



EAST STROUDSBURG UNIVERSITY

CASH HANDLING PROCEDURES

Purpose

The purpose of these procedures is to provide guidelines for the collection, deposit and control of cash to ensure accountability and safeguarding of such funds. Adherence to these procedures will also safeguard and protect employees by defining their responsibilities.

Definition of cash: For purposes of these procedures, cash is defined as currency, coin, money orders and checks.

Department Responsibility: A full and true accounting of all the cash collected, including identification of the sources of such cash, shall be maintained by the collecting department. Department heads that collect cash will be responsible for ensuring that these procedures are put in place and maintained.

Procedures

Cash Collections/Receipting:

- Cash receipts should be controlled by using pre-numbered receipt forms that should be printed in triplicate.
- The original should be given to the payer, the duplicate used to establish accountability for the cash collected, and the third retained in numerical sequence to establish accountability for the forms printed and used.
- A cash receipt log should be maintained when using pre-numbered receipts for tracking each receipt. The cash receipts log should include: receipt number, date each remittance was received, Name of remitter, Amount of each remittance, Form of each remittance (e.g. check, cash, or money order), and purpose of collection.
- A reconciliation of cash received to the cash log should be prepared at the end of the day.
- Cash should be kept in a safe or lockbox to safeguard funds until deposited with the Cashier.
- Deposits should be delivered to the Cashier's office each day and a dated receipt should be received for the deposit.

It is the responsibility of the department to account for all pre-numbered receipts, and maintain the cash receipts log with copies of checks received for auditing purposes.

IMPORTANT NOTE: The IRS requires reporting for any receipt of cash (defined as currency and coins of the United States and any other country) in excess of \$10,000 in a single transaction (or two or more

related transactions) from the same person that is received in the course of the University's trade or business within any twelve month period. Although highly unlikely, if your department receives cash that meets this description, *it is required that the Procedures for Reporting Cash Payments over \$10,000 be followed as outlined in the Reporting Cash Transactions in Excess of \$10,000 procedure.*

Checks/Money Orders – Checks/money orders received shall be entered into a check log which will include the check/money order date, check/money order number, amount, payer and purpose. All checks/money orders shall be made payable to “East Stroudsburg University” and endorsed “for deposit only” immediately upon receipt. For checks, the cancelled check will serve as the payer's receipt, and for money orders, a receipt can be issued if requested (follow instructions per currency/coin section above).

Security: Cash shall always be stored in a locked, secure location (safe, lockbox, etc.) until it is deposited. Access to the secured area should be limited to authorized individuals only. If access to a secure location is not available, department cash collections must be deposited with the Cashier immediately upon receipt.

Deposit: Collections shall be remitted to the Cashier located in the Center for Enrollment Services. Cash should NEVER be sent through interoffice mail. A police escort is recommended for large amounts of cash. The Cashier will provide the depositor a signed receipt for the amount deposited. Deposits of cash on hand shall be made no less than weekly or whenever currency and coin on hand is greater than \$100.

Reconciliation: In each department that collects cash, one person (other than the person who physically collects the cash) shall be responsible for reconciliation activities, which is accomplished by comparison of the following:

- Cash receipts log and check log totals;
- Total of cash collected;
- Support for cash collected - such as such as number of students taking field trip, number of conference attendees, expected receivables (invoices sent) or refunds, etc.;
- Cash amount submitted with the Miscellaneous Deposit Form to the Cashier;
- Miscellaneous Deposit Form receipt signed by the Cashier and returned to the department;
- Department budget supplement;
- Revenue recorded in general ledger under department cost center.

Any discrepancies shall be immediately reported to the Business Office for investigation and resolution.

All documentation should be readily available for auditing purposes. Random checks for adherence to guidelines will be conducted by the Business Office.

Segregation of Duties: Collections of cash, deposit preparation and reconciliation duties shall ideally be performed by separate individuals, but at minimum, reconciliation shall be done by a separate person. The employee who physically collects the cash cannot be the same person performing the reconciliation duties. In the event segregation of duties is not possible, the department shall work with the Business Office to establish other compensating controls.

Department Head Responsibilities: Department Heads are responsible for conducting periodic reviews of their department cash handling activities to ensure these procedures are understood and followed consistently by staff. They should also review the nature, extent and resolution of any overages or shortages discovered during the reconciliation process.

Other Considerations:

- University departments should be aware that receipts for certain goods or services may be subject to Federal Unrelated Business Income Tax (UBIT), and additional information may need to be provided to the Business Office.
- Personal loans or the cashing of personal checks from the cash collections is prohibited.
- All cash collections are to be deposited. Collections may never be reserved for petty cash or used to pay department expenses. Cash must be deposited with the Cashier and proper procedure followed to pay expenses through Accounts Payable.
- All cash collected by the university will flow through the university's centralized bank account. No bank accounts will be authorized or legitimately open and maintained by an individual or department. If you currently have a bank account that is not a University account, please contact the Business Office for procedures on setting up a university account and have the funds transferred.
- These procedures apply to students as well as university employees who collect cash belonging to the University. Anyone receiving cash belonging to an affiliate should deposit it according to the appropriate affiliate's guidelines.