CASH HANDLING GUIDELINES

These are Ohio University-wide guidelines and shall apply to all staff members of the University. The cash handling guidelines focus on preventing the mishandling or loss of cash and situations where charges of cash mishandling can be raised against University staff. It is intended that the guidelines will ensure consistency of cash handling practices amongst colleges and departments.

The Bursar is the University’s primary cash handling agent. Ideally, from a control perspective, the collection and controlling of cash should be centralized in one location. It is strongly recommended that departments contact the Bursar to discuss the centralization of collections (bursar@ohio.edu or 593-4129). Departments collecting cash must strictly follow the guidelines described in this document.

OVERVIEW OF CASH HANDLING

All units accepting cash, checks, or credit cards should ensure proper controls are in place to safeguard collections until deposit. All departments collecting funds may be subject to periodic, unannounced audits by Internal Audit.

In addition to collections, cash may be present in departments for use as either a change fund or petty cash fund. A change fund earmarks an amount of cash to provide change for customers who make purchases from the department. A petty cash fund earmarks an amount of cash to be used by the department to handle small, miscellaneous emergency purchases. Change funds and petty cash funds must be pre-approved by the University Controller. Please see Policy 41.122 Petty Cash and Change Funds.

DOCUMENTATION

All cash collection locations should document their specific cash handling procedures to ensure consistency in the execution of those procedures. 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, 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:

1. cash register;
2. multiple-copy receipt book; and
3. manual cash receipts journal (only acceptable in limited locations with very low volumes of transactions or locations that receive checks only).

When receiving cash, refer to “Procedure for Accepting Cash and Reporting Counterfeit Currency Activity.”
• If using a cash register, transactions need to be properly entered into the cash register 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). Contact the Bursar’s Office for stamp specifications.
• Maintain a manual daily listing of checks received if a cash register is not utilized.
• If using a cash register, transactions need to be properly entered into the cash register 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.
• Cash collection locations are not permitted to “cash” personal checks or allow employees to “cash” checks from un-deposited funds.

Credit Card Payments
• Personal identification should be presented at the time of the transaction and compared to the credit card for fraud prevention.
• Credit card transactions should not be conducted via email or unsecured fax.
• Batch settlements must be made on a daily basis.

DEPOSITS AND RECONCILIATIONS

Cash Drawer Reconciliation
• Cash drawers and cash registers which have a designated amount of cash on-hand to start the day must be approved as change funds by the University Controller in accordance with Policy 41.122 Petty Cash and Change Funds.
• Cash drawers and cash registers should be counted down before and after each shift and a worksheet should be completed. The worksheet should include:

  1. **Determination of deposit amount:**
     - Beginning of day (or shift) balance (if applicable)
     - + Cash receipts during the day (or shift)
     - + Checks received during the day (or shift)
     - + Credit cards received during the day (or shift)
     - - Standard amount kept on-hand (if applicable)
     - 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** - The physical count of cash and checks should be reconciled to the cash register report, multiple-copy receipt book or manual cash receipts journal, which ever is applicable. Any overages or shortages should be indicated on the worksheet and investigated.

  4. **Signatures**: The worksheet should be signed and dated by the preparer.
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 unidentified overages or shortages.

Credit Card Receipts Reconciliation
- Credit Card receipts should be reconciled to the end of the day report generated by the credit card system to ensure all credit card receipts are accounted for and deposited to the cashier’s office.
- Batch settlements must be made on a daily basis.

Deposits Procedures

In accordance with Ohio University Policy #51.001, all funds must be deposited with the appropriate office on the business day following the day of receipt, unless, at the end of a business day, the amount to deposit is less than $1,000 and the funds can be safeguarded. In that case, the deposit may be delayed until the third business day, or when the amount on hand reaches an amount equal to or greater than $1,000, whichever comes first.

- 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 worksheet, cash register reports (if applicable), check listings (if applicable), manual listings (if applicable) and any other applicable reports that support the deposit amount.
- The deposit slip package should be sent to the preparer’s supervisor for review before being submitted to the cashier’s office to ensure the amount that should be deposited is actually being deposited and the deposit is not being shorted. The reviewer should review the reports submitted and daily cash worksheets to determine the proper amount is being deposited. Reviewer should initial the deposit slip to document the review.
- Reviewer should submit the deposit slip and cash / checks/ credit card receipts to the cashier’s office for deposit.

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. Cash, checks, and credit card receipts not secured in a cash register drawer during business hours should be kept in the secure location.
- 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. Cash handling duties can be divided into three stages: receiving, depositing, and reconciling. In a smaller department, it may not be feasible to fully segregate all of the cash-related duties. In these circumstances, the department may rely on compensating controls to mitigate the risk that cash is misappropriated (e.g., increased monitoring). The ideal department would separate the following functions of the cash handling process

1. Collecting cash and other payments
   - Handling payments and entering transactions into the cash register system
   - Preparing manual check listing, manual cash receipts ledger, or preparing multiple-copy receipts.
   - Preparing daily cash balancing of cash register or cash drawer.
   - Performing reconciliation of credit card receipts.

2. Depositing and recording
   - Preparing bank deposit and deposit slip.
   - Maintaining accounts receivable records (if applicable).

3. Control activity
   - Reviewing daily cash balancing cash register or cash drawer.
   - Comparing daily cash balancing report, listing of checks, and other manual reports to bank deposit.
   - Comparing cash register report to bank deposit.

4. Authorization
   - Authorizing write-offs of accounts receivable (if applicable)

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 cash register or drawer reconciliation, review the cash deposit slip tracing amounts to supporting cash register reports or manual reports, and maintain safeguards over the University assets.

PROCEDURES FOR ACCEPTING CASH AND REPORTING COUNTERFEIT CURRENCY ACTIVITY

Whenever cash is received in the Bursar Office or other departments throughout the University, the individual accepting cash should verify all denominations of currency that are $5.00 and above. This is accomplished by using a counterfeit bill-detecting marker. If the ink from the market turns black on the bill, instead of light or dark brown, the bill is considered counterfeit.

One should also be cognizant of the fact that individuals will copy a $10.00 or $20.00 bill, cut out the numbers and paste it over the number for a $5.00 bill. When checked with marker, it will not detect the bill as being counterfeit.

Suggestion: Run fingers over the corners of the bill to make sure there is no unusual thickness around the numbers.

Steps to take if a bill is considered to be counterfeit:
   - Test the bill again, but in the presence of another employee and preferably out of sight of the customer.
If the bill tests as counterfeit again, approach the customer and ask the customer for photo identification to complete the transaction (a driver’s license is preferable). Photocopy the I.D for campus police and contact the police dispatcher at extension 3-1911. (Note: Try to avoid informing the customer prior to police arrival).

While speaking with the police dispatcher, inform them that you have a customer who just presented you with counterfeit money. Then provide police with the photo identification information (name, social security name, driver’s license number, etc.) They will send an officer to take a report and confiscate the bill(s) accordingly. The I.D. may then be returned to the customer but DO NOT return the counterfeit bill(s).

If the customer becomes inpatient by the delay in completing the transaction, you may inform them of the reason for the delay (i.e. that the bill(s) they presented you have tested positive for being counterfeit).

Inform the customer that a supervisor has been notified and that they will be with the customer shortly. Try to avoid informing the customer that police have also been alerted.

If the customer becomes upset and/or disruptive, inform them that police have been alerted and will be arriving shortly to further investigate that matter. Advise them that their cooperation is appreciated for purposes of assisting police in determining the origin of where they may have acquired the counterfeit bill(s).

If the customer does not wish to wait for police, DO NOT attempt to detain the customer. Notify campus police that the customer is leaving and a possible direction that the customer left in.

Once police arrive to take a report, provide them with the copy of the identification obtained and all counterfeit bill(s) presented by the customer. Police will then complete a report and refer the matter to the U.S. Secret Service for further investigation and follow up.

FOREIGN CHECKS

Any check not drawn on a U.S. bank or which does not have a U.S. clearing bank listed on it is considered a foreign check even if the check is payable in U.S. funds. Any departments accepting checks should have a statement in all publications (paper and electronic) to the effect: “We only accept checks drawn on a U.S. bank and payable in U.S. funds.”

Procedures to record and collect:

- Separate foreign checks from other deposit documents and complete a separate Ohio University deposit form for each check. Deliver to the Bursar’s Office for transmittal to the bank.
- The Bursar’s Office will submit the check(s) to the bank for collection and will post the amount received to the department’s account when the proceeds (U.S. dollars) are remitted back to the University. The collection process for foreign checks may take several weeks to complete.
- The actual proceeds (U.S. dollars) will be based on any bank collection charge(s) and the exchange rate at the time the check is presented for collection.
WIRE TRANSFERS

The Bursar’s Office must be contacted prior to the initiation of a wire transfer (bursar@ohio.edu or 593-4217) to ensure identification of the transaction. All incoming wires should be directed to Ohio University’s depository bank (JP Morgan Chase Bank) with instructions to the sender to include as much information on it as possible for identification purposes (e.g. for tuition and fee payment, the student’s name and ID number; for others, the department name and contact person).

Forward a completed Ohio University deposit slip to the Bursar’s Office along with the following information:

• Source of the wire (sender or bank)
• Date wire is expected
• Amount expected
• Any identifying code numbers

REFUNDS

Same-day refunds are permitted provided a process is in place that accounts for refunds within the daily activity reconciliation. All refunds, particularly cash refunds, must be approved by a higher level, i.e., not by the individual collecting the cash. All refunds should involve the individual signing for the receipt of the payment back and, as previously mentioned, the higher level approval signature. Credit card refunds must be credited back to the card. Check payment refunds should result in the return of the check.

If the refund (cash or check) is not same day (which should not at all be routine), the department must submit a Direct Payment request to Accounts Payable to have a check prepared. Again, credit card refunds must be credited back to the card.

6/16/08