



TREASURER'S OFFICE

Cash Handling Procedures Guide
(Aligned with UT Policy 3364-40-
22 Receipt of Cash Policy)

University of Toledo
Treasurer’s Office
Cash Handling Procedures Guide

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CASH HANDLING PROCEDURES

DOCUMENTATION

All cash collection locations should document their specific cash handling procedures to ensure consistency in the execution of those procedures, in accordance with the Receipt of Cash policy #3364-40-22. All individuals involved in the cash handling process should be provided a copy of the location's procedures. The location procedures should ensure proper internal controls, segregation of duties, daily cash to POS reconciliation, monthly deposit to general ledger reconciliations, and adequate safeguards of University assets with clear definitions of responsibilities for each individual involved in the process.

Each location should consider the following recommended procedures and guidelines.

COLLECTING PAYMENTS

Cash Payments

- Acceptable methods of maintaining cash receipts records include a POS system or multiple-copy receipt book (best practices include an official cash receipt book maintained and monitored by either the Controller's or Treasurer's office).
- **POS System** - Transactions need to be properly entered into the POS system as "cash", "check", or "credit card" in order to properly reconcile the daily transactions at the end of the shift or end of the day.

Check Payments

- Upon accepting a check payment, immediately stamp the back of the check with the University's restrictive endorsement. (Note: The stamp prevents the checks from being cashed).
- Maintain a manual daily listing of checks received if a cash register is not utilized.
- Cash collection locations are not permitted to "cash" personal checks or allow employees to "cash" checks from un-deposited funds.

COLLECTING PAYMENTS (continued)

Credit Card Payments

- Personal identification should be presented at the time of the transaction and compared to the credit card for fraud prevention.
- Do not conduct credit card transactions over the phone, if avoidable.
- Do not process credit card information sent via email. Reply to customer e-mail is not an approved method of receiving payment information.
- Cardholder data is to be shredded after transaction is processed.

DEPOSITS AND RECONCILIATIONS

Cash Drawer Reconciliation

- Cash drawers/POS systems should have a designated amount of cash on hand to start the next day. Place remaining cash in a safe/locked drawer.
- Cash drawers and POS systems should be counted down before and after each shift and a Daily Cash Balancing worksheet should be completed (see **Appendix A** for an example). The worksheet should include:

1. **Determination of deposit amount:**

	Beginning of day (or shift) balance
+	Cash receipts during the day (or shift)
+	Checks received during the day (or shift)
-	<u>Standard amount kept on-hand</u>
	Deposit amount

2. **Physical count of the cash and checks** - The worksheet should show the breakdown of the cash by denomination.
 3. **Reconciliation of activity** - Physical count of cash & checks should be reconciled to the POS daily report or multiple-copy receipt book. Variances should be indicated on the worksheet, investigated, & recorded in account 59903 – Cashier’s Over/Short.
 4. **Signatures:** Cash should be counted at the beginning of each shift. The preparer should initial his/her agreeing with the starting balance. After completion, the preparer should sign and date the worksheet.
- A supervisor should review the worksheet and investigate overages and shortages on an immediate basis. The supervisor should sign and date the worksheet upon completion of the review process.
 - An Administrative Incident Report should be completed for any significant un-located overages or shortages considered significant by management.

Credit Card Receipts Reconciliation

- Receipts should be reconciled to end of the day reports generated by the credit card system to ensure receipts are accounted for & deposited to the cashier. Internal controls of comparable effectiveness may be substituted.
- Batch settlements must be made on a daily basis. Internal controls of comparable effectiveness may be substituted.

DEPOSITS AND RECONCILIATIONS (continued)

Deposits Procedures

- If staffing levels permit, an individual independent of the payment collection process should compile the deposit slip. For those departments with limited staff, the individual collecting the cash should compile the deposit and the supervisor should review and approve the deposit.
- The preparer of the deposit slip should compile the deposit slip package for review. The deposit slip package should include the deposit, deposit slip, Daily Cash Balancing Worksheet, POS system reports (if applicable), and any other applicable documents that support the deposit amount.
- The deposit slip package should be sent to the preparer's supervisor for review before being submitted to the Treasurer's office using the departmental deposit process. The departmental deposit process confirms the deposit amount recorded by the preparer equals the amount received by the bank. . If such a review is not possible, it should be ensured that the monthly deposit to general ledger reconciliation should include reconciling from the supporting documentation to the deposit to the G/L. The reviewer should initial the deposit slip to document the review.
- Deposits to the cashier's office should be made in accordance with the Receipt of Cash policy

SAFEGUARDING UNIVERSITY ASSETS

- Cash, checks, and credit card receipts held on site should be safeguarded in a locked drawer or safe maintained by the supervisor or someone independent of the cash collection process.
- Combinations to safes should be changed periodically (at least annually) and when personnel changes have occurred in the department.
- Access to the safe or locked drawer should be restricted to the supervisors in the department.

SEGREGATION OF DUTIES

Segregation of duties is an important component of the internal control environment and helps prevent errors and fraud. The ideal department would separate the following functions of the cash handling process (See **Appendix B**):

1. Collecting cash and other payments
 - Handling payments and entering transactions into the POS system
 - Preparing multiple-copy receipts
 - Performing reconciliation of credit card receipts
2. Depositing, reporting and reconciling
 - Performing daily reconciliation of cash collected to POS reports (Daily Cash Balancing Report)
 - Preparing deposit worksheet, bank deposit and deposit slip
 - Reporting in the Treasury online portal
3. Control activity
 - Reviewing Daily Cash Balancing Reports.
 - Comparing Daily Cash Balancing Report and other manual reports to bank deposit
 - Comparing POS system report to bank deposit and recording in the general ledger
4. Safeguarding cash
 - Ensuring that all cash is properly secured
 - Conducting period surprise cash counts

Those departments with limited personnel should have at a minimum a supervisory review and oversight function in the cash handling process. The supervisor should review the POS system or drawer reconciliation to cash collected, review the cash deposit slip tracing amounts to supporting documentation and posting in the general ledger, cash register reports or manual reports, and maintain safeguards over the University assets.

APPENDIX A: DAILY CASH BALANCING WORKSHEET



EXAMPLE

DAILY CASH BALANCING WORKSHEET

Deposit Reconciliation

Beginning Balance	200.00
Cash Receipts	450.00
Checks Received	200.00
Standard Amount Kept On-Hand (i.e., minimum amount available and on hand at all times)	(200.00)

Amount to be Deposited

650.00

Cash Reconciliation

	#	\$	
Pennies	100	0.01	1.00
Nickels	50	0.05	2.50
Dimes	50	0.10	5.00
Quarters	30	0.25	7.50
One Dollar Bills	29	1.00	29.00
Five Dollar Bills	11	5.00	55.00
Ten Dollar Bills	35	10.00	350.00
Twenty Dollar Bills		20.00	-
Fifty Dollar Bills		50.00	-
One Hundred Dollar Bills		100.00	-

Total Cash On-hand 450.00

Total Cash On-hand 450.00

Total Cash per Register 450.00

Overage (Shortage) -

Total Checks On-hand 200.00

Total Checks per Register (Listing) 200.00

Overage (Shortage) -

Worksheet Prepared by: _____

Worksheet Reviewed by:

APPENDIX B: SEGREGATION OF DUTIES

Activity	Authorization	Collecting Cash / Payments	Depositing / Recording	Control Activity
Handles and processes currency, checks, & credit cards. Enters transactions into the POS system.				
Prepares multiple copy receipt.				
Prepares Daily Cash Balancing Report of cash collected to POS system reports.				
Performs reconciliation of credit card receipts to end of day report.				
Prepares deposit worksheet, bank deposit, bank deposit slip and enters in the online portal.				
Reviews Daily Cash Balancing Report & supporting documentation				
Compares Daily Cash Balancing Report and other supporting documentation to bank deposit and recording in the general ledger				
Authorizes cash overages and shortages.				
Reconciles bank accounts				General Accounting
Enters Journal Entries into accounting system			Accounting Office	

NOTE: Segregation of duties is an important component of the internal control environment and helps prevent errors and fraud. The ideal department would separate the following functions of the cash handling process:

Collecting cash and other payments

- Handling payments and entering transactions into the POS system
- Preparing multiple-copy receipts
- Performing reconciliation of credit card receipts

Depositing, reporting and reconciling

- Performing daily reconciliation of cash collected to POS reports (Daily Cash Balancing Report)
- Preparing deposit worksheet, bank deposit and deposit slip
- Reporting in the Treasury online portal

Control activity

- Reviewing Daily Cash Balancing Reports.
- Comparing Daily Cash Balancing Report and other manual reports to bank deposit
- Comparing POS system report to bank deposit and recording in the general ledger

Safeguarding cash

- Ensuring that all cash is properly secured
- Conducting period surprise cash counts

NOTE: For proper segregation of duties an individual should not be performing duties in different columns of the matrix.

