

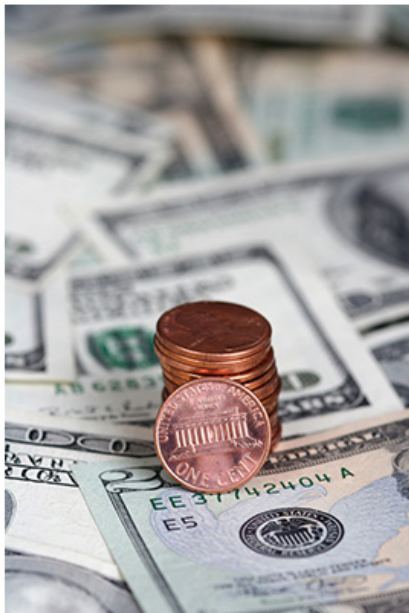
### Background

Across the university there are several hundred units that handle cash or cash equivalents. In some cases this can be as simple as making change or as complex as selling and managing tickets for events. Regardless of volume or amount of cash, all units need to practice good cash handling procedures.

The Board of Regents has identified cash handling as a common problem at all Regent institutions. To comply with Regent requirements it is necessary that everyone who is involved with handling cash receive training.



### Cash Handling - It's My Job



Whether you take in lots of money or you collect "pennies" the principles of good cash handling are basically the same.

Throughout this session we will be looking at:

- Segregation of Duties
- Security
- Reconciliation
- Management Review
- Documentation

The Segregation of Duties will be brought up a number of times because by segregating duties the integrity of the entire system can be maintained.

# What is included in "Cash Handling"

Cash Handling includes the payment forms of:

- Coins
- Currency
- Checks
- Money Orders
- Credit Card Transactions

and Cash Equivalents of:

- Accounts receivable charges
- Tokens
- Tickets
- Stamps
- Gift Cards

## First, lets talk about risk and controls

So what is at risk?

- Cash is stolen
- Cash is lost
- Bank Statement doesn't agree with department records
- No audit trail
- Lost revenues

But this may not be the only loss.

Finger pointing and accusations carry a cost that cannot be accounted for on a ledger sheet. Remember, in the cash collecting process, YOU are just as important as the cash. The controls (rules) that we will discuss are designed to protect both YOU and the cash you are handling.



# Before Collecting

Before Cash Collection Begins...“The Planning Checklist”

Before a department starts collecting cash a few questions should be asked to define the needs of the department and determine how or who will address those needs.

For example:

- Is a change fund needed?
- How is cash received? Mail or in person?
- Who is going to collect the cash? Record the cash?
- How is the cash going to be secured?
- Who is going to prepare the deposit? How?
- When to deposit at bank?
- Reconciliation? Management Review?
- Who needs training?

# Making Change

If you will be accepting cash there is a good chance you will need to make change. In this case you will need to have a Change Fund. To establish a Change Fund you will need to complete a [Request for Approval of Change Fund or Cash Advance](#) and attach it to an e-Voucher and send through Workflow to Accounting and Financial Reporting.

There are some other considerations that need to be made when establishing a Change Fund.

- Keep amount at bare minimum. Talk with Accounting and Financial Reporting, they will help you determine how much you need.
- Keep the cash safe! (More on that later)
- Every month-end, prepare a reconciliation to be retained in your dept.
- Daily reconciliation required when change fund is used
- **Never, never make change from your personal cash!**



# Collecting



How will you be receiving cash? By mail or in person?

If you are the person receiving cash here are some of your responsibilities:

- Enter cash amount into an account receivable system, cash register, or a cash receipt journal/log
- IMMEDIATELY RESTRICTIVELY ENDORSE CHECKS:

"For deposit only  
University of Iowa,  
Department of \_\_\_\_\_"

You can use a stamp with this message or just write it on the back of the check - either works fine.

Note: It would be helpful to list a departmental MFK to charge on the back of the check in case of a check being returned.

Some of the other guidelines for accepting cash in person are:

- Only one person should have access to the cash register, receipts book or cash drawer during any one shift.
- Total receipts in the cash drawer at the end of each shift.
- If there is more than one person receiving cash at the same time, each person must have their own cash drawer and cash receipts book.
- For proper segregation of duties, the person collecting cash can not have any other responsibilities related to cash handling including recording or changing charges on customer accounts.

# Mail

If you are receiving cash by mail, some of the things you need to do are the same as if you were receiving cash in person, but there are a few differences.

- One person should open the mail and immediately restrictively endorse each check - remember the endorsement should say "For deposit only, University of Iowa, Department of \_\_\_\_\_". Stamping or hand-writing both work.
- Enter each check into an accounts receivable system if you are using one. If not, then prepare a daily list of the checks...

Receipt #	Payer Name	Date Received	Check Amount	Received By

- Checks received from externally sponsored agreements should be sent to: Grant Accounting Office, 118 S. Clinton St. for deposit. Don't forget to restrictively endorse before sending.
- Checks intended for other departments should be forwarded to the correct Department. Don't forget to restrictively endorse before sending.
- If you receive a check that doesn't belong to your department and it isn't clear where it belongs, forward it to: University Billing Office, room B5 Calvin Hall. Don't forget to restrictively endorse before sending.
- If you receive a check for the Foundation, endorse as follows: "For deposit only, University of Iowa Foundation" and then send or deliver the check to the UI Foundation.
- Copying and storing of checks received is strongly discouraged. If deemed necessary, the signature, account number, bank routing number, and SSN (if applicable) must be blacked out. Photocopies must be kept in a secured location where access is limited.

# What to do with Collected Money

The four actions which must occur after the receipt of payment are:

- Secure
- Balance
- Deposit
- Reconcile



## Securing the Cash



Cash or cash equivalents need to be secure when not in use. That is, if you have a cash drawer, it needs to be safe when the office is closed or when the drawer is not in use.

Ideally, your department has a safe close to the area where cash is collected....if you do, be sure that all collected cash is kept in the safe until deposited and all till money is kept in the safe when not in use. Access should be limited to supervisory and authorized personnel. It is very important that the safe is located where it is continually visible to department employees.

Whether your department uses a safe or a locked cash box, it is very important to change the combination on a regular basis, at least once a year and when someone leaves the unit who knows the combination. If you use keys to access the safe, cash box, or a locked drawer, then make sure that the key is kept in a secure, secret place.

# Point of Sale Security

Each person collecting cash should have their own till when making change is necessary. While in use till money and/or collected cash must be secured in a cash box (preferably not portable). Permanently attach the cash box in a drawer that can be locked and limit access to the drawer to the person responsible for that till. The cash box should remain locked when not in use. When collecting payments in a high traffic area, you may want to consider installing a contact alarm. When activated, this type of alarm will alert you that the drawer or cash box has been opened.



# Balancing

Every day by the close of business, the cash receipts must be balanced. This may sound a bit daunting, but the earlier a mistake is caught the better your chances are of successfully resolving issues. The actual task is fairly straight forward:

The daily comparison of unit/dept. records of revenue received with the actual revenue on hand - e.g. amount received per sales record = actual amount of cash, checks and credit card receipts counted.

The person responsible for balancing the receipts:

- investigates and resolves discrepancies, then initials (or signs) & dates to document balancing
- balance all cash receipts every day
- compare the total cash, checks, credit card receipts, etc. to the cash register total, pre-numbered receipts, and money received by mail
- signs and dates the balance report

Balancing is a critical step in maintaining the integrity of any cash handling system. No pun intended, do not short change this by taking short cuts.

# Deposits

Remember the segregation of duties? The deposit must be prepared by someone who didn't collect cash or open the mail. Deposits should be hand delivered to any US Bank location. Departments with large cash deposits are highly encouraged to arrange armored car courier services.

Deposits should be made **weekly or when cash on hand in greater than \$500**. You are strongly encouraged to make these deposits daily even if the cash collection for the day is below the \$500 threshold.

# UIHC Deposits

Procedure for patient account receipts is different than non-patient receipts.

Patient account receipts must be delivered daily (via the security courier) to the UIHC -Patient Financial Services (PFS) office at the Health Care Support Services Building by 8:30 am following the day they are received. PFS will prepare the eDeposit

Non-patient receipts - deposits can be dropped off at any of the certified campus drop off sites or to a US Bank location. The department must prepare the eDeposit.

When sending patient account and non-patient funds to PFS, always send in separate tamper-evident bags.

# Preparing the Deposit

The entire amount of receipts collected must be deposited so that all receipts are posted as receipts to the unit's account(s). None of the cash collected in the unit may be used prior to deposit of the cash.

For example, the unit cannot use \$10 of its cash receipts to purchase postage and then reduce the amount of its cash deposit by the \$10 used. To do so would misrepresent the amount of sales receipts and the amount of expenditures incurred by the unit. Simply put, deposit all money received!

You should submit accounting information within three working days of deposit using eDeposit. It doesn't matter which comes first, the eDeposit and recording the accounting information or the physical deposit itself. Just remember to get the funds deposited within three working days of receipt and do the corresponding eDeposit within a reasonable period of time.

The following websites can assist you in learning eDeposits and credit card payments:

- [eDeposit](#)
- [Credit Card Payments](#)



# Reconciliation

Reconciliation is a step that cannot be overlooked. To maintain the segregation of duties, the person who reconciles accounts cannot have any cash handling responsibilities. If you are going to reconcile accounts you will need to:

- Reconcile deposit receipt from bank to eDeposit and cash receipt journal/log after the deposit has been made.
- Monthly, reconcile deposit receipts from bank to statement of account (TDR).
- Maintain proof of these reconciliations with signature and date.
- Reconciliation retention policy is five years plus current year.
- Verify the processing or recording of transactions to ensure that all transactions are complete, authorized, recorded, and deposited on a timely basis.
- Investigate and resolve discrepancies, then initial (or sign) and dates documentation reconciled.



# Management Responsibilities

No matter who is collecting, depositing, and reconciling, management is ultimately accountable. Management is responsible for establishing effective internal controls and maintaining proper segregation of duties.

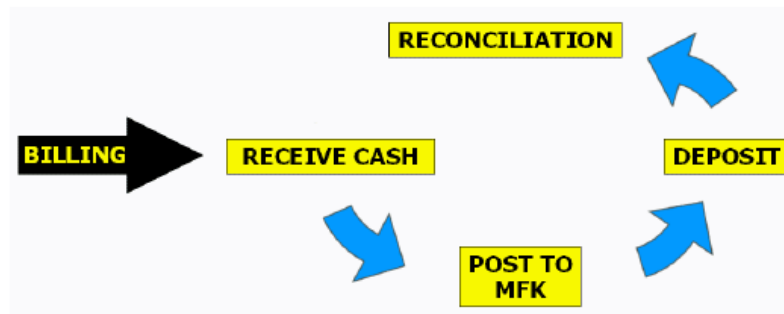
Other responsibilities include:

- Requiring that staff handling cash be properly trained and follow all procedures of the University's cash handling and depositing policies.
- Ensuring that staff meet the Staff Certification of Individuals requirements.
- Reviewing receipts and reconciliations on a regular basis, then initial (or sign) and date documentation reviewed.
- It is management's responsibility to regularly review the reconciliation process to assure timeliness, accuracy and resolution of all outstanding issues.



# Segregation of Duties

Segregation of Duties is the most important control in the cash collection process, and often, the most difficult to manage. A different person should be involved in each step: recording of charges/billing, cash receipting, cash depositing, and reconciliation.



Ideally there should be a different person for every step of the process because this is the best way to ensure the process works well.

However, not every department will have 3 or 4 people to bill, collect, deposit and reconcile. Even in a small department, billing and/or reconciliation must be done by someone who has no access to cash.

Contact the University Billing Office at 335-0071 or [maui-billing@uiowa.edu](mailto:maui-billing@uiowa.edu) to discuss billing for your department if you don't have enough staff for proper segregation of duties. If you don't think that you have enough people to segregate the collecting, depositing and reconciling functions, then you will have to develop "mitigating controls".

# Shared Responsibilities?

One question that comes up on a regular basis:

"Is there a way to share responsibilities with another department?"

The answer to this is yes!

You can reconcile their accounts and they can reconcile your accounts. This works well in many departments across the University.

However, if the segregation of duties is a problem for your department, please contact: University Accounting and Financial Reporting, UIHC Finance and Accounting Services, or Internal Audit.

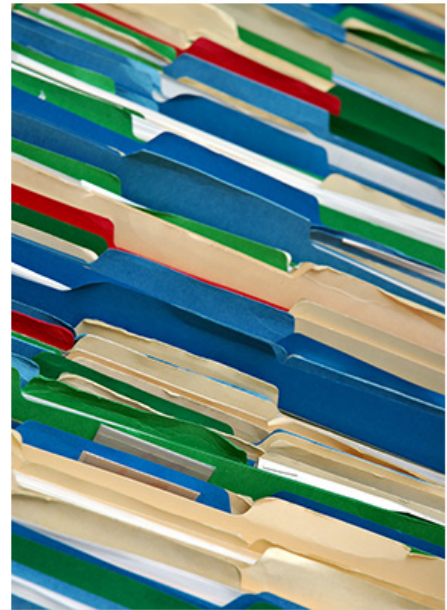
# Record Retention

How long should you keep records on hand?

University policy says that the following documents must be kept in the department for the current year plus an additional five years:

- Cash register "total" tapes
- Carbon copy of a pre-numbered receipt
- Electronic sales log
- Bank approved deposit slips
- Cash over/short record

The one exception to this is that credit card receipts only have to be kept 18 months.



# Transporting Cash

The best rule for transporting cash is to use common sense. Secure cash and checks in a locked cash pouch.

Don't be conspicuous and don't take the same route or go at exactly the same time every day.

For your own safety, please don't be predictable.



# Cash Equivalents

Please remember that cash doesn't always mean coins and currency. If you are responsible for cash equivalents such as parking passes or gift cards, remember that they must be treated as if they are cash. The same security and record keeping that is used for cash needs to be used for cash equivalents.

For example:

- Secure in a locked safe or drawer
- Record the sale
- Balance sale - sales log against the list of available tickets, etc
- Deposit cash promptly
- Reconcile sales against statement of accounts
- Resolve all outstanding issues

# What is Required by the University

There are two basic things that must be accomplished to be considered in compliance with University and Board of Regents policy:

- Departmental certification responsibility
- Staff certification

Details regarding the certification process can be found in the [University of Iowa Cash Handling Policies and Procedures](#) <sup>2</sup>.

# Departmental Certification Responsibility

Every unit handling cash or its equivalent is required to review this course. This course may be viewed online or units may request a face-to-face presentation.

Departmental management must develop their own unit's local desktop cash handling procedures to be submitted for approval to UI Accounting and Financial Reporting and conduct an annual review for updating the procedures and following the approval process. At a minimum, cash handling procedures must be submitted every three years for approval by Accounting and Financial Reporting. It is the departmental management's responsibility to ensure that current and new staff's handling cash meet the requirements of the staff certification process.

## Approval/Denial Process

### Approval

If the procedures submitted by your department are approved, the person who initiated the submission will be contacted. Each unit is responsible for retention of the approved procedures for audit purposes.

### Denial

If the procedures do not conform with Cash Handling Policy, the person who initiated the submission will be contacted. Accounting and Financial Reporting will work with you to resolve any deficiencies. Corrected procedures must be re-submitted for approval.

For details see [Cash Handling Policies and Procedures](#) <sup>↗</sup>.

## Staff Certification Responsibility

If you are handling cash, you are responsible for reviewing current UI [Cash Handling Policies and Procedures](#) <sup>↗</sup> on the web. You will also need to review your unit's approved local desktop procedures within one month of its approval and understand your role in your department's cash handling process.

Because procedures and policies can change, you need to review local desktop procedures annually as a refresher. In addition, review updated departmental procedures as provided by unit management in a timely manner.

If you are new to the university, you need to comply with these requirements within one month of starting cash handling duties.