

## Cash Collection Procedures

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Effective: July 1, 2011

### Definitions

**Cash Collection Point** – A department or other entity that handles cash and/or checks on a regular basis recognized by the Treasurer's Office and the Associate Vice Chancellor for Finance and Administration as having express permission to do so on behalf of Arkansas State University.

**Cash** – Defined for purposes of this document as coin, currency, checks, and credit card transactions.

**Cash Custodian** – The person or persons designated by the department to receive cash or checks on behalf of the department.

**Cash Transmittal** – A form utilized for the deposit of cash and checks at the ASU Cashier's Office windows.

**Check** – A legal medium of exchange used in place of hard currency that directs a bank to pay money.

**Mail Log** – A spreadsheet for recording cash received through the mail listing the date received, check number, payee, amount, disposition of cash and total of the day's receipts signed by the two people opening the mail and recording the funds received.

**Restrictive Endorsement** – University approved stamp stating "For Deposit Only Arkansas State University". It is acceptable to include the Banner FOAP that will be credited for the check deposit.

**Payee** – The person purchasing the goods or services.

**Post-dated Check** – A check that is dated with a future date.

**Pre-numbered Receipt Book** – An ASU approved official pre-numbered, triplicate paged, book for listing receipts by day, payer, purpose, amount and a signature line to be completed and signed by the designated cashier.

**Separation of Duties** - An internal control concept that requires different people to complete different parts of a task. The main objective is to prevent a single person from defrauding the organization. A secondary purpose is to catch and prevent serious errors from occurring.

## **General Background**

Dr. Robert L. Potts issued a memorandum on July 23, 2009, immediately centralizing all collections of cash and cash equivalents through the Division of Finance and Administration. The Treasurer and the Associate Vice Chancellor for Finance and Administration were given the operational authority to make a determination for exemption from the Chancellor's Cash Memorandum, with appeals being made to the Vice Chancellor for Finance and Administration, and ultimately, the Chancellor.

Strong internal controls for cash collection are necessary to prevent mishandling of state funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash and check handling process. Arkansas State University now requires that areas receiving cash be approved by the Treasurer and Associate Vice Chancellor for Finance and Administration and be designated as cash collection points. Although departments and other entities with casual cash collections are not recognized as cash collection points, they must follow the same cash handling policies and procedures that apply to the cash collection points.

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## **Procedure to Become a Cash Collection Point**

### **Establishing Cash Collection Points**

The Treasurer's Office and the Associate Vice Chancellor for Finance and Administration must authorize all cash collection points annually. The use of checking or other bank accounts by University personnel for depositing University funds is prohibited. The Treasurer's Office will conduct periodic reviews of cash handling procedures. Departments not complying with approved procedures may lose the privilege to serve as a cash collection point.

### **Submission of Formal Request**

Before collection begins, departments desiring status as a cash collection point must submit a request to the Treasurer that will include the following:

- Reason(s) why cash collection point is needed.
- A listing of all positions involved with the cash collection point, a description of their duties.
- An explanation of how segregation of those duties will be maintained.
- A description of the reconciliation process, including frequency of reconciliation.
- A description of the process for safeguarding cash and checks until they are deposited.
- A schedule of how often deposits will be made.

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## Procedures for Cash Collection Points

### List of Procedures Required for the Operation of Cash Collection Points:

- All personnel handling cash and/or checks are required to pass a background check through Human Resource Department, including part-time student workers.
- All cash and/or checks received must be recorded through a cash register when one is available. If a cash register is not available, the customer must be presented with an official University pre-numbered receipt form that has three copies. All numbered receipts must be accounted for, including voided receipts. Approved pre-numbered receipts are available at the Cashier's office for \$18.00. Receipts purchased from another vendor are not acceptable.
- The cash collection point must maintain a clear separation of duties. No individual should have responsibility for more than one of the cash handling components: collecting, depositing and reconciling.
- The funds received must be reconciled to the cash register tapes or to the pre-numbered receipts at the end of the day or shift. Cash must be reconciled separately from checks/credit card payments by comparing actual cash received to the cash total from the cash register tape or to the sum of the cash sales from the manual receipts.
- A cash transmittal report should be prepared listing the cash and checks received with any back up documentation and the canary copies from the receipt book along with a calculator tape of the total of the checks being deposited. The cash transmittal report may be accessed at the Treasurer's Office website: <http://www2.astate.edu/dotAsset/153439.pdf>.
- All checks, cash and credit card receipts must be protected by using a cash register, safe or other secure place until they are deposited. A secure area for processing and safeguarding funds received is to be provided and restricted to authorized personnel.
- Checks must be made payable to Arkansas State University and must be endorsed promptly with a restrictive endorsement stamp payable to Arkansas State University.
- Checks or credit card transactions will not be cashed or written for more than the amount of purchase.
- Cash, checks and the cash transmittal report should be taken to the cashier's window the same date as the receipts for deposit into the departments' university Banner FOAP. In the event that it is impracticable to make the deposit at the cashier's window the same date as the sale, the deposit should be made on the next business day. The cash, checks and back up documentation should be locked up securely for safekeeping in preferably a combination safe.
- All funds must be deposited intact, and not intermingled or substituted with other funds.
- Refunds or expenditures must have express approval of a manager or supervisor and be paid through the appropriate budget with an ASU check.
- The Cashier's Office will issue a receipt of deposit to be used for reconciliation of the supporting documentation to the deposit and to the Banner FOAP by the department.

## **Instructions**

### **Cash or Checks Received in Person**

- A receipt must be issued for each payment received.
- The receipt should be either through a cash register or a manual written receipt using an ASU Official Receipt Book. (See Receipt Book Procedures)
- All checks must be restrictively endorsed immediately.
- All voided transactions are to be approved and initialed by the area supervisor.
- Only one cashier is allowed access to a cash register or cash drawer during a single shift.
- Cash and/or checks must be kept in a safe or secure place until it is deposited.

### **Cash or Checks Received Through the Mail**

- The mail should be picked up and opened with two persons present.
- All checks must be endorsed with a restrictive endorsement stamp.
- All receipts of coin or currency must be listed in a log.
- If the cash is not credited directly into the appropriate college account or receipted through a cash register, a list of the checks, credit card transactions and/or cash should be prepared in duplicate. The list should include the customer's name, amount received, and check number. One copy should be kept by the department preparing and the other should accompany the deposit to the Cashier's Office.
- Cash and checks must be stored in a safe or other secure place until deposited. This includes a locked room with restricted access.
- Unidentified receipts will be deposited to FOAP 110000-317010-554000-0000. All reasonable attempts should be made to identify the correct fund or student account and transfer the funds.

### **Preparation of Deposits**

- Checks must be payable to Arkansas State University.
- Checks must not be postdated.
- Cash must be recorded on the cash transmittal form on a separate line from any checks.
- The appropriate Fund, Organization, Account, and Program (FOAP) codes must be included on the cash transmittal.
- A calculator tape of the checks should be included with the checks bundled together.
- Someone not involved with collecting the cash and/or checks, opening the mail, or reconciling the deposit must prepare the deposit.
- The deposit must be delivered to the Cashier's Office.
- A locking deposit bag is available from the bank for a fee, if needed.

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**Reconciliation Process**

- All funds collected must be balanced daily, by mode of payment, by comparing the total of the cash, checks and credit cards to the cash register totals or to the pre-numbered receipt totals and to the totals of funds received by mail.
- Compare the receipt issued by the Cashier's Office to the supporting documentation (copy of cash transmittal, cash register tape or pre-numbered receipt book) and resolve any discrepancies.
- Compare the receipts to Banner Finance and investigate any differences.
- Reconciliations should be signed and dated by the supervisor or manager reviewing them.

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**Exceptions**

The Treasurer must approve exceptions to these procedures. For example, in cases where there is not enough staff available to maintain complete separation of duties, an alternate process to safeguard University funds must be established and approved by the Treasurer. Requests for exceptions to these procedures must be submitted to the Treasurer in writing.

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**Record Retention**

All cash receipts and related documents must be maintained in accordance with State of Arkansas record retention schedules. This includes cash register tapes, deposit slips, credit card receipts, copies of manual cash receipts, reconciliations, etc.