



# CAL STATE LA

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

## CASH HANDLING PROCEDURES

### **1.0 OBJECTIVE:**

The primary purpose of this document is to establish campus protocol and procedural guidelines for the handling of cash and cash equivalents and appropriate segregation of duties, in accordance with the Integrated CSU Administrative Manual (ICSUAM) policy 6330.00, Incoming Cash and Checks, and all relevant ICSUAM policies.

### **2.0 STATEMENT:**

The Chief Financial Officer (CFO) has designated the Executive Director of Financial Services to institute controls and procedures to ensure the physical security of cash and cash equivalents, maximize the use of funds, accurately record receipts, ensure the reliability of financial data, and authorize employees to handle incoming cash and cash equivalents, as per ICSUAM 6201.00, 6202.00, 6330.00, 6340.00.

### **3.0 ORGANIZATIONS AFFECTED:**

- A. University funds are receipted in One-Stop Financial Services.
- B. Approved satellite locations of the University may also accept funds for their designated activity.
- C. All departments that have been authorized to accept cash and cash equivalents.

### **4.0 DEFINITIONS:**

- A. Cash** - Currency, and coin are the most liquid of assets and must immediately and at all times be protected against loss.
- B. Cash Equivalents:**
  - a. Cashier's Check – Any check which is drawn on a depository institution, signed by an officer or employee of such depository institution; and is a direct obligation of the depository institution.
  - b. Certified Check – Any check certified by a depository institution as to; the signature on the check is genuine; and the depository institution has set aside funds that are equal to the amount of the check; and will be used only to pay that check.
  - c. Checks – Negotiable demand draft drawn on or payable through an office of a depository institution that is a qualified member of the Federal Reserve System.
  - d. Money Order – Financial instruments issued by a bank or other financial institution allow the individual named on the money order to receive a specified amount of cash on demand.

- e. Travelers Check – Preprinted, fixed-amount checks designed to allow the person signing to make an unconditional payment to someone else as a result of having paid the issuer (usually a bank) for that privilege.

**C. Cash Handling Unit:**

- a. Cashier - Engaged in collecting cash, cash equivalent, credit card payments, and issuing receipts.
  - b. Cashiering Supervisor - Employee who supervises cashiers and who oversees all activity related to collecting cash, cash equivalent, and credit card payments and issuing receipts. Prepares deposits to the bank for cashiering and verifies deposits for satellite locations.
- D. One-Stop Financial Services (Main Cashier) -** The primary operating unit authorized by the campus delegate from which collections are deposited directly to a bank and from which official operating cash change funds are issued.
- E. CASHNet-** Point of sale cashiering system.
- F. Credit Card:** Valid card issued by Visa, MasterCard, Discover, or American Express with a magnetic strip and/or valid card number, expiration date, and security code.
- G. Delegate:** The University Chief Financial Officer delegates the Executive Director of Financial Services, who is responsible for the administration of these procedures.
- H. Satellite Location:** A department or unit authorized by the campus delegate to collect cash equivalent and credit card payments for a designated activity; collections are deposited with One-Stop Financial Services.
- I. Satellite Supervisor:** Employee at a satellite location responsible for personnel, equipment, and procedures involved with collecting and safekeeping cash equivalent and credit card payments and who prepares and arranges delivery of deposits to Main Cashiering.
- J. Satellite Cashier:** Employee engaged in collecting cash equivalent and credit card payments, issuing receipts, and preparing deposits.
- K. Cashier Daily Reconciliation Deposit Form -** also known as the Balance Sheet. A worksheet that is used by a Cashier to balance out the total amount of cash, checks, and credit cards received.
- L. Excess Cash:** Currency and coins in surplus of the authorized limit of \$5,000 in the cash register or lockable receptacle/safe.
- M. PCI-** Payment Card Industry (credit card security standards).
- N. Sensitive Position –** Positions designated by the CSU as requiring heightened scrutiny of individuals holding the position based on a heightened risk of financial loss to CSU.

- O. Security Systems** – Control/prevent unauthorized access and physical protection for employees, cash, and cash equivalents (e.g., alarms, panic buttons, motion detectors, security cameras, and software).
- P. Cash Receipt** – A written acknowledgment for a sum of cash equivalent has been received; the paper that provides the audit trail (e.g., canceled check, electronic receipt, or pre-numbered cash receipt).

## **5.0 RESPONSIBILITIES:**

### **A. The campus CFO designee/Executive Director of Financial Services (ICSUAM 6200.00):**

- a. Authorize/Approve official cashiering satellite locations and departments accepting cash and cash equivalents.

### **B. One-Stop Financial Services Supervisor responsibilities:**

- a. Ensure appropriate approvals have been obtained before establishing an official satellite cashiering station, and or departments collecting cash and cash equivalents.
- b. Maintain a listing of all departments and individuals that perform cash handling duties using CASHNet and deposit worksheets.
- c. Ensure cashiering stations are operating in accordance with ICSUAM and University policy and procedures.
- d. Ensure that the following requirements have been met for each cashiering station:
  - i. Cashiers are considered to hold sensitive positions (handlers including student assistants) and have had appropriate background checks (fingerprint clearance) and employee history verified (ICSUAM 6201.00). This function shall be handled by the department dean or financial manager, other than in One-Stop Financial Services.
  - ii. Cashiers (handlers) have been properly trained in cash handling, the preparation and processing of deposits, and the use of CASHNet (ICSUAM 6202.00).
  - iii. Cash, checks, and debit/credit card information are physically protected (ICSUAM 6340.00).
  - iv. Appropriate segregation of duties is maintained (ICSUAM 6202.00).

## **6.0 PROCEDURES:**

### **A. Segregation of Duties:**

- a. The Executive Director of Financial Services or designee shall maintain a listing of all satellite cashiering locations, departments, and employees.

- b. The satellite supervisor shall notify the One-Stop Financial Services Supervisor or designees who leave the department and update the Cashnet Teller Inactivation Request form.
- c. Cash receipts/handling operations will require daily supervision and review by Satellite Supervisor, department director, department dean, or supervisor.
- d. The individual who authorizes refunds cannot receive or handle cash or cash equivalents.

**B. One-Stop Financial Services Supervisor/Satellite Supervisor:**

- a. Shall be responsible for the performance of their cashiers relating to the functions of receipt, deposit, management, and disbursement of cash, cash equivalent, and credit card.
- b. CASHNet users must complete a *CASHNet Teller Activation Request Form*. If the cashier leaves the department, the supervisor or department manager must complete the CASHNet Teller Inactivation Request Form and notify the One-Stop Financial Services Supervisor for inactivation.
- c. Must verify cashier's daily collections.
- d. Approved voided transactions.
- e. Prepare deposits.
- f. Are responsible for the performance of their cashiers relating to the functions of receipt, deposit, management, and disbursement of cash.
- g. Are responsible for daily deposits to One-Stop Financial Services in the Student Services Building, Room 2380.
- h. At least two authorized individuals must be assigned to carry out key duties of handling processes.

**C. Cashiering (Main and Satellite)**

- a. All cash registers and point of sale equipment must produce a receipt controlled by consecutive numbers generated automatically and recorded with each transaction. This numbering mechanism must be accessible only to the manufacturer's service representative or appropriate manager who is independent of that cashiering location. If the original receipt is lost, destroyed, or otherwise unavailable, the cashier may produce a duplicate receipt that contains all the elements of the original receipt and is clearly marked as "duplicate" or "copy."
- b. Subsequent to the collection of funds, each cashier shall provide a receipt to the customer.
- c. Each cashier must take reasonable precautions to detect counterfeit money prior to acceptance. The cashier shall use a counterfeit currency counter for bills over \$20. If a counterfeit bill is received, the unit should retain possession of the bill and contact

campus police immediately.

- d. Satellite cashier stations accepting credit card payments must use only point of sale terminals or equipment supplied to the location by the main campus' merchant card processor. All credit card terminals shall be placed in a secured area. The terminal systems must be configured to prevent retention of the full magnetic strip, card validation code, PIN, or PIN Block cardholder data once a transaction has been authorized. If any account number, cardholder name, service code, or expiration date is retained, it must be encrypted and protected according to the standards outlined in the Payment Card Industry (PCI) Data Security Standards. The supervisor and or cashier must be trained to be aware of suspicious behavior and to report tampering with the substitution of devices that process credit cards. Periodically, the supervisor/cashier must inspect the credit card devices to look for tampering or substitution. (ICSUAM 6340.00).
- e. Each cashier shall be assigned a unique user ID, login, password, and cash fund should not be accessible by or shared with other individuals. The department manager must provide a cash register drawer or other secure cash receptacles to which only the cashier has access (ICSUAM 6202.00).
- f. Before leaving the cash register or work area for any reason, the cashier will lock the cash drawer in their designated safe, remove the key, keeping it in their possession (ICSUAM 6202.00).
- g. Voids and reversals of prior cash or cash equivalent receipt, must be supported by all copies of the document involved, explained, and approved in writing or electronically by the cashier's supervisor at the time of the occurrence and submitted with the deposit supporting documentation. The original receipts with documentation must be sent to the Main Cashier with the Cashier Daily Reconciliation Deposit Form.
- h. As part of normal operations throughout the day, the cashier will accumulate cash from sales. Cash in excess of \$5,000 must be transferred from the register drawer to a designated safe or lockable receptacle.
- i. Documentation of cash differences (overages and shortages) must be maintained for each cashier and a *Cash Over/Short Audit Record* must be completed and signed by the cashier and the supervisor or manager. The cash difference must be recorded on CashNet before the Cashier's check-out of the batch and be deposited to One-Stop Financial Services.
- j. All cash registers and point of sale equipment must produce a *Cashier Check-out* receipt and Operator Payment Report for verification of cash and cash equivalents collected. Reconciliation must be reviewed, verified, and signed by the supervisor or designee.
- k. At the close of business, all cash and cash equivalents must be secured and stored in accordance with CSU requirements as noted in the Physical Security of Cash Funds section below (ICSUAM 6330.00).

#### **D. Endorsement Stamps:**

- a. All cash equivalents accepted by the University must be restrictively endorsed by a receipt printer or endorsement stamps upon receipt, but no later than by the end of the business day (ICSUAM 6330.00).
- b. All departments accepting cash equivalents should have a Cal State LA approved endorsement stamp issued by One-Stop Financial Services.

**E. Requirements of Cash Equivalents Received (ICSUAM 6330.00):**

- a. All cash equivalents must be made payable to California State University, Los Angeles, or Cal State LA. (ICSUAM 6330.00).
- b. Cash equivalents accepted by the University must contain all legally required elements including:
  - i. Dating no earlier than 180 days prior to the day of acceptance and no later than the day of acceptance. Posted-dated cash equivalents are not to be accepted.
  - ii. Legible and consistent amounts, both numeric and written.
  - iii. The account holder's signature is on the signature line.
  - iv. No two-party checks, post-dated cash equivalents, cash equivalents drawn on a foreign bank, or cash equivalents bearing "Payable/Paid in Full" are to be accepted. Cash equivalents identified as "Payable/Paid in Full" must be appropriately safeguarded and returned to the presenter no later than 30 days after receipt.
  - v. CINs are to be recorded on cash equivalents for student payments.
- c. Cash equivalents received in person from the maker should be reviewed at the time of receipt for the required elements. If any of the required elements are not met, the check should be returned to the maker for correction.

**F. Payment received through mail:**

- a. Cash equivalents received in the mail must be reviewed at the time of receipt for the required elements noted in section E.
- b. All cash equivalents received must be verified, processed, and endorsed by the close of business on the day of receipt, and kept secured in a locking drawer or safe.
- c. If cash equivalents received by mail are not payable to California State University, Los Angeles, or Cal State LA or cannot be identified or properly applied after sufficient research, the item must be returned to the account holder no later than 30 days after receipt to be reissued (ICSUAM 6320.00).

**G. Cashier Daily Reconciliation Deposit Form (Balance Sheet)/Department Transmittal Worksheet**

- a. Deposits shall be verified and authorized by a department supervisor, manager, or dean. For department deposits, all deposits will be verified by One-Stop Financial Services.
- b. Each department is responsible for reconciling deposits made to its collection records. Deposits must be reviewed and verified/reconciled to the general ledger by an individual who is not part of the deposit process and does not have access to cash. This provides an independent verification that the amount recorded on the supporting deposit documents was the amount that was deposited.

## **H. Department Deposits**

- a. Deposits should be prepared by an individual who does not have access to recording transactions (i.e., should not have access to post journal entries), authorizing adjustments to the accounts receivable ledger or the general ledger, or the person following up on collectibles (ICSUAM 3102.08).
- b. Deposit counts shall be verified by a second person. For department deposits, all deposits will be verified by One-Stop Financial Services.
- c. Deposits should be reviewed and verified/reconciled to the general ledger by an individual who is not part of the deposit process and does not have access to cash. This provides an independent verification that the amount recorded on the supporting deposit documents was the amount that was deposited.
- d. Deposits should include the following:
  - i. Department Transmittal Spreadsheet
  - ii. Currency sorted by denomination
  - iii. Endorsed cash equivalents and the adding machine tape in the same sequence as the checks.

## **I. Deposits must be made at One-Stop Financial Services (ICSUAM 6330.00):**

- a. Satellite cashiering locations must submit all deposits by 9 am daily to the One-Stop Financial Services for bank deposit. Approved departments accepting cash and cash equivalents must submit deposits by 3:30 pm to be processed the same business day. This applies to departments that do not have a safe, vault, or other comparable storage.
- b. Department deposits must be made at least weekly or whenever collections exceed \$500. No accumulated receipts for any amount shall remain un-deposited for more than five business days. A single cash equivalent of \$10,000 or more must be deposited the same day.

## **J. Transporting deposits to One-Stop Financial Services**

- a. Transporting of the deposit must be in a locked deposit bag provided by One-

## Stop Financial Services.

- b. Transporting of deposits to the One-Stop Financial Services should be accomplished in a secure manner. To protect the financial assets and individuals involved, the transport of all deposits shall be accomplished jointly by at least two employees.
- c. Employees transporting excess cash exceeding \$1,000 or cash and cash equivalents accumulatively exceeding \$5,000 must be escorted by campus police (ICSUAM 6330.00).

### **K. Cash Transactions > \$10,000 Notification and Processing**

Funds received, from a single individual, in the form of cash, cash equivalents, or otherbank instruments in US dollars in an accumulative total that exceeds \$10,000 in any 365 days must be reported to the IRS. The Cashier supervisor will complete the required IRS Form 8300 Report of Cash Payments Over \$10,000 received in a trade or business and submit it to the IRS within 15 days of the date the total amount received exceeds \$10,000.

### **L. Physical Protection of Cash and Cash Equivalents**

- a. The following are the requirements for storage of cash and cash equivalents (ICSUAM 6330.00):
  - Up to \$1,000 in a lockable receptacle and all debit/credit card-related information.
  - From \$1,001 to \$2,500 in a safe.
  - From \$2,501 to \$25,000 in a steel-door safe, with a door thickness of not less than 1 inch and wall thickness of not less than ½ inch.
  - From \$25,001 to \$250,000 in a class TL-15 composite safe or better.
  - Over \$250,000 in a class TL-30 steel or better safe.
- b. Physical security systems are required in areas where large amounts of cash are collected. If more than \$2,500 in cash and cash equivalents is regularly on hand, a manual robbery alarm system or other appropriate measures must be installed for useduring business hours to alert campus police.
- c. If more than \$25,000 in cash and cash equivalents is stored overnight, an automated alarm system is required to alert campus police if the storage area is entered after business hours.

### **M. Safes/Lockable Receptacles**

- a. Safes should be bolted to the ground or wall and such activity should be coordinated through Risk Management and Facilities Services.



- b. Lockable receptacles that store cash, checks, or debit/credit card information should always remain locked when not in use and should be stored in a safe, locked desk, cabinet, or office when not in use for operations.
- c. Departments with a safe must record authorized personnel with the safe’s combination. The combination should be known to as few persons as possible consistent with operating requirements and the value of the cash or documents.
- d. The combination must be changed when an employee having knowledge of the combination leaves the employ of the University, or no longer requires the combination in the performance of his or her duties.

**N. Change Funds**

- a. Change cash custodian is responsible for the security of their change fund.
- b. Each change fund can only have one custodian.
- c. Change funds must not be commingled with other funds and cannot be independently transferred to another individual.
- d. When change funds are no longer needed, those funds must be deposited at the One-Stop Financial Services. The change cash fund custodian must also notify University Controller’s Office.
- e. An unannounced audit will be performed on a periodic basis by the University Controller’s Office. The minimum of such audits is based on the following schedule:

<u>Size of Funds</u>	<u>Minimum</u>
\$200.00 or less	Annually
\$200.01 to \$500.00	Quarterly
\$500.01 and over	Monthly

**M. Petty Cash**

- a. Petty cash custodian is responsible for the security of their petty cash fund.
- b. Each change fund can only have one custodian.
- c. Petty cash funds must not be commingled with other funds and cannot be independently transferred to another individual.
- d. An unannounced audit will be performed on a periodic basis by the University Controller’s Office. The minimum frequency of such audits is based on the following schedule.

<u>Size of Funds</u>	<u>Minimum</u>
\$200.00 or less	Annually
\$200.01 to \$500.00	Quarterly
\$500.01 and over	Monthly

- e. When petty cash funds are no longer needed, those funds must be deposited at the One-Stop Financial Services. The petty cash fund custodian must also notify University Controller’s Office.

**7.0 REFERENCES:**

- 6200.00 Campus Administration of Systemwide Cash Management Policy
- 6201.00 Sensitive Positions and Cash Handling
- 6202.00 Segregation of Cash Handling Duties
- 6320.00 Petty Cash and Change Funds
- 6330.00 Security of Cash and Cash Equivalents
- 6340.00 Debit/Credit Card Payment Policy
- 3102.08 Recording Deposits to the General Ledger
- Cal State LA Change Fund Procedure
- Cal State LA Petty Cash Procedure
- VP & CFO of Administration and Finance Memorandum, “Cash Handling and Timely Deposit Procedures”

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Approved by	Title	Signature	Date Approved	Effective Date
Ronnie Wills	Executive Director of Financial Services	<small>DocuSigned by:</small>  <small>208444A79A2B449...</small>	6/1/2022   19:33	6/1/2022   19:33 PM PDT