It is extremely important that all departments that handle cash set up and adhere to strong internal controls. By doing so, the potential for mishandling of funds can be minimized. Also, by following proper procedures, overages and shortages can be identified and an audit trail will exist so that transaction can be properly reviewed. These procedures apply to the recording and depositing of all money received at all locations within the University. For the purposes of this policy, "cash" includes coins, currency, checks, and money order transactions. Credit Card transactions are covered in a separate policy document.

All departments that accept cash assume the responsibility of instituting and following proper cash handling procedures outlined below. All Departments who collect funds may be subject to periodic, unannounced audits by Management, the Internal Auditor or State Board of Accounts.

### Separation of Cash Handling Duties

Cash Handling Duties are divided into three categories – the receiving of cash, the depositing of cash, and the reconciliation. The ideal is for all three categories to be the responsibility of different individuals. In a small department where this is not possible the goal should be the separation of the cash receiving responsibility from the depositing and reconciliation.

#### I. Receiving Cash

- a. Formal Cashiering Environment (cash register used)
  - i. Each cashier should start their day's business with a new beginning cash balance and their own cash drawer (cash drawers should never be shared).
  - 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 should be restrictively endorsed with "For Deposit Only Ball State University" by the receipt printer. The endorsement should include the identifier for the department.
  - iv. If the customer is there in person, a receipt for the transaction should be given to them.
  - v. Each cashier should balance their business at the end of their shift and their signature should appear on the report as the preparer if they are not identified on the check out tape.
  - vi. An independent designated individual needs to verify that the cash received matches the cash register's report of business by cashier. The reviewer/bookkeeper should sign and date the CRV to document that the function was completed. This function is usually performed during the preparation of the deposit.
- 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 should be restrictively endorsed with "For Deposit Only Ball State University" with a rubber stamp that also includes the identifier for the department.
  - iv. All cash received should be immediately recorded. If received in person, pre-numbered receipt forms (B-4) must be used to record the collection of cash and checks. The procedure to be followed when using the recommended pre-numbered forms is:

- 1. A copy of the receipt is to be given to the customer. Receipts must be completed indicating the date, customer's name, transaction identifier, and amount.
- 2. A copy of the receipt must be retained for departmental files.
- 3. The receipt number(s) or range of numbers should be recorded on the B-113 (CRV).
- v. A reconciliation should be done at the end of the day to verify that the cash received matches the receipts issued for the day. This function is usually performed during the preparation of the deposit and the preparer shall sign and date the form.

### c. Reimbursements for Petty Cash

- i. Requests for reimbursements for University approved expenditures up to \$50 are to be completed on a B-6 accompanied by the original receipt(s), reviewed and approved by an authorized signer. The B-6 must include a 10-digit account number(s) and brief description of the expense(s).
- ii. Picture ID and signature are required of the person receiving the funds.
- iii. Validated copy of the B-6 along with the original receipt(s) becomes part of the daily balancing that is forwarded to the Accounting Office.
- iv. B-6's from HRL must be stamped by the hall and approved by the authorized signatures prior to submitting to Bursar Operations 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.

### II. Depositing Cash Promptly

- a. The preparation of the deposits should not be done by the person collecting and recording receipts. The person preparing the deposit should verify the cashier's balancing form and initial as preparer.
- b. To maximize cash flow and safeguard assets, deposits need to be made in a timely manner. All deposits exceeding \$50 must be made by the next business day following the day of receipt. If the total does not exceed \$50, the lag may be up to three business days to make the deposit, if the funds are safeguarded.
  - i. Collections should be held in a secure manner until deposited (i.e. in a locked location).
  - ii. Access to secure location(s) via keys or combinations should be limited to authorized individuals only.
  - iii. Collections should be deposited intact (no expenditure should ever be made from a collection).
- c. Unless prior arrangements have been made for directly depositing to the bank, all deposits are processed in Bursar Operations located in Lucina Hall B31. All deposits must be delivered in person to Bursar Operations in a locked bag. Do not use campus mail for deposits. The Campus Police Department provides an optional escort for the transporting of cash using the following guidelines:

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

A police escort must be obtained for transporting deposits of coin and currency in excess of \$1,000 cash.

- d. All Deposits on a Form B-113 (CRV) should include the following:
  - i. Completed Cash Receipts Voucher Form B-113, including appropriate applicable 10 digit G/L number(s), and signatures of both the preparer and approver. The approver should be a person designated by departmental management to review the CRV for accuracy. The approver cannot be the same person as the preparer.
  - ii. An adding machine tape of checks with proper endorsement, with checks in order of adding machine tape and cash grouped by denomination. Loose coin is required to be rolled unless the quantity is not sufficient to fill a wrapper.
  - iii. Total of the CRV must agree with the total cash, checks, etc or it will be returned to the department unprocessed.
  - iv. Workshop deposits should include: 10 digit G/L number(s), 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.
  - v. For each deposit processed at Bursar Operations, the B-113 is validated (transaction number, date, batch, operator) by the receipt printer and a receipt is given if the deposit is being made in person. The original receipt along with any supporting documents will be forwarded next day to the Accounting Office and will be scanned for access through the imaging system.
  - vi. Payments for charges in the Accounts Receivable (bursar)
    System cannot be deposited on a B-113. Payments on accounts receivable accounts must be applied to the specific account by BSU ID on the Accounts Receivable Payment Form:
    <a href="https://www.bsu.edu/webapps2/formfinder">www.bsu.edu/webapps2/formfinder</a>

### III. Reconciling Daily and Monthly Activity

#### **Departments**

- a. An individual other than the one who prepared the deposit should verify and initial the deposit prior to making it.
- b. Review your department monthly accounting reports.
- c. All differences should be documented and resolved promptly.

- d. Monitoring the Cash Receipts Process
  - i. Supervisor should perform a periodic review of the internal controls in place to determine that the controls are:
    - 1. Sufficient to safeguard cash collected.
    - 2. Understood and carefully followed by all staff.
    - 3. Processed in a timely manner in accordance with the timeline established above (see II b).
  - ii. A member of management should be designated to take responsibility for reviewing and approving the reconciliations in a timely manner and that person should sign the documentation as proof to performing their responsibility.
  - iii. The designated member of management should also review the nature, extent, and resolution of overages and shortages.
  - iv. Supervisor should periodically do an unannounced verification of prepared deposits, comparing the deposits with cash receipt records.
  - v. Supervisor should periodically perform intermittent surprise cash counts throughout the year to prove the amount on hand is accounted for.
  - vi. Management should ensure that sales tax is collected and accounted for as required by the Office of Controller and Business Service.
- e. Departments should document in writing their own cash handling procedures, making sure that the controls are at least what the policy dictates. Additional controls can be added at the departmental level.
- f. Exceptions to following the cash handling procedures as prescribed in the Cash Handling Policy must be directed to, and approved by the Controller. Approved exceptions are documented in Addendum I.