Background
• Cash is handled by many departments on campus
• Internal Audits – cash handling is a common problem at many institutions

FREQUENT AUDIT FINDINGS
• Timeliness of deposits
• Security of Funds & Limited access
• Endorsement of Checks not done immediately upon receipt of check
• No documentation on transfer of funds
• No segregation of duties

FREQUENT AUDIT FINDINGS
• No Receipt monitoring
• Voided receipts not approved by supervisor
• Receipts not properly completed
• Overages/shortages not deposited
• Surprise cash counts not performed
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.

Segregation of Duties
Security
Documentation
Reconciliation
Management Review

What is included in "Cash Handling"?

It's not just "cash". Cash includes the following forms of money:
• Coin
• Currency
• Checks/Traveler's Checks
• Money Orders
• Credit Card Transactions
• Cash Equivalents
  • Tokens
  • Tickets
  • Stamps
  • Gift Certificates/Cards

First, let's talk about risk and controls....

Who or what is at risk?

The Money

Why?
Risk?

When this occurs with Money--
- Cash is stolen
- Cash is lost
- Statement of Account doesn't agree with department/units internal records

You can expect the following results when cash control is inadequate--
- No audit trail
- Finger pointing/Accusations
- Lost revenues

Risk and Controls!!

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.

SYSTEM REG 21.01.02
Receipt, Custody, and Deposit of Revenues

- Purpose
  - To provide a workable, controlled, cash-handling environment
  - Internal Controls are required to
    - Safeguard assets
    - Provide reliable bookkeeping and accounting information
    - Provide a clear audit trail
    - Protect Employees
    - Give a full and true accounting of all funds collected

Before cash collection begins.....
“The planning checklist”

Departmental cash handling supervisor develops a plan:
- Is a working fund (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?
- Where to deposit?
- When? Frequency?
- Reconciliation? Management Review?
- Who needs training?
Is a working fund needed?
If you are going to make change, then you need a working fund.
- **DO NOT** use coin & currency income to create a change fund.
- **Never** make change from your personal cash.
- Send a Working Funds Request form to the Comptroller's Office, Unit 5737.
- Keep amount at bare minimum. Talk with the Cash Operations Manager to help determine how much you need.
- Keep the cash safe! (More on that later)
- When a temporary working/change fund is being returned, always deposit the change fund money separately from any money/income collected.

Types of Working Funds

- **Temporary Working Fund**
  - Used for a one time purpose, event, etc.
  - A request for approval to obtain temporary working funds can be accomplished by submitting a completed Temporary Working Fund Request Form to the Comptroller for approval.

- **Permanent Working Fund**
  - Used by departments that receive cash and are required to make change on a daily basis
  - A request for a permanent working fund requires the following be submitted to the Comptroller's Office for consideration.
    - Petty Cash Form detailing justification for need of fund
    - Detailed Department Working Fund Procedures
    - Cash Custodian Form

How is cash received? Mail or in person? Who is going to collect the cash? Record the cash?

Upon receipt (whether by mail or in person):
- Enter money amount in a cash register or TAMUGC pre-numbered duplicate receipts book. A receipt should be provided to the customer whether or not they request one.
- Checks should be requested to be made payable to Texas A&M University-Corpus Christi whether received by mail or in person. The department's name may be included, but should note the only named payee.
How is cash received? Mail or in person? Who is going to collect the cash? Record the cash?

Upon receipt (whether by mail or in person):

- When a non-vendor (personal) check is received in person, the customer should be requested to show their SanddollarID card or Driver's License. If a SanddollarID is presented, ask the customer for their Banner ID number, otherwise the Driver's License number should be written on the face of the check.

- **IMMEDIATELY RESTRICTIVELY ENDORSE CHECKS**
  
  "For Deposit Only, Texas A&M University-Corpus Christi"
  
  You can use a stamp with this message or just write it on the back of the check—either is fine.

  Note: The 10-digit FAMIS Account Number would be helpful in case the check is returned.

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**EXAMPLES OF CHECK ENDORSEMENTS**

- **FOR DEPOSIT ONLY**
  - Texas A&M University-Corpus Christi
  - Athletics-Basketball
  - FAMIS Acc. No. 351000-40004

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How is cash received? Mail or in person? Who is going to collect the cash? Record the cash?

Upon receipt (whether by mail or in person) (continued):

- Only one person should have access to the cash register, cash drawer, or TAMUCC pre-numbered receipts book during any one shift.

- Money received must be totaled at the end of each shift. Detailed instructions can be found online in the TAMUCC Cash Handling Procedures Manual on the Comptroller's Office website.

- If there is more than one person handling cash at the same time, each person must have their own cash drawer, cash register or TAMUCC pre-numbered receipts book, whichever is applicable.

- If money received is payment for goods or services that has been invoiced to the customer through the FAMIS Accounts Receivable Module, endorse the check and deposit the payment at the Business Office in the A/R Clearing Account 001037-1610. Send a copy of the check and receipt to the Accounts Receivable Department for further processing.

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How is cash received? Mail or in person? Who is going to collect the cash? Record the cash?

Upon receipt (whether by mail or in person) (continued):

- All money received by the department should be deposited at the Business Office in the Student Services Building, including checks for externally sponsored agreements. Checks intended for other departments should be restrictively endorsed and forwarded to the correct department immediately.

- Don't forget to restrictively endorse all checks with "For deposit only, Texas A&M University-Corpus Christi" before sending to the Accounts Receivable Office or another department.

- If a check is received and it is unclear who it belongs to, hand deliver it to the Accounts Receivable Office immediately. DON'T HOLD THE CHECK!!
Upon receipt (whether by mail or in person) (continued):

For proper segregation of duties, the person collecting cash can not have any other responsibilities related to cash handling. Other cash handling duties that conflict with cash collection include:

- balancing working fund and daily collections,
- preparing and making deposits,
- reconciling statements of account, and
- recording charges and payments to customer accounts.

If this is occurring due to lack of staffing, compensating controls such as management oversight and review should be established and used.

Receipt Book Procedures

- An approved TAMUCC receipt book must be obtained from the Business Office when monies are to be received on behalf of the University and no cash register will be used. If using a cash register, no receipt book is required.
- Only authorized individuals with a picture ID will be issued a receipt book. Receipt Books must be returned to the Business Office after each event or before another book may be issued.

Receipt Book Procedures

- A receipt book consist of 150 receipts, 3 receipts to a page in triplicate format with the first page in white, the second in pink and the third in yellow. The white copy (original) receipt is given to the customer, the pink copy is for the department to keep for balancing and auditing purposes and the yellow copy stays in the book to be returned to the Business Office. The white and pink sheets are perforated for easy distribution.

“Now that we have collected the $$$$$$, what do we do with it?”

- Secure
- Balance
- Deposit
- Reconcile

Let’s go back to Our checklist......
How is the cash going to be secured?

OVER NIGHT STORAGE

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 change fund 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 for access by unit employees but out of public sight.

How is the cash going to be secured?

What if your department does not have a safe for over night cash storage?

If your department does not have a safe, then you must have a cash box that can be locked. The cash box must be secured in a locking/fire resistant drawer, that is not easily movable, to which access is limited to the person collecting the cash and his/her immediate supervisor.

How is the cash going to be secured?

WHILE IN USE.....

Each person collecting cash should have their own change fund so that making change is possible if currency is expected to be collected. While in use, change funds and/or collected money must be secured in a cash box that is lockable with access limited to the person responsible for the cash box. The cash box should remain locked when not in use and secured in a safe or locking/fire resistant drawer when the person responsible for the drawer is away from their job duties.
✓ How is the cash going to be secured?

- In the event of emergencies or absences
  - Combinations to the lockbox should be kept in sealed envelope in the Dean or Department head's office
- Use a Transfer of Working Fund Accountability form
  - To transfer funds from one person to another
  - Can be found on the Accounting Services webpage under online forms

Balancing

Comprised of:

- The daily comparison of department records of revenue received with the actual money on hand (i.e., amount received per cash register total tape/pre-numbered receipts book for the day + actual amount of cash, checks and credit card receipts and other cash equivalents collected for the day).
- If amounts don't equal as noted above, the balancer investigates and resolves discrepancies. This is called reconciliation. When discrepancies are resolved and/or amounts are equal, the balancer initials (or signs) & dates the cash register tape or pre-numbered receipts book to document the reconciliation.
- To maintain proper segregation of duties, the balancer should not deposit, collect money, record accounts receivable, or reconcile Statements of Account.

Review:

Balancing

Every day all money collected must be balanced:
Compare the total cash, checks, credit card receipts, and other forms of cash equivalents to the cash register total or total of pre-numbered receipts.
Sign and date.

No short-cuts!!!
Who is going to prepare the deposit? How?

Deposit all funds intact. Intact means the entire amount of money (income) collected must be deposited so that all receipts are posted as revenue to the FAMIS Statement(s) of Account. None of the money collected may be used for other purposes prior to deposit of the cash. For example, the department/unit cannot use $10 of its money collected to purchase postage and then reduce its deposit by the $10 used. To do so would misrepresent the amount of revenue earned and the amount of expenditures incurred in the department's accounting records.

Daily Deposit Procedures

1. Verify that all funds (cash, checks, credit cards) collected equal to the total receipts issued.
2. Run three tapes on the checks collected. Two tapes must accompany the checks, and one tape should be attached to your reconciliation.
3. Fill out a General Receipts Deposit Form. This form can be found on the Business Office website under downloadable forms (http://falcon.tamucc.edu/~business/default.html).
4. One General Receipt Deposit Form will need to be filled out for each type of payment type (i.e. Cash, Check or Credit Card). So, if your deposit includes cash and checks, two forms must be filled out for this deposit.

Reconciliation! Management Review!

Don't ever overlook this step! Reconciliation must be performed by a person with no cash handling responsibilities.
- Reconcile the deposit ticket to the departmental copy after the deposit has been made.
- Deposit tickets must be reconciled monthly to the revenue items on the Monthly FAMIS Statement(s) of Accounts.
- Maintain proof of these reconciliations with initials (or signatures) & date.

Reconciling

- Verify the processing or recording of transactions to ensure that all transactions are complete, authorized, recorded, & deposited on a timely basis.
- Reconciler investigates and resolves discrepancies, then initials (or signs) & dates documentation reconciled.
- Reconciler should not collect or deposit money to maintain proper segregation of duties.
Department Management Responsibilities

- Establishing an effective internal control system
- Delegating responsibility for cash handling duties, maintaining proper segregation of duties
- Requiring that staff handling cash be properly trained & follow all procedures of the University's cash handling & depositing procedures.
- Reviewing internal cash records and reconciliations on a regular basis, then initialing (or signing) & dating all documentation reviewed.

Management Review

- No matter who is collecting, depositing, and reconciling, Department Management is ultimately accountable.
- It is management's responsibility to regularly review the reconciliation process to assure timeliness, accuracy and resolution of all outstanding issues.

Segregation of Duties

- This is the most important control in the cash collection process, and often, the most difficult to manage. Segregating duties ensures that no ONE person can initiate, approve, record, and receive the same transaction.
- Let's talk about how to manage segregation of duties......

Segregating Duties

- We want to see a different person doing each of the procedures! This is the best way to assure ourselves that the process works well.
- What if you don't have 3 or 4 people to bill, collect, deposit and reconcile?
- Even in a small department, billing should be done by someone who has no other responsibility in the cash handling process. If you have items that you currently charge students, check with the Business Office to see if they can process these bills in Banner for you.
**Segregating Duties**

If you don't think you have enough people to segregate the collecting, depositing and reconciling functions, you will have to develop "compensating controls".

Is there a way to share responsibilities with another department? This is often the answer. You reconcile their accounts; they reconcile your accounts.

If the segregation of duties is a problem for your department, please contact the Comptroller's Office or the Business Office.

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**Keeping Records - Record Retention**

The following documents must be kept for the current year plus three more:

- Cash register "total" tapes
- Carbon copy of TAMUCC pre-numbered receipts
- Electronic sales log
- Completed deposit forms
- Bank approved deposit slips
- Cash over/short record

Credit card receipts must be kept 18 months.

Credit card receipts/reports - must be kept in a secure/locking location due to confidential customer information and Payment Card Industry Standards. It is important to have the credit card slips to properly address chargeback issues. At the end of the 18 months, the credit card slips must be crosscut shredded.

(If you have questions regarding these requirements contact the Business Office.)

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**Where to deposit?**

Hand deliver the deposit to the following location:

- TAMUCC Business Office, Student Services Building (Round Bldg)
- Phone #: 825-2600
- Drop off 8:00a.m.-7:00p.m., Monday-Thursday
- Drop off 8:00a.m.-3:00p.m., Friday

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**Transporting Cash**

If you have responsibility for taking the money deposits to the Business Office, please use good common sense.

- Secure the cash and checks in a locked cash pouch, if available. These can be checked out from the business office when using temporary working funds. **DO NOT take the key to the pouch with you!**
- Don't be conspicuous. To assist you in this, use a backpack, plastic sack or other ordinary receptacle to transport the deposit.
- Don't take the same route or go at exactly the same time every day—don't be predictable!
Transporting Cash

• Bring the deposit form and funds collected to the Business Office for deposit. The Business Office will use the information provided on the deposit form to deposit the funds into FAMIS and will issue a system generated receipt.
• Each person transporting cash funds in excess of $2,500.00 between offices or between an office and the Business Office must be accompanied by a University Police Officer.
• Transactions to be deposited should never be left at the Business Office to be processed at a later time nor should be left at an unattended or unoccupied cashier station.
• Verify that all information on the system generated receipt is correct prior to leaving the Business Office.

Cash Equivalents

If you have the responsibility for cash equivalents such as parking permits, event tickets, stamps or gift cards, remember that they must be treated as if they are cash:
• Secure in a locked safe or drawer.
• Record the sale.
• Balance sale – sales log against the list of available tickets, etc.
• Deposit money promptly.
• Reconcile sales against FAMIS Statement of Accounts.
• Resolve all outstanding issues.

✓ Who needs training?

• Every person having cash handling responsibilities is required to review this presentation.

Departmental Cash Handling Responsibility

• Departmental management must develop their own department’s cash handling procedures in accordance with these guidelines. These internal procedures should be documented and communicated to the applicable staff.
• At a minimum, a department’s cash handling procedures should be reviewed annually by departmental management for any procedural changes. These procedures should be submitted to the Controller’s Office each January. Your department is responsible for updating its cash handling procedural documentation.
• Departmental management must ensure that all current and new staff that handle cash have been adequately trained and meet the requirements of the cash handling guidelines.
Staff Cash Handling Responsibilities for Individuals

- Review current Texas A&M University-Corpus Christi Cash Handling Policies and Procedures online in Section 6 of the Accounting Handbook on the Comptroller's Office website.

- Understand your role in your department's cash handling process.

- Review your department's cash handling procedures within one month of being approved or updated.

- Review your department's cash handling procedures annually.

- New staff must comply with these requirements within one month of starting cash handling duties.

Questions About...?

- Training presentation
- TAMUCC Cash handling Policies & Procedures
- Office cash handling procedures
- Working funds
- Deposits
- Credit cards

CONTACT:
Business Office: 361-825-6600
Comptroller's Office: 361-825-5620
TEMPORARY WORKING FUND REQUEST PROCEDURES

All issuance of working funds are required to have advance written approval by the Comptroller of Texas A&M University-Corpus Christi. A request for approval to obtain temporary working funds can be accomplished by submitting a complete Temporary Working Fund Request Form to the Comptroller for approval.

The required information on this form must include the following: Name and UIN/SS of the person making the request, the amount the beginning and ending date period the funds will be used for, a detailed purpose for needing these funds, and where and how the funds will be secured.

Once approval has been obtained, the Temporary Working Fund Request Form should be taken to the Cash Operations Manager (COM) in the Business Office where the COM will review and issue the approved amount to the person on the form. A picture ID and signature will be required to complete the transaction. The COM will maintain ownership of the original form until the funds are returned and receipt of funds is acknowledged on the form.
RECEIPT BOOK PROCEDURES

An approved TAMUCC receipt book must be obtained from the Business Office when monies are to be received on behalf of the University and no cash register will be used. If using a cash register, no receipt book is required. Only authorized individuals with a picture ID will be issued a receipt book. Receipt Books must be returned to the Business Office after each event or before another book may be issued.

A receipt book consist of 150 receipts, 3 receipts to a page in triplicate format with the first page in white, the second in pink and the third in yellow. The white copy (original) receipt is given to the customer, the pink copy is for the department to keep for balancing and auditing purposes and the yellow copy stays in the book to be returned to the Business Office. The white and pink sheets are perforated for easy distribution.

Should you accept CHECKS for your event, all checks should be made payable to the Texas A&M University Corpus Christi. Our abbreviated name of “TAMUCC” can be used as well. Each check must be immediately endorsed with our restrictive endorsement stamp upon receipt. Endorsement Stamps as well as zip lock bags with key can be checked out at the Business Office when the Receipt Book is assigned.

Security of University Funds is of the utmost priority and every precaution should be taken to minimize the opportunity for theft or loss of funds. Therefore, daily deposits are required when monies collected are more than $200. Multiple deposits should be made during the day during high volume of activity. Each person transporting cash funds in excess of $2,500.00 between offices or between an office and the Business Office must be accompanied by a University Police Officer. Also, the UPD must be notified of the location on campus where money will be accepted on behalf of the University.

See Making Deposit at Business Office for instructions and procedures.
Making Deposits:

The campus community should take every precaution for the safe and secure transport of monies to the Business Office when making deposits. Each person transporting cash funds in excess of $2,500.00 between offices or between an office and the Business Office must be accompanied by a University Police Officer.

Prior to arriving at the Business Office, there are several processing steps that must be done to balance and prepare your transactions for deposit at the business office. These steps will not only result in a timely process but an accurate posting of your transactions to FAMIS. Deposits not meeting these criteria may not be accepted at the Business Office.

Departmental Daily Deposit Procedures

1. Verify that all funds (cash, checks, credit cards) collected equal to the total receipts issued.
2. Run a double tape on the checks collected. Both tapes must accompany the checks.
3. Fill out a General Receipts Deposit Form. This form can be found on the Business Office website under downloadable forms (http://falcon.tamucc.edu/~business/default.html).
4. One General Receipt Deposit Form will need to be filled out for each type of payment type (i.e. Cash, Check or Credit Card). So, if your deposit includes cash and checks, two forms must be filled out for this deposit.
5. Bring the deposit form and funds collected to the Business Office for deposit. The Business Office will use the information provided on the deposit form to deposit the funds into FAMIS and will issue a system generated receipt.
6. Verify that all information on the system generated receipt is correct prior to leaving the Business Office.

Transactions to be deposited should never be left at the Business Office to be processed at a later time nor should be left at an unattended or unoccupied cashier station.
Return of Temporary Working Fund

Working funds must be returned to the Business Office no later than the next business day following the end of the event date as listed on the Temporary Working Fund Request Form. Receipt Books and/or endorsement stamps must also be returned at this time.

The Temporary Working Funds must be returned to the Cash Operations Manager (COM) directly. Do not have these funds deposited. The COM will verify and acknowledge receipt of the funds and any applicable receipt books, endorsement stamps, and/or zip lock bags with key. A copy of the original Working Fund Request Form with the proper acknowledgements will be issued as the final step.
Departmental
Check and Cash Handling Procedures

Employees assigned to negotiate transactions where the medium of exchange include cash handling or check processing, should protect the University assets by understanding the rules and guidelines for these types of transactions. It is of the utmost importance also to understand that these monies must be kept secured under lock and key at all times.

I. With respect to check handling, the following items apply for each check presented to you regardless of the sources.

A. A check must have six items on it to be considered a negotiable item. All checks must be negotiable before we can accept them.

1. Date
   i. The date on the check cannot be older than six months (staled dated) or reflect a date into the future (post dated).
   ii. Some businesses do not like their checks to be outstanding for the duration of the six months allowed, so they will specify a duration period date on the check itself.

2. Payee
   i. The payee is where the check has the required phrase “Pay to the Order of” followed by “Texas A&M University” or “TAMUCC”. A check cannot be accepted if made payable to someone else (3rd party) other than the University. If a 3rd party check is presented from another department, ask the Cash Operations Manager for instructions.

3. Dollar Amount (numeric)
   i. The amount on this line or box should be written in a clear and legible manner. Lines drawn through any number or another number written over an existing number should not be accepted. If a correction needs to be made, one line should be drawn through the entire incorrect numeric amount and rewritten in the nearest open space of the old number. All corrections should be initialed by person writing the check.
   ii. IMPORTANT – the numeric amount should match the written amount.

4. Written Amount (alpha)
   i. The amount of the check is spelled out on this line and should be reviewed for accuracy on every check presented. This amount (legal amount) supersedes the numeric dollar amount should there be a discrepancy between the two.

5. Signature Line
   i. All checks presented must have a signature in order to be negotiable.

6. Drawee Bank
   i. The drawee bank is the bank where the account for this check is at. All checks will have a bank name printed on the check. Not all banks, however, may be located in the United States. These checks are therefore considered foreign items and cannot be accepted. Foreign items presented for payment of tuition and fees may be accepted subject to approval by the Cash Operations Manager or Bursar.
B. Other negotiable instruments that are accepted over the counter and should be processed as a check are:
   - Money orders
   - Cashier checks
   - Travelers checks
   - Credit card checks

C. Each check that is accepted must be stamped “FOR DEPOSIT ONLY” immediately upon receipt.

2. With respect to cash handling, there is little to no margin for error. Unlike a check where you may have some recourse for avoiding a loss, errors made with cash are final in most cases and therefore every precaution should be taken to avoid any errors. Other than exercising extreme care and focus on each and every cash transaction, the following guidelines must also be followed.

   i. Each bill, called a Federal Reserve Note, must also meet the requirement of integrity in order to be negotiable and for us to accept it. A bill will lose its integrity and may not be accepted if the bill has less than three corners. Bills with less than three corners cannot be negotiated or submitted to the Federal Reserve Bank for reimbursement. Be on the look out for bills that have been put back together with tape. Inspect and make sure that all parts are in fact of the same bill and make sure that the serial numbers on either side of the bill match.

   ii. Unless we are under a counterfeit alert for bills less then twenty, then only twenty dollar bills and up, will be tested for counterfeit using a counterfeit money detector pen. If the mark is light the bill passes but if the mark is dark then the bill is suspicious and the Cash Operations Manager should be called. The suspicious bill should be maintained at a location away from the customer but in full view of the customer at all times.