UNIVERSITY CASH HANDLING **POLICY**

Implementation Date: 4/26/17

Definition The purpose of this document is to establish campus protocol and procedural guidelines for the handling of cash, and cash equivalents, and ensure appropriate segregation of duties in accordance with ICSUAM, Section 3000.

Authority Integrated CSU Administrative Manual (ICSUAM)

Scope This document will pertain to any department, collectively and each person individually, in the handling of cash or cash equivalent.

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I. DEFINITIONS

Cash - Currency and coin.

Cash Equivalents – Checks, money orders, debit (ATM), and credit card transactions.

Cashier – Individual receiving cash or cash equivalents at the point of sale, and recording in online cashiering system.

Cashiering Station – An individual desk (or station) located at either the University Cashier's office or a satellite cashiering location, where a staff member typically receives and processes cash or cash equivalents.

Cashiering System - Online cashiering system used to process payment transactions and departmental deposits.

Change Funds - are used to provide a constant amount of change, both in currency and coin, at cashiering stations

Custodian - the employee that is solely responsible for a petty cash or change fund.

Depository bank - the designated bank(s) to which CSU San Marcos deposits all funds.

Handle/Handling – Receiving, delivering, and storing of cash and cash equivalents for department deposits.

Handlers – Persons performing duties defined as "Handle/Handling".

ICSUAM – Integrated California State University Administrative Manual. Provides policy statements providing guidance for general accounting procedures for California State Universities.

Main Cashiering Location – University Cashier's Office; where responsibility resides for the collection of student payments, department deposits, petty cash reimbursements, and processing of bank deposits.

Petty Cash funds – a small fund of cash kept on hand, maintained by a custodian, for purchases or reimbursements too small to be worth utilizing a company credit card.

Reconcile – to balance to a separately-maintained set of data.

Restrictively endorsed - refers to affixing the signature, name and account number to whom the transaction is to be credited.

Satellite Cashiering Location – A CSU San Marcos department or auxiliary which receives payments and processes deposits to the University Cashier's Office. These departments or auxiliaries typically perform cashiering activities as a primary function and operate cash handling equipment. Satellite Cashiering Locations may deposit directly to an approved depository bank accounts with approval from the University Cashier's Office.

Stale dated – Typically, a check that was issued more than six months prior to being presented to a bank or financial institution; or a check with instructions written on the face of the check, such as, "Void after 90 days".

II. PURPOSE

A. Accountability

Ensure that CSU San Marcos employees who process and/or handle cash, or cash equivalents, fully understand their responsibilities, related to cash handling, and can fulfill their duties in compliance with ICSUAM procedures.

Accountability can be established by satisfying each of the following:

1. Knowledge of who has, or had access to, cash, and cash equivalents (and why).
2. Knowledge of where cash, or cash equivalent assets are at all times.
3. Knowledge of what transpired, from the start to completion, of the cash handling process.

B. Separation of Duties

Ensure no one individual is involved in all steps of the cash handling process and proper oversight and validations occur.

C. Security (Physical and Information)

Ensures that cash and/or cash equivalents are, at all times, protected from loss or misuse. The collection, recording, and storage of financial information is in compliance with Payment Card Industry Data Security Standards (PCI) data security standards.

D. Alignment with ICSUAM

Provides assurance that CSUSM cash-handling procedures are aligned, and in compliance with, ICSUAM, Section 8000. All CSUSM cash handling sites should refer to ICSUAM 3102.02, 3102.03, 3102.04, 3102.05, 3102.06, 3102.10, and 3102.11 for any policies or procedures not covered specifically in this document.

III. RESPONSIBILITIES

A. Chief Financial Officer (CFO) or Designee's Responsibilities (ICSUAM 3101.02)

The campus CFO or his/her designee must:

1. Arrange for preparation, documentation, and implementation of the cash handling procedures.

2. Document a delegation of authority.

3. Authorize/approve official cashiering locations.

4. Authorize/approve annual review of compliance and provide report of findings.

B. Main Cashiering Location's Responsibilities (ICSUASM 3102.02, 3102.01)

1. Ensure appropriate approvals have been obtained prior to establishing an official cashiering location/station.

2. Maintain a listing of all departments and individuals that perform cash handling duties that use the current cashiering system.

3. Ensure cashiering locations and stations are operating in accordance with CSU and University policy and procedures.

4. Ensure that the following requirements have been met for each cashiering location (with the exception of 4.a):

    a. Cashiers (handlers, including student assistants) have had appropriate background checks (fingerprint clearance), and employee history verified (*function to be facilitated by Human Resources).*

    b. Cashiers (handlers) have been properly trained in cash handling, the preparation and processing of deposits, and the use of the current cashiering system.

    c. Cash, checks, and debit/credit card information is physically protected.

    d. Appropriate separation of duties are maintained.

C. Risk Management and Police Services' Responsibilities (ICSUAM 3102.04)

1. Review and approve the physical setup of all cashiering stations to ensure the safety of funds and personnel.

2. Annual testing of security alarms.

D. University Lock Shop Responsibilities (ICSUAM 3102.04)

1. Provide unique security access to limit physical access to cash handling locations/stations to authorized staff.

IV. PROCEDURES

A. Segregation of Cash Handling Duties (ICSUAM 3102.02)

Separation of duties must be maintained when cash is received and no single person should have complete control over a given process.

Requirements:

1. The person collecting cash, issuing cash receipts, and preparing the departmental deposit must be someone other than the person performing the monthly review of the general ledger, the person maintaining accounts receivable records, or the person following up on collectibles.

2. Deposit counts must be verified by a second person.

3. Collections for returned checks, credit card charge-backs, and ACH returns must be processed by someone other than cashiering staff.

4. The person approving write-offs must be different from the person maintaining the returned item inventory.

5. Individual accountability must be maintained and documented for all cash handling procedures:

    a. Each cashier must be assigned a unique User ID, login, password, and cash fund not accessible by, or shared with, other individuals.

    b. The cashiering location must provide a cash register drawer, a cash drawer insert or another secure cash receptacle to which only the cashier has access.

c. An endorsement stamp, or its mechanical equivalent, will be used to restrictively endorse for deposit all cash equivalent instruments as soon as possible, but no later than the close of business on the date of receipt. Where electronic deposit is available and completed by the close of business on the date of receipt, restrictive endorsement is not required.

d. Cashiers must lock all cash and cash equivalents in a drawer or other secure receptacle whenever leaving the immediate area.

e. Documentation of cash differences (overages or shortages) must be maintained for each cashier for subsequent review by a supervisor.

6. Mailed remittances must be verified and processed by a separate individual, and restrictively endorsed or electronically deposited by the close of business on the date of receipt.

7. Cashiering locations must make every effort to ensure that key tasks (e.g. receipt, reconciliation, entering journal entries) shall be performed by different personnel.

8. If separation of duties cannot be performed due to insufficient staffing, additional managerial review must be performed to validate and approve the cash receipt and monthly reconciliation process.

B. Acceptance of Cash and Cash Equivalents (ICSUAM 3102.03)

1. The CFO or his/her delegate will designate and authorize official campus cash collection points. No department or CSUSM employee can handle cash or cash equivalents without authorization.

2. Cash and cash equivalents will only be accepted at official cash collection points.

3. Departments or organizations that wish to handle cash must complete and submit the Cash Collection Establishment/Change form to the CFO or his/her delegate prior to the commencement of cash collection activities.

    a. Individuals collecting cash and/or cash equivalents shall be identified as a designee on the Cash Collection Establishment/Change form.

4. While Student Financial Services is responsible for the initial cash handling training upon creation of a new cash handling site, each site is responsible for complying with the CSUSM cash handling policy, as well as developing written departmental procedures.

5. Cash handling sites are responsible for notifying the CFO or his/her designee immediately of any change in staffing that would affect cash handling within their department.

6. All satellite cashiering sites are subject to unannounced audits by Student Financial Services staff, University internal auditors, and external auditors during normal business hours.

7. Only U.S. currency and coins can be accepted when cash is received.

8. All checks must be payable to: "California State University", "California State University San Marcos", or "CSUSM" or reasonable variations thereof. All invoices or other documents requesting payment must clearly advise payers of this requirement.

9. Items not payable to the campus must be listed and forwarded to the appropriate entity (if identifiable), or returned to the payee no later than 30 days from receipt.

10. Checks accepted by the University must contain all legally required elements, including:

    a. Dating no earlier than 180 days prior to the day of acceptance (unless a shorter time period is clearly marked on the face of the check) and no later than the day of acceptance.

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

    c. Valid signature by the account holder.

    d. Legend does not contain "Payable/Paid in Full"

11. Checks drawn on foreign bank accounts (drawn in a foreign currency) cannot be accepted.

12. Two party checks, personal checks for cash, and IOUs cannot be accepted.

13. Checks, including mailed remittances, must be restrictively endorsed for deposit (endorsement stamp or its mechanical equivalent) or electronically deposited no later than the close of business on the day they are received.

14. Endorsements must contain the following:

    a. The name of the bank in which the deposit is made. (Departments which process checks by presort machines that do not have multi-endorsement capabilities are exempt).

    b. A Statement which credits the deposit to the state.

    c. The name of the department making the deposit.

    d. A statement guaranteeing the validity of the endorsement

15. An official CSUSM cash receipt should be recorded for each collection. A collection not recorded on a cash register or point-of-sale equipment, including mailed payments, can be recorded on a valid pre-numbered, multiple-part cash receipt or a mailed payments log. The receipts must be used sequentially. Receipt stock shall be kept secured, inventoried, and regularly reviewed to prevent and detect alteration. Mailed payments log should be reviewed and reconciled periodically.

    a. In circumstances where it's not practical (e.g., event parking) to process a receipt, other mitigating controls must be implemented, such as pre-numbering of tickets, ticket inventory reconciliations, and ticket count reconciliations against cash collected.

        i. All original copies of voided receipts should be stapled together and retained by the cashiering site with their monthly reconciliation and retained for audit purposes.

    b. If the original receipt is lost, destroyed, or otherwise unavailable, a duplicate receipt that contains all of the elements of the original receipt and is clearly marked "duplicate", "copy", or some other designation that indicates that this item is not the original document

16. All electronic based cashier point-of-sale equipment must meet security and operational standards:

    a. All cash registers and point-of-sale equipment must produce a cash receipt with a unique campus identifier assigned to each customer.

    b. The cash-recording equipment must be controlled by unique consecutive numbers generated automatically and recorded with each transaction, as well as imprinted on the customer receipt.

c. The numbering mechanism providing consecutive transaction number control must be accessible only to the manufacturer's service representative, or appropriate personnel who are independent of the cashiering station.

d. Each cashier must be assigned a unique user ID, login, password, and cash fund not accessible by, or shared with, other individuals. Funds shall not be comingled between cash drawers.

e. All cash registers and point-of-sale equipment must produce session closeout audit totals for verification to receipts.

i. The cash register/cashiering batch shall be closed out and total cash receipts should be reconciled on a daily basis.

f. All cash registers and point-of-sale equipment must require a supervisor's approval in order to process refunds or voids after a completed sale.

g. All corrections shall be made through the cash register/cashiering system. The journal tape should be marked to indicate the action taken along with supervisory review and approval.

h. Departmental MPP or designees may perform periodic, unannounced cash reconciliations and/or request Student Financial Services to perform additional audits of the cash register/cashiering system.

17. If a cashier needs to leave the work area for any reason, the cash drawer must be secured.

18. A daily accounting of cash/checks received from sales or deposits will be balanced against the total amount on the manual log or department cash register. Any amount that is over or short is to be reported the same day on the departmental balancing worksheet. Personal money shall not be used to balance your fund. Student Financial Services should be contacted for information on how to balance your fund.

19. Counterfeit currency returned by the bank are recorded as a cash shortage and referred to university police.

C. Physical Protection of Cash and Cash Equivalents (ICSUAM 3102.04)

1. Excess cash must be removed from the cash register drawer during a business day, and transferred to a secure cash handling area/vault.

2. Access to funds must be limited to designees at all times. If access is necessary by any other person (i.e. armored courier service, safe repair, etc.), a designee must accompany that person.

3. At the close of business, all cash and cash equivalents must be secured in lockable receptacles or burglarproof/fire resistant safes.

    a. It is the responsibility of the MPP of each department to implement adequate controls and procedures to properly safeguard cash receipts in their area.

4. The campus CFO must establish campus-wide procedures to ensure the safety and security of deposits and personnel while in transit between campus locations. At a minimum, transport must be accompanied jointly by at least two employees. When deposits exceed $2,500, employees shall be escorted by campus police. When determined necessary, armored car service or police escort will be used.

5. Cash and cash equivalents must be locked in a secure receptacle, or safe, at all times except when signed out by a cashier for working cash. If the cashier needs to leave their work area for any reason, the cash drawer must be secured.

    a. Keys for metal box or cash drawers must remain with the responsible cash handler at all times.

    b. The cash drawer shall never be left open unless a transaction is being processed.

6. Any safe combination may be given only to authorized personnel and records maintained as to who has access to the combination.

    a. Documentation must be maintained as to who has access to the combination.

    b. A safe's combination should be changed when it becomes known to an excessive number of employees, or if any employee having knowledge of the combination leaves CSUSM, or no longer requires the combination in the performance of his or her duties.

    c. A log shall be maintained of staff that are in possession of safe combinations. The log shall also document when changes in personnel occur or combinations occur.

7. The physical setup of all cashiering stations must be reviewed by Campus Risk Management personnel to ensure the safety of funds and personnel. Such reviews must be in-writing and retained per campus fiscal retention policy.

8. The physical setup of any safe must be reviewed by Campus Risk Management and Facilities Services to ensure the safety of funds, personnel, and facilities.

D. Debit/Credit Card Payments (ICSUAM 3102.05)

1. The campus CFO or his/her designee must approve all physical locations, websites, 3rd party processors, or any channel accepting credit card payments. Credit card payments will only be accepted at approved locations, using an approved CSU merchant card processor.

2. Cashiering sites accepting credit card payments should only use point-of-sale terminals or equipment supplied by an approved CSUSM merchant card processor. All point-of-sale terminals and 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.

3. Manual requests to process a customer's credit or debit card must contain all of the following elements:

    a. Properly signed/executed authorization from the cardholder (unless processing over the telephone, as provided for in NACHA guidance on TEL transactions)

    b. Credit/debit card account number with expiration date

    c. The cardholder's correct billing address

    d. Authorization codes, if the cardholder is not physically present

4. Deployed gateways must operate in conformity with prevailing PCI Data Security Standards and must be compatible with the University's merchant card processor.

5. CSUSM will not accept any payments by email or fax transmission.

6. To the maximum extent possible, customer's credit card numbers shall not be noted or retained.

7. Credit/Debit card numbers shall never be routed via email or inter-office mail.

8. Confirming identity is required of all credit card transactions.

E. Returned Items (ICSUAM 3102.06)

1. Cash equivalents (money orders, traveler's checks, cashier checks, and certified checks):
   a. Physical security and accountability must be maintained

   b. A non-cashiering unit is to provide processing of returned cash equivalents and checks.

   c. Cash equivalents and checks that are deemed to be uncollectable are to be returned by the depository bank to the designated non-cashiering unit.

   d. The person maintaining the inventory of returned cash equivalents and checks must not handle the cash received to satisfy the returned items.

2. ACH (Automated Clearing House/E-Checks):
   a. A non-cashiering unit is to provide processing of ACH items

   b. ACH transactions that are deemed to be uncollectable are to be returned by the depository bank to the designated non-cashiering unit.

   c. The person approving the request to write-off uncollectable ACH debits must not maintain the inventory of returned ACH debits.

3. Credit/Debit card charge-backs:

   a. Cashiers must not be involved in the returned credit/debit card chargeback, although they can be involved in defending the chargeback.

   b. The staff processing returned credit/debit card chargebacks must not handle the cash received to redeem returned credit/debit card chargebacks.

   c. The person who approves the request for write-off of uncollectable credit/debit card chargebacks must not maintain the inventory of returned credit/debit card chargebacks.

4. Counterfeit currency:

   a. Counterfeit currency returned by the bank should be recorded as a cash shortage and referred to campus police.

F. Change Funds (ICSUAM 3102.10)

1. Change funds may be established to provide cash in denominations and amounts necessary to permit the processing of day-to-day cash collecting operations of a cash handling site.

2. Departments are authorized to have change funds exceeding $100 only if they have safes, vaults, or money chests that are adequate to safeguard cash. Cash-purchase funds are not to exceed $200 for each fund.

3. Cashiering and sub-cashiering locations are responsible for the security of their change funds.

4. Change funds must not be commingled with other funds. Custodianship of a given change fund should be assigned to a single individual and cannot be independently transferred to another individual. If a new custodian is needed, a new Petty Cash/Change Fund Request form must be submitted.

5. When change funds are no longer needed, change funds will be re-deposited at the cashiering office.

6. The integrity of the change fund must be maintained at all times. An unannounced cash count and reconciliation of change funds for which cashiers and cash handling employees are accountable must be performed on a periodic basis by someone other than the fund custodian. Reconciliations of cash balances must be performed in the presence of the change funds custodian, and must be documented.

    a. A matrix of all change funds are maintained by the CFO or his/her designee, and will occur with the following frequencies:

Size of Fund	Frequency of Count
$200.00 or less	Annually
$200.01 to $500.00	Quarterly
$500.01 to $2,500.00	Monthly
$2,500.01 or greater	Monthly

G. Deposits and Transfers to the Bank (ICSUAM 3102.11)

1. Collections received by the main cashiering station, depositing directly to the bank, must be deposited the same day as they are received, or at a minimum, on the following business day.

2. Collections at satellite cashiering locations and departments must be deposited at the designated main cashiering station at least weekly, or whenever collections exceed $500. All deposits are to be made in-person (no inter-office mail, etc.).

3. All bank deposits must be accompanied by appropriate documentation, such as a numbered deposit slip, system generated counts, or other bank requirements. All deposits made at University Cashiers will be issued a receipt.

4. Deposits must be validated and prepared under dual custody so that all cash counts are confirmed by a second count, performed by a different employee. The validation and preparation of cash deposits must be conducted discretely, in a safe and secure area.

5. Before a daily bank deposit is finalized, cashiers must reconcile receipts to deposits.

6. Documentation signed by the preparer and recipient must be maintained for each deposit to a main cashiering station from a cash-handling department, or satellite cashiering station.

7. The main cashiering station records each deposit from a cash handling department or sub-cashiering station. A record of cash recorded and any overages or shortages must be reported daily to the campus designated cash reconciliation unit. Supporting documentation must be maintained (i.e., cash register audit tapes).

8. Deposits must be kept in a secure location throughout the day, such as a locked safe or locked vault.

9. If electronic-mechanical or electronic cash registers are not in use, a report of account distribution of cash collections must be sent daily to the Accounting department.

10. Cash collections over $200,000 must be reported via telephone or email to the Chancellor's Office Cash Management Operations department the day of collection, to facilitate centralized cash management.

H. Petty Cash (ICSUAM 3103.11)

1. The procurement card (Pro-Card) is the preferred purchasing method for low dollar business expenses. When the use of the Pro-Card is not possible, departments may use funds from petty cash. Requests for petty cash must be submitted via the Petty Cash/Change Fund request form to the CFO of his/her designee.

2. The campus CFO of his/her designee may authorize establishment of petty cash funds at department offices or other approved locations. Requests for such funds must be

submitted to the CFO or his/her designee via the Petty Cash/Change Fund Request form.

3. A petty cash fund must be assigned to a specific individual as custodian. The custodian will be responsible for the amount advanced and should be trained on their responsibilities before accepting a petty cash fund. Evidence that the custodian has received the proper training should be documented.

4. Petty cash funds must not be comingled with other funds.

5. Upon approval of a petty cash fund, the custodian will be asked to complete the petty cash/change fund sign-out form.

6. Petty cash funds are operated on a reimbursement basis, and provides cash for purchases and/or services not to exceed $50.00 (exclusive of sales tax), per purchase or service. Splitting a transaction into multiple reimbursements is not allowed. When an expense is made, a receipt must be obtained which contains the following:

    a. Date; name of vendor or payee; amount paid

    b. Positive evidence that a payment was made (i.e., a cash register receipt or a hand-written receipt on which the word "paid" appears).

    c. Description of the supplies or services purchased.

    d. Signature indicating receipt of the supplies or services.

7. To obtain replenishment of the fund, a disbursement voucher must be submitted to Accounts Payable where the appropriate original transaction receipts are verified.

8. Expenses that cannot be paid from petty cash include, but are not limited to, the following:

    a. Invoices from vendors

    b. Payments for services to employees or independent contractors

    c. Loans and advances

9. The petty cash fund will be closed out when a given petty cash fund is no longer needed, or upon termination or departmental transfer of the custodian. Transfer of funds to a successor requires a new request to be submitted.

10. When not in use, the fund's currency and coin must be placed in a safe, or locked receptacle, and kept in a properly secured area.

11. An unannounced cash count and reconciliation of petty cash funds will be performed at the same frequency and guidelines documented in Section F (Change Funds).

12. In the event of theft, Campus Police should be notified immediately. A new request should be submitted at that time, requesting reimbursement of the fund, which includes the following:

    a. Date and time of theft

    b. Amount of theft

    c. Circumstances involved

    d. Copy of police report

    e. Prevention taken against similar future occurrences

I. Reconciliations (ICSUAM 3102.09)

Identification, timing and composition of the monthly reconciliations will be performed to ensure that cash and/or cash equivalents are received in a consistent manner utilizing systems that ensure integrity of existing internal controls. A typical monthly reconciliation would compare the deposits made against the deposits posted to the general ledger. The monthly reconciliation shall be signed by the preparer and dated as well as signed by the reviewer and dated. The reviewer shall be a supervisor or manager.

V. LEGAL AUTHORITY (ICSUAM)

3101.02 – Campus Administration of System wide Cash Management Policy

3102.01 – Sensitive Positions and Cash Handling

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

3102.06 – Returned Items

3102.09 – Bank Reconciliations

3102.10 – Change Funds

3102.11 – Deposits and Transfers to the Bank

3103.11 – Petty Cash

VI. FORMS

All forms can be accessed online at www.csusm.edu/sfs