



**CASH HANDLING  
POLICIES AND PROCEDURES  
MANUAL**

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# Lee College

## Cash Handling Policies and Procedures

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### POLICY

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#### Policy Statement

The establishment of strong internal controls for cash collections is necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls are also designed to protect employees from inappropriate charges of mishandling funds by defining his/her responsibilities in the cash handling process. Cash is considered to be any type of payment for goods or services including: coin, currency, checks, money orders, credit cards and electronic funds transfers. The college cash handling policy requires each area receiving cash be approved by the college Cashier Office and be certified as a cash collection point. A cash collection point is defined as a department or other entity which handles cash on a regular basis. Although departments and other entities with casual collections of cash are not recognized as cash collection points, they must, wherever possible, follow the same cash handling policies and procedures that apply to the cash collection points. Casual collections include but are not limited to the following: receipt of gifts and non-recurring fees and sales. Required policies for cash collection points include the following:

- Accounting for cash as it is received.
- Adequate separation of duties.
- Adequate safeguards for handling and storing cash.
- Approval of any voided cash receipts.
- Prompt delivery of cash to the college's Cashier Office for transporting by security to the bank. Time for delivery of cash not to exceed 5 business days.
- Delivery of cash documentation to the college Cashier Office for reconciliation of deposit documentation to the statements of account.

The use of checking or other bank accounts by college personnel for depositing college cash is prohibited. Periodic reviews of cash handling procedures will be conducted by the college Cashier Office and are always subject to audit by internal audit and external audit or review firms. Departments not complying with approved procedures may lose the privilege to serve as a cash collection point.

Departments requesting wire transfers to a college bank account must notify the college Cashier Office in advance of each expected transfer and provide the amount, department number, and general ledger account number to be credited.

## Who Should Know This Policy

Any official or administrator with responsibilities for managing college cash receipts should know this policy. Those employees who are entrusted with the receipt, deposit and reconciliation of cash for college related activities also need to know this policy.

## Responsibilities

Department Chairperson - Submit a request to establish a new cash collection point.

Cash Collection Point Supervisor - Design an adequate separation of duties in cash handling. Develop a method of accounting for cash as it is received. Provide adequate safeguards for storing cash. Establish procedures for promptly depositing cash receipts directly at the bank or delivering the cash receipts to the college Cashier Office. Reconcile validated deposit forms to the supporting documentation and to the general ledger (statements of account). Approve any voided cash receipts. Inform the Cashier Office of any changes in cash handling procedures or changes in personnel involved with the cash collection point.

Cash Collection Point Cashiers - Conduct cash transactions with customers. Endorse all checks immediately upon receipt with a restrictive endorsement. Count the cash, prepare/collect any supporting documentation (cash register tapes, deposit recap, etc.), and have deposit checked and signed off by another cash collection point cashier.

Deposit Preparer - Count the cash receipts, prepare the deposit, submit all appropriate accounting information to the Lee College Business Office, and have the deposit delivered directly to the bank by an authorized Lee College Security Officer. Store the cash in a locked safe or other secure place until it is deposited.

Cashier Office Personnel - Answer questions relating to the depositing of cash, review and approve the establishment of new cash collection points, conduct periodic reviews of existing cash collection points, and advise departments on cash handling policies and procedures. Cashier Office contacts are located in Rundell Hall Room 110.

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## PROCEDURE

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### Establishing New Cash Collection Points

All new cash collection points must be reviewed and approved by the college Cashier Office before collection begins. Departments or other entities wishing to become cash collection points must submit a request to the college Cashier Office. The request must include the following:

- Reason(s) why a cash collection point is needed.
- A list of persons involved with the cash collection point and a description of their duties.
- Whether there is a need for a cash advance for making change.
- A description of the reconciliation process, including frequency of reconciliation.
- A description of the security for safeguarding cash until it is deposited.
- Information on how often cash deposits will be made.

### Receipt, Deposit and Reconciliation of Cash Collected

#### A. Separation of Duties

- Proper internal control requires that different individuals be responsible for handling each aspect of the cash receipt procedure. The individual that receives the cash cannot prepare the deposit and the person that prepares the deposit does not do the account reconciliation.
- Persons with the responsibility for maintaining and billing accounts receivable should not be given responsibility for collecting payments.
- Different employees should not work simultaneously out of the same cash drawer and whenever funds are transferred among employees, responsibility should be fixed through some receipting mechanism.
- Separation of duties is required to maintain control over cash handling procedures. It is designed to protect one person from the sole responsibility for all cash handling procedures and serves as a deterrent to fraud or concealment of error.

#### B. Cash Received in Person.

- The cash received must be entered into PeopleSoft and a copy of the receipt given to the customer. If the cash received is not entered into PeopleSoft, then a pre-numbered Lee College small receipt must be utilized and a copy of the receipt given to the customer.
- The cash collection point must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: collecting, depositing and reconciling unless approval has been received from the college Cashier Office.

- All checks must be endorsed immediately with a restrictive endorsement payable to Lee College. A restrictive endorsement occurs when the following text example is placed on the back of the check: "For Deposit Only in the Account of Lee College District".
- All voided transactions are to be approved and initialed by the cash collection point supervisor.
- Checks must not be cashed by cash collection points.
- Refunds and expenditures must be paid by college check or the third party refund company unless other arrangements have been approved by the college Cashier Office.
- The cash received must be reconciled to PeopleSoft or to the pre-numbered receipts at the end of the day or at the end of each shift.
- Only one cashier should be allowed access to a cash register or cash drawer during a single shift.
- Cash must be stored in a safe or other secure place until it is deposited.

### **C. Cash Received Through the Mail**

- The mail is opened and all checks received must be endorsed with a restrictive endorsement. The checks should then be delivered to the college Cashier Office to be entered into PeopleSoft or to have a pre-numbered Lee College small receipt completed.
- Checks received by departments or their faculty and staff from externally sponsored agreements are to be forwarded to the college Cashier Office for deposit. The college Cashier Office is the official college depository for payments received under sponsored agreements.
- The cash must be stored in a safe or other secure place until it is deposited.

### **D. Balancing of Cash Receipts**

- All cash collected must be balanced daily by comparing the total of the cash, checks, credit cards receipts, etc. to the PeopleSoft totals and the pre-numbered small receipt totals.

### **E. Preparation of Deposits**

- Every prepared deposit must be checked and certified by at least one additional cash collection point employee who was not involved with collecting the cash or opening the mail for that specific deposit.
- The deposit should be delivered by security to the bank daily.
- All funds received must be deposited intact. However, checks issued incorrectly may be returned to the payer.

### **F. Reconciliation of Cash Collected**

- This function must be performed by an employee who has no cash handling responsibilities.
- The validated deposit tickets should be reconciled monthly to the statements of account. Proof of reconciliation must be maintained by the college Business Office.

## Counterfeit Currency

All authorized cash handling personnel are responsible for exercising reasonable care in screening cash transactions for counterfeit currency. Reasonable care includes using a counterfeit marking pen and examining the notes carefully. If a questionable bill is received, the department should follow these steps:

1. Do not put yourself in danger.
2. Do not return the bill to the passer, unless passer becomes aggressive.
3. Limit the handling of the bill.
4. Notify your supervisor.
5. Contact Campus Security at ext. 6888.
6. If possible, delay the passer with an excuse until Campus Security arrives.
7. Observe and record the passer's description, their companions' descriptions, and any other identifying information.
8. Contact the Cashier Office Accountant at ext. 6317 who will immediately contact the local U.S. Secret Service Office or Baytown Police Department.
9. Write your initials and date in the white border area of the suspected counterfeit bill.
10. Carefully place the bill in a plastic bag or envelope.
11. Immediately hand deliver the envelope to the Cashier Office
12. Fill out a USSS Counterfeit Note Report
13. Surrender the bill and a copy of the completed USSS Counterfeit Note Report only to a properly IDENTIFIED Secret Service Agent or Baytown Police Officer.

## Petty Cash

### A. Cashier Office Petty Cash

- The Cashier Office maintains a petty cash fund for limited purchases of \$30.00 or less.
  - Use of this fund is not intended to circumvent the purchasing process but is available for emergencies and small purchases.
  - Petty cash is not available for the cashing of personal checks or the holding of post-dated checks or any other similar misuse.
  - Employees are required to sign a petty cash voucher and supply information regarding the purchase as well as account numbers to charge when accessing these funds.
  - Employees will NOT be reimbursed for sales tax paid. A sales tax exemption card is available in the Cashier Office and should be used at the time of the purchase.
  - Original receipts and other required documentation for purchases from petty cash funds must be submitted to the Cashier Office as soon as possible.
  - Only food item(s) purchased for an official Lee College business meeting or function can be reimbursed through petty cash. Food items purchased for retirement parties, birthday parties, baby showers, etc. are not eligible for petty cash reimbursement.

- A petty cash reimbursement request for eligible food items must be accompanied by a copy of the meeting agenda, meeting minutes, or function description, as well as a list of the meeting attendees or a description of who the Lee College function was for.
- Petty Cash reimbursements are not allowed using grant funds.

## **B. Establishing a New Petty Cash Fund**

- Requests for petty cash funds must be submitted in writing with the following:
  - written justification stating the purpose for the petty cash fund
  - amount requested
  - length of time which the funds are needed (seasonal, temporary, permanent)
  - date of request
  - name of the person responsible for the fund (custodian)
- Requests should be sent to the Controller who will authorize the request and submit it to the Cashier Office accountant for disposition.
- The Controller has the right to deny any request due to the nature of the request and /or the need for cash controls.
- A Cashier Office accountant will prepare a check request to disburse the funds.
  - The check will be made payable to “Lee College Petty Cash”.
  - The check will be delivered to the Cashier Office accountant to be cashed and then signed for by the new custodian.
- Replenishment of petty cash funds should be requested on a Petty Cash Reconciliation Form with the necessary supporting documentation attached.
- Unexplained overages should be returned to the Cashier Office for deposit.
- Unexplained shortages should be reported in writing to the Cashier Office for replenishment.

## **C. Outside of Cashier Office Petty Cash**

- Some departments have been authorized to maintain petty cash funds in offices outside the Cashier Office.
  - The Cashier Office requires accountability for these funds including periodic petty cash reconciliation.
  - The requirements for these funds are the same as those for the Cashier Office
    - Petty cash fund is only available for limited purchases of \$30.00 or less.
    - Use of this fund is not intended to circumvent the purchasing process but is available for emergencies and small purchases.
    - Petty cash is not available for the cashing of personal checks or the holding of post-dated checks or any other similar misuse.
    - Employees are required to sign a petty cash voucher and supply information regarding the purchase as well as account numbers to charge when accessing these funds.
    - Employees will NOT be reimbursed for sales tax paid. A sales tax exemption card is available in the Cashier Office and should be used at the time of the purchase.

- Original receipts and other required documentation for purchases from petty cash funds must be submitted to the Cashier Office as soon as possible.
- Only food item(s) purchased for an official Lee College business meeting or function can be reimbursed through petty cash. Food items purchased for retirement parties, birthday parties, baby showers, etc. are not eligible for petty cash reimbursement.
- A petty cash reimbursement request for eligible food items must be accompanied by a copy of the meeting agenda, meeting minutes, or function description, as well as a list of the meeting attendees or a description of who the Lee College function was for.
- Petty Cash reimbursements are not allowed using grant funds.
- If an existing petty cash fund is found to be an insufficient amount during certain periods of peak usage, an increase to the fund may be requested (see **Establishing a New Petty Cash Fund** above).
- Under no circumstances may cash be deducted from a deposit to the Cashier Office to increase petty cash.
- Petty cash funds must be safeguarded and secured in a locked cabinet or safe.
- Each custodian should be prepared to respond to a surprise review of the petty cash funds by either an external auditor or college representative.

#### **D. Change Fund**

- A college fund is maintained by the college Cashier Office to facilitate the cash collections process by providing the changing of currency and coins as needed by other college cash collection points.