



Adrian College

CASH HANDLING POLICY

Strong internal controls for cash collection are necessary to prevent mishandling of funds. They are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process.

The Adrian College cash handling policy requires that areas receiving cash be approved by the Business Office as a cash collection point unless they are established by statute (Cashier's Office, Bookstore, Ice Arena). A cash collection point is defined as a department that handles cash on a regular basis. Although departments 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 and must be approved by the Business Office.

"Cash" is defined as coin, currency, checks, money orders, and credit card transactions.

Required procedures for cash collection points include the following:

- Accounting for cash as is it received
- Adequate separation of duties and checks and balances, which includes cash collecting, depositing, reconciling and reporting
- Proper pre-numbered receipts given for all cash received
- Approval of any voided cash receipts by area supervisor
- Deposit of cash promptly at the Cashier's Office
- Reconciliation of validated deposit forms to supporting documentation and to the account statement
- Approval by the Business Office of any changes in cash handling procedures
- Proper safeguarding of cash

The use of checking or other bank accounts by College personnel for depositing College cash is prohibited unless the checking or other bank account has been set up by the Business Office. The Business Office will conduct periodic reviews of cash handling procedures.

Please see the **CASH HANDLING POLICY – (Summer camps/Spirit Packs/Equipment Purchases)** for procedures related to the collection and proper handling of cash where “cash” will be collected for summer camps, ring purchases, etc.

Please see the **ADMISSION AND GATE RECEIPT POLICY** (in process) for procedures related to the collection and proper handling of cash where “cash” will be collected for entrance into sporting events, etc.

Cash Handling Staff

Authorization

Cash may only be handled by a staff member after approval has been granted by a staff member with the appropriate authority to do so, typically the Head of the Department/Group.

- Written notice, signed by the individual granting authorization, must be sent to Business Affairs.
 - The notice will include the name of the staff member being granted authorization to handle cash, their job title, and the reasons for the handling of cash.
- The staff member delegated with the authority to handle cash shall provide a signed written notice acknowledging their understanding of the Cash Handling Procedure, and their obligation to comply with it.

Changes in Staff

If a staff member authorized to handle cash no longer requires that authorization, the onus is on the Head of the Department/Group to update their own records and send written notice of the change to Business Affairs. This includes circumstances where the staff member leaves their position in the cash collection point for another position in the College, or leaves the College.

Equipping a Cash Collection Point

A cash collection point will require equipment for the receipting, secure storage, and subsequent deposit of cash. Note that the equipment required will depend on the nature and volume of transactions that a cash collection point will be processing, and that the cash collection point is required to obtain approval of equipment from Business Affairs.

The potential equipment that a cash collection point may require is:

- Cash register or cash drawer with a lock to restrict access to staff authorized to handle cash for the intraday secure storage of cash
- Computer terminal and relevant software for the timely processing of customer transactions
- Safe or similar storage unit for the overnight secure storage of cash
- Security camera
- Deposit forms and envelopes

Procedures

Storage of Cash

During business hours all cash should be securely stored in a locked cash register, cash drawer, or similar, with access restricted to authorized cash handling staff. For staff security, during business hours the amount of cash securely stored in a locked cash register, cash drawer, or similar, should be monitored. Where necessary, cash should be transferred into a safe or similar for secure storage.

Outside of business hours, all cash should be securely stored in a safe or similar, away from where cash is typically handled.

Safe Combinations

Knowledge of the safe combination should be limited to those who require access to the safe. The safe combination should be changed whenever someone with knowledge of the safe combination leaves their position in the cash collection point for another position in the College, or leaves the College.

Security Services

For some cash collection points it will be deemed appropriate to establish an ongoing security arrangement with Campus Safety, such as installation of a continuously or periodically monitored security camera. The onus is on the Department/Group to contact Business Affairs for approval and assistance in establishing such an arrangement.

Issue of Receipts or Remittance Advice

The receipting system should be logical and comprehensive to allow the customer and cash collection point to retain a full record of a transaction. The receipts issued by the cash collection point should incorporate the following features:

- identify the cash collection point and their contact details
- logically ordered, for example in numerical order
- copy to allow customer and cash collection point to retain a copy
- record salient features of the transaction, including:
 - date of the transaction
 - nature of the transaction
 - amount
 - breakdown of goods and sales tax, if applicable

A receipt should be issued to the customer by the cash collection point immediately upon receipt of cash and a copy of the receipt should be retained and filed by the cash collection point.

Due Diligence

Cash handlers must exercise due diligence when receipting cash to ensure that the customer provides the full amount of payment required and payment method is legal tender.

Authorized cash handlers must exercise due diligence to ensure that no counterfeit currency is accepted. If any counterfeit currency is encountered the details must be immediately reported to Campus Safety and Business Affairs.

Currency should be counted in front of the customer twice, to help prevent any misunderstanding over the amount of cash that the customer has presented to the cashier.

Credit Card Transactions

The Payment Card Industry (PCI) has created requirements for protecting payment card information, including information in computers which process and store credit card and other payment card information. These requirements became effective June 30, 2005. Adrian College must adhere to these standards to limit its liability and continue to process payments using payment cards.

Any department/group engaged in any form of payment card processing (e.g., POS/swipe or e-commerce) must have the approval of the Vice President of Business Affairs prior to engaging in commerce activity. **No College department may enter into any contracts or otherwise arrange for payment transaction processing, or obtain any related equipment, software or services without the involvement and approval of the Office of Business Affairs.**

All payment activity must be established within the Business Office with receipts being deposited into designated Adrian College bank accounts.

At this time, the use of wireless or cellular technology for payment card processing is prohibited (Square, Innerfence, etc.). Any wireless capable laptop used in the processing environment **MUST** have the wireless radio disabled while in use within the department processing environment. The use of mobile devices, other than a wired laptop, for payment card processing is prohibited. Departmental staff members are prohibited from using Remote Desktop Protocol (RDP) or any Terminal Services application to remote into their campus workstation from another computer to complete a payment card transaction. All terminal services must be disabled while the workstation is in used within the payment card processing environment.

Authorized cash handlers must exercise due care to ensure that the cardholder is the rightful owner of the credit card, typically by verifying the cardholder's signature against that on the credit card and that the credit card is active by checking the expiration date printed on the credit card.

Checks

Authorized cash handlers must exercise due diligence to ensure that a check:

- is made out to "Adrian College"
- is supported by suitable identification such as a current student identification card, driver license, or passport
- has not been postdated

Record Keeping

Daily Record Keeping

The cash collection point should create a formal record of cash handling transactions at the close of each business day. This is typically referred to as a “daily balance”.

Daily Balance

The daily balance must contain information on the following:

- the total physical cash received
- the total physical cash distributed
- a breakdown of the modes of cash received
- a reconciliation of physical cash received and distributed against the receipting system, regardless of whether that system is manual or automated
- a breakdown of any difference between the physical cash balance against the cashier system cash balance (referred to as a “cash overage” or “cash shortage”)
- an explanation of any difference between the physical cash balance against the system cash balance

Cash Overages or Shortages

As a result of the daily record keeping, a cash overage or shortage may be identified. If so, the following procedures must be followed by the manager of the cash collection point:

- disclose the amount and reason for the cash surplus to Business Affairs and deposit the overage with the Business Office for safekeeping
- disclose the amount and reason for the cash shortage to Business Affairs
- disclose the details of any attempts that have been made to recover the cash to Business Affairs. This is especially relevant in circumstances where a customer can be identified as having short paid

In the event of a difference between the physical cash balance and the system cash balance, the cash collection point should determine whether it is indicative of any material weakness in their cash handling procedures. If so, the procedure should be amended to eliminate the weakness.

Misappropriation, Theft, or Loss of Cash

A manager of a cash collection point should disclose details of any misappropriation, theft, or loss of cash to Business Affairs immediately. If appropriate, Business Affairs will inform Campus Safety and the Director of Human Resources of the misappropriation, theft, or loss of cash immediately, and will coordinate an investigation of the incident. In the event of a misappropriation, theft, or loss of cash, the cash collection point should determine whether it is indicative of any material weakness in their cash handling procedures. If so, the procedure must be amended to eliminate the weakness.

Deposit of Cash

Bank Accounts

Cash received on behalf of the College may only be deposited into College bank accounts via the Cashier's Office. Deposit of College cash into any other bank account is prohibited and deemed as serious misconduct for the purpose of staff performance. If there is any confusion about which bank account is the most appropriate for the cash to be deposited into, the Business Office should be contacted for advice.

Preparation of Cash for Bank Deposit

To preserve the policy of segregation of duties, cash for deposit the Cashier's Office should be prepared by a staff member not involved with the receipting or distribution of cash. Where this is not possible, cash deposits should be prepared under dual control. Also:

- The cash for deposit must be accompanied with logical documentation recording date and amount details.
- Where a cash handling site is established temporarily on or off Campus, cash must be deposited as soon as possible after the event.
- The Cashier's Office is the only cash collection point with authorization to deposit cash directly with the Bank:
 - records of the deposit must be retained

Transportation of Cash

Care and caution must be exercised when cash deposits are being transported to or from the Business Office or the Bank.

- Transportation of deposits should not conform to any regular time. Wherever possible such transportation should be irregular, subject to change without notice, and specific details should only be known by a select few
- Deposits containing checks and credit card transactions may be sent to the Cashier's Office via the College interoffice mail system
- Deposits containing currency should never be sent to the Cashier's Office via the College interoffice mail system
- The details of cash transported to the cash collection point should be recorded into a log immediately on arrival
- The details of cash transported from the cash collection point should be recorded into a log prior to departure

Misconduct

The following are examples of prohibited activities. Occurrences should be treated as serious misconduct:

- theft of cash
- borrowing cash for personal use
- deposit of College cash into a bank account other than a designated College bank account
- alterations to cash records

Contact

Nicole Megale
Controller
x. 3850
nmegale@adrian.edu

David Drews
Asst. VP of Business Affairs
x. 3539
ddrews@adrian.edu