



## CASH HANDLING PROCEDURE

**Policy Number: 3.5001**

**Subject Area: Business Services and Finances**

**Adopted: 05/19/2014**

**Revised: 05/19/2014**

### OBJECTIVE

The purpose of this policy is to establish proper cash handling procedures for the protection and security of College assets. The policy also serves to protect employees responsible for receiving, handling, and safeguarding cash.

What is Cash? Cash includes but is not limited to:

- Currency
- Checks
- Credit/Debit Cards
- Electronic Funds
- Money Orders
- Meal Cards

### INTERNAL CONTROLS

Cash requires clear accountability. A department must be authorized by the Business Office before engaging in any business activities, including cash handling. These internal controls must be followed when handling cash:

**Timeliness** - All cash items collected for the College from any source must be deposited daily with the Cashiers for amounts greater than \$200 and weekly at a minimum for amounts \$200 or less.

**Receiving Checks** - All checks must be payable to Kaskaskia College and may be accepted only in the amount of purchase. Employees may cash personal checks for up to \$25 with the cashiers, providing that funds are available. Otherwise, personal or outside checks may not be cashed for any reason.

**Responsibility to Safeguard Personal Financial Information** – The department must ensure the security and confidentiality of customer personal financial information.

**Documentation** – There are many different departments and groups who handle cash, therefore each department must establish written procedures describing its cash handling practices, such as identification of the custodian, format of tracking cash receipts, deposit frequency, etc.

**Cash Handling Responsibility** – The cash handling responsibility is to be assigned to a single individual who serves as the custodian (as defined below). Records must be maintained to indicate who the custodian is. The use of checking accounts outside of the College is prohibited.

**Separation of Duties** - It is critical that the responsibility for the physical security of assets is separate from the responsibility for related record keeping. There must be a separation of duties between staff responsible for receiving and depositing cash versus the staff responsible for the accounting records.

**Recording Cash Received** – A system must be in place to record the receipt of cash at the time it is received. An official receipt shall be issued to payers for all payments received to aid in proper cash handling.

**Balancing** – Cash receipts are to be balanced daily to the sales records.

**Cash Security** – Cash shall be physically protected from loss at all times and shall not be commingled with any other funds. Under no circumstances may an individual keep College cash with their own personal funds, deposit College funds in a personal bank account or take College funds to one's home for safekeeping. Any thefts must be immediately reported to Security and the Business Office.

**Routine Reconciliation** – Routine reconciliation is required monthly at a minimum to ensure that all cash sales are recorded properly.

**Expenses shall not be paid out of cash funds under any circumstances.** The Business Office is available for consultation and review of departmental procedures and cash handling practices. The Business Office also reserves the right to conduct an audit of cash funds at any time.

## CHANGE FUND ESTABLISHMENT & MANAGEMENT

This section addresses how to establish a change fund. Once the fund is established, the internal controls listed above will apply to the fund.

### Definitions

Change Fund- a petty cash fund used for change-making operations. This fund is for making change only. Expenses shall **NOT** be paid out of this fund.

Custodian- a person who has ultimate responsibility for the change fund per the Business Office's written records

Establishment - Establishment of a change fund or increases to an existing fund may be requested from the Business Office using the "Change Fund Request Form" found on CampusNet. The request shall include the following:

- Name of custodian who will be responsible for safeguarding and managing cash
- Name and department account number of the group that will be using the fund
- Amount of request
- Purpose of fund
- Security procedures to safeguarding cash
- Specific location of fund- building and room number

A check request is also required and shall be filled out in the usual manner. If approved, the Business Office will process the request, which will normally require 7-10 business days. The custodian will pick up the cash in the Business Office; sign a receipt for the funds, and a copy of the cash policy. A change fund must be used only for the purpose for which it was established.

### Change of Custodian

The Business Office must be notified when a new individual becomes custodian of an existing change fund on a temporary or permanent basis. **Unauthorized** transfer of custody between employees is not permitted.

### Closeout

When the fund is no longer needed, the Business Office must be notified and the fund must be turned in to the Business Office for further proceedings.

## STUDENT CLUBS

See the Student Organization Handbook for student club cash handling procedures.

Approval history: Replaces Cash Handling Procedure 4.155 approved May 19, 2014