must agree with the total of all cash. Please see the Appendix regarding discrepancies.
- iv) Workshop deposits must include the FOAPAL, workshop description, and checks must be properly endorsed including the workshop or department name. If the workshop/department needs detail of the name and ID number of the participants, that information should be included on the CRV copy retained by the department.

Parking Services and Library Services are permitted to make their deposits directly at the bank. Separation of duties and other guidelines as outlined in these procedures must be adhered to at the highest level.

All deposits of cash as defined by this procedure must be delivered in person to the Bursar Express drop slot in a locked bag. The locked bag should be inserted inside a campus mail envelope with the department name identified.

Do not use campus mail.

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A police escort is required for transporting deposits of paper currency and coin in excess of \$1,000.

The Campus Police Department provides an optional escort for the transporting of cash under \$1,000 using the following guidelines:

- The request for an escort must not interfere with the Police Department's shift change.
- The Police Officer will escort the courier from his/her office to the point of destination.
- The Police Officer will not carry any funds.
- The Police Officer will ensure that the courier remains on the Officer's non-armed side.
- The Police Officer will escort the courier back to his/her office if the courier is returning with a change fund.

All campus deposits other than Parking Services and Library Services are to be processed through the Bursar's Office located in Lucina Hall B32.

c) Bursar's Office Process:

- i) The Bursar's Office will validate the deposit by confirming the transaction number, date, batch, and operator.
- ii) After the deposit is completed, the Bursar's Office will include a receipt of deposit inside the department's locked bag.
- iii) The Department's locked bag will be ready for pick up the next business day from 3–4 P.M. (2–3 P.M. during summer hours). If the locked bag is required earlier, the department may log in to CASHNet and check the status of the deposit. If it is in closed status, the deposit has been completed, and the bag is available for pickup.
- iv) Supporting documents will be forwarded the next business day to the Office of the University Controller for image scanning and indexing.
- v) Any discrepancies in documentation will be resolved as outlined in the Appendix included at the end of these procedures.

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3. Cash Reconciliation

a) Bursar Operations:

- i) Daily reconciliation of cash transactions are performed at the end of business each day by each cashier.

(1) Mid-Day Reconciliation

- (a) All checks received from the start of the business day to the midpoint of the day are reconciled by running an adding machine tape (w/cashier's initials, batch number, and date) and comparing it to the CASHNet Check Out online. All checks collected at that point are retrieved from all cashiers; a deposit is prepared and sent to the bank in the afternoon.

(2) End of Day Reconciliation

- (a) Each cashier counts his/her cash (including total from mid-day reconciliation) and compares the total to the CASHNet Check Out. The cash count is broken down by denomination on the Check Out. The checks on hand are totaled, and the adding machine tape (w/cashier's initials, batch number, and date) is dropped into the safe for next day's deposit. A summary of the daily activity is captured on the CASHNet Check Out receipt and includes the cashier's name, batch number, dated records, total checks, and cash received for the business day.

(i) Cash Deposit

1. Deposit slips are prepared in duplicate for the currency and coin. The deposit slips are initialed and dated by the cashier. One deposit slip is put with the cash into a locked bag then placed in the safe overnight for delivery and verification by the bank the next morning. The second deposit slip is used on the next morning's spreadsheet reconciliation then placed with the bank deposit.

(ii) Check Deposit

1. Checks are turned in at the end of the day with an adding machine tape (w/cashier's initials, batch number, and date). The checks are stored in the safe overnight.

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(3) Next Business Morning

- (a) Final reconciliation of prior day's Bursar Operations deposit activity is completed by the reconciler.
 - 1. Extract reports from CASHNet and Banner to verify payments and recorded transactions match.
 - 2. Summary of all cash activity for Bursar Operations is reconciled for the previous day's business on the Bursar Reconciliation of Daily Receipts spreadsheet.
 - 3. All remaining checks from the previous business day are combined to create one group for deposit at the bank in addition to the locked bags containing cash.
 - 4. Voided Transaction Report is also included with each day's business.
- (b) Conduct daily audit of cash count in safe.
- (c) The Office of the University Controller verifies the bank deposits to the CASHNet Transaction report.
- (d) Monthly reconciliations are performed by the Office of the University Controller which confirms all bank activity is properly accounted for in the University financial ledger.
- (e) All differences are documented and resolved promptly.

b) Departmental Operations:

- i) An individual, other than the depositor, should verify and initial the deposit as a reconciler (approver).
- ii) A review should be completed of the monthly accounting reports in Banner to identify discrepancies or missing activity.
- iii) All differences must be documented and resolved promptly.
- iv) Monitoring the cash receipts process:

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- (1) A supervisor must perform a periodic review of the internal controls in place to determine that the controls are:
 - Sufficient to safeguard cash collected.
 - Understood and carefully followed by all staff.
 - Processed in a timely manner in accordance with the timeline previously established in section 2A of these procedures.
- (2) A member of management should be designated for reviewing, approving the reconciliations monthly, and signing the documentation as proof to performing the responsibility.
- (3) The designated member of management should review the nature, extent, and resolution of overages and shortages.
- (4) A supervisor should periodically perform an unannounced verification of prepared deposits, comparing the deposits with cash receipt records.
- (5) A supervisor should periodically perform intermittent surprise cash counts on revolving funds throughout the year to insure the amount of cash on hand is as expected.
- (6) Management should ensure that sales tax is collected and accounted for as required by the Office of the University Controller.

Departments should document in writing their own cash handling procedures. It is imperative that, at a minimum, departmental procedures uphold an equal or more robust level of internal controls than is defined by these written procedures.

It is understood that some areas may be limited on resources and that it will not always be possible to maintain the level of segregation of duties as outlined in these procedures. While every attempt to adhere to these procedures is recommended, it is acceptable when warranted to allow the same person who receives funds to also prepare the deposit. However, reconciliations must be done by an individual independent of the process regardless. Please reference section 4 below regarding exceptions.

If a spot audit should determine that sufficient resources were available and proper segregation of duties did not exist, Internal Audit may be notified of the procedural violation.

4. Exceptions

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Under rare circumstances, the Director of Cash and Investments may approve deviations from the procedures outlined above. Any exceptions granted are on a case by case basis and will only be approved after it has been determined that no better alternative exists.

Approved exceptions will be kept on record with the Director of Cash and Investments and reviewed on a periodic basis. Departments granted exceptions may be subject to more frequent spot audits.

Appendix I - Discrepancies

If a discrepancy should be discovered, it must be resolved before submitting to the Bursar's Office for processing. Any discrepancies should be communicated to the Department Head or Manager immediately for resolution.

When a discrepancy is discovered by the Bursar's Office, the Bursar's Office will contact the depositor for a funds correction. The deposited funds will remain with the Bursar's Office, and the deposit documentation must be corrected and resubmitted. The Bursar's Office will attach the corrected deposit remittance to the original deposit documentation and process the deposit. The Bursar's Office will maintain a log of discrepancies discovered which will be reviewed by the Director of Cash and Investments and Internal Audit. Any discovered patterns or concerns will be brought to the attention of the Department Head or Manager.