

Policy Number: 283.0

Policy: Cash Account and Deposit

Effective Date: 3/2013

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Approved by: Business Services Director

PROCEDURE:

I. Cash Handling Procedures for Change Funds and Collections:

A. Segregation of Duties:

1. Segregate duties to the extent possible, given the size of your department. Inadequate segregation of duties may create opportunities for fraud, misuse or errors.
2. No one individual should control all the key aspects of a transaction.
3. Duties for receiving cash, depositing, posting transactions and performing monthly reconciliations should be separated.
4. Small departments might not have sufficient staff for ideal segregation of duties. In such a case, management will need to be more actively involved with reconciliations, periodic counts, and ensuring that disbursements and transactions are adequately processed.

B. Departmental Requirements:

1. Will have the Procedure Number and Title at left in the top (header), and Collections and change funds may not be co-mingled. Each fund must be physically segregated so that the accountability of each can be immediately ascertained.
2. You may not increase or decrease a change fund by moving funds from one change fund to another. Contact Business Services if the increase or decrease of a fund becomes necessary.
3. Change funds may only be used for making change. Making purchases with money from a change fund is not allowed.
4. It is mandatory that change funds be reconciled to the authorized amount each day they are in use.
5. There should be a clear indication of which employee handled each transaction.
6. The department should have written operating procedures describing use of the account.
7. The department should maintain a list of those with access to the account, including responsible individuals when the fund custodian is unavailable.
8. Immediately report theft of funds to University Police and Business Services.
9. Safeguarding Collections:
 - a. Restrict access to the fund and the cash processing area.

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- b. Secure the fund when the area is closed or left unattended. Use a good quality locking cash box inside a locked drawer or safe and lock the door to the area.
 - c. Department should keep a record of which employees have access to the cash including those with keys to cash boxes or bags, or who know the combination to the safe.
 - d. Develop procedures for departing employees such as returning cash box keys and changing the safe combination. Consider changing the location of the cash box (or bag) if one is in use.
 - e. Secure items with cash value such as tickets or stamps.
 - 10. Have a clear initial record of cash receipt:
 - a. Use a cash register in high-volume areas
 - b. Issue receipts for transactions not recorded on a cash register
 - c. Use a bound sequentially pre-numbered, multipart receipt book.
 - d. No receipts should be missing or unaccounted for to provide an accurate and complete reconciliation.
 - e. All copies of unused receipts should be clearly marked "VOID" and retained in the receipt book.
 - f. If the majority of cash receipts your department collects include very small dollar (or less than dollar amounts), a cash register or receipt book might not be necessary. At a minimum, keep a sales log and retain it for audit purposes.
 - 11. Restrictively endorse checks immediately upon receipt, "For MSU Billings Deposit Only".
 - 12. Deposits:
 - a. Deposits are required when \$200 cash or \$750 in cash, checks, and/or credit card receipts have accumulated, and weekly deposits are required regardless of the amount collected.
 - b. Retain supporting documents for deposits and include sufficient information.
 - c. There should be monthly reconciliation of deposits to Banner. Documentation of the reconciliation and any resulting corrections should also be retained for five years.
 - d. Follow security requirements when transporting deposits to the Business Services cashier. Amounts over \$500 must be in a locked bag, and a University Police escort is required for deposits of \$1,000 or more if located outside McMullen Hall.
 - 13. The area must temporarily close during an audit in order to ensure an accurate count and reconciliation. The area could possibly stay open if the change fund in use was replaced with an alternate change fund.
- C. Overages/Shortages
- 1. Investigate discrepancies to the extent possible and correct them. Contact Business Services for guidance in recording over and shorts in cash.
 - a. Deposit overages using cash over.
 - b. Replenish shortages using cash short.

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2. The funds must be reconcilable to the authorized amount at all times. Contact Business Services if you are not sure of the authorized amount.
 3. Do not place “found” cash in the fund, causing an overage. Immediately deposit overages using cash over.
- D. Management Controls
1. Regularly review monthly reconciliations and document the review (initials/date).
 2. Monitor fund activity and reduce or increase the amount of the fund as need dictates.
 3. Ensure that the current use of the fund is in agreement with the original description in Business Services records.
 4. Notify Business Services when the fund custodian changes, the fund amount increases or decreases and when the purpose of the fund changes.