

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

CASH AND CHECKS HANDLING POLICY

SUBJECT: Cash and Checks Handling Policy

REFERENCE: ICSUAM 06201.00 - Sensitive Positions and Cash Handling
ICSUAM 06202.00 - Segregation of Cash Handling Duties
ICSUAM 06330.00 Security of Cash & Cash Equivalents
USU Petty Cash/Cash Advance Policy

POLICY

The Associate Director, Accounting & Finance/designee shall ensure the physical security of cash and cash equivalents, maximize the use of funds, accurately record receipts, ensure the reliability of financial data, and authorize employees to handle incoming cash and cash equivalents.

DEFINITIONS

For purposes of this policy, terms are defined as follows.

A. Cash – Currency and coin are the most liquid of assets and must immediately and at all times be protected against loss.

B. Cash Equivalents

- **Cashier's Check** – Any check which is drawn on a depository institution, signed by an officer or employee of such depository institution; and is a direct obligation of the depository institution.
- **Certified Check** – Any check certified by a depository institution as to; the signature on the check being genuine; and the depository institution having set aside funds which are equal to the amount of the check; and will be used only to pay that check.
- **Checks** – Negotiable demand draft drawn on or payable through an office of a depository institution that is a qualified member of the Federal Reserve System.
- **Money Order** – Financial instruments issued by a bank or other financial institution allowing the individual named on the order to receive a specified amount of cash on demand.
- **Traveler's Check** – Preprinted, fixed-amount checks designed to allow the person signing to make an unconditional payment to someone else as a result of having paid the issuer (usually a bank) for that privilege.

- **Gift Cards** – includes physical gift cards, E-Gift Cards, movie passes, theme park passes, and event tickets.

C. Cash Handling Units

- **Main Cashier Office** – This primary cash handling unit has the responsibility to collect, control, and maintain records for USU cash and cash equivalents. Collections are deposited directly to an approved depository bank account.
 - The USU's Main Cashier Office is located in the Accounting & Finance Department.
- **Satellite Cash Department** – Department which performs minimal cashiering activities. For example, petty cash fund intended for minor departmental business expenses. Collections are deposited with the Main Cashier Office.
 - Satellite Cashier Department locations are the USU Reservations and Events Services, Student Recreation Center (Membership Services & Intramurals/Games Room), and the Oasis Wellness Center.

D. Excess Cash – Currency and coin in surplus of the authorized cash limit amount in the cash register or lockable receptacle/vault/safe.

E. Cash Receipt – A written acknowledgment for a sum of cash that has been received; the paper that provides the audit trail (e.g., cancelled check, electronic receipt, or pre-numbered receipt).

F. Sensitive Position – Positions designated by the CSU as requiring heightened scrutiny of individuals holding the position based on an increased risk of financial loss to the USU.

G. Security Systems – Controls to prevent unauthorized access and physical protection for employees, cash, and cash equivalents (e.g., alarms, panic buttons, motion detectors, security cameras, and software).

Recommended for Approval by the Finance Committee on March 12, 2021.

Approved by the University Student Union Board of Directors on March 22, 2021.

Cash and Checks Handling Procedures

ACCOUNTABILITY & SAFEKEEPING

- A. The Associate Director, Accounting & Finance/designee is responsible for the USU's cash and cash equivalents handling activities in accordance with the guidelines outlined in this document.
- B. The Accounting Supervisor is responsible for training designated employees in the Main Cashier Office in cash handling policies and procedures. Responsible individuals in the Satellite Cashier Departments are responsible for training designated employees in their respective areas.

To ensure employee accountability, the employees in the Main Cashier Office and Satellite Cashier Departments must know who has authorization to access cash and cash equivalents, why they have access, where cash and cash equivalents are at all times, and what has occurred from beginning to the end of the handling transaction cycle.

C. Segregation of Duties

The USU is responsible for establishing procedures that ensure that no single individual is responsible for the collection, handling, depositing and accounting for cash and cash equivalents received by the unit. At least two authorized individuals must be assigned to carry out key duties of the handling process.

D. Physical Security and Data Transmission Security

The USU is responsible for establishing procedures ensuring that at all times:

- a. Cash and cash equivalents in the custody of the Cash Handling Unit are protected from theft or loss.
- b. Technology resources involved in processing cash and cash equivalents (i.e. hardware and confidential personal information) are protected from loss, corruption, cyber threat, or compromise of confidentiality.

E. Reconciliation of Accounts

The USU is responsible for establishing procedures to ensure that:

- a. Cash and cash equivalents collected and reported as deposited are deposited to an approved depository bank account.
- b. General ledger recordings/transactions are accurate.

F. Safekeeping of Funds

Cash and cash equivalents should be physically protected through the use of security systems, lockable receptacles, vaults, or safes. It is the responsibility of each USU department to ensure that proper measures are in place to properly safeguard cash and employees in their area.

G. Managing Bank Accounts

The use of personal banking or any other non-authorized bank accounts by USU employees for the depositing of and/or safekeeping of USU funds is strictly prohibited. Accounting & Finance is responsible for establishing all USU banking arrangements.

H. Cash Handling Location

The establishment of any Cash Handling Unit must be approved by the Associate Director, Accounting & Finance/designee.

I. Cash Handling Employees

Each Cash Handling Unit head must determine that all authorized employees with direct cash handling duties, including temporary, casual, and student employees, have characteristics to accept responsibility and accountability. If electronic systems are used, a unique user login ID and password must be provided to each employee.

Employees assigned cash handling duties shall be trained and accept their responsibilities upon initial employment and at least annually thereafter. Attendance at training sessions will be documented with sign-in sheets to ensure employee accountability.

J. Handling Cash & Cash Equivalents

Cash and cash equivalents must be protected against loss upon receipt and at all points thereafter. It is important that employees immediately establish a record of receipt. An official USU cash receipt shall be recorded for each transaction and a copy be provided to payers.

Excess cash must be removed from the cash register drawer during the business day and transferred to a secure lockable receptacle or vault. Excess cash limit is defined by each Cash Handling Unit head. At the close of business, all cash must be secured per the physical security section.

Cash equivalents (e.g., checks drawn on U.S. banks and issued in U.S. dollar values) must be payable to the "University Student Union". Checks without a payee written on the check must be appropriately safeguarded and returned to the presenter no later than 30 days after receipt in order to reissue the check with the University Student Union as the payee.

Cash Handling Units may only accept and record cash equivalents under the following criteria:

- a. Dating no earlier than 180 days prior to the date of acceptance (unless a shorter time period is clearly marked on the face of the instrument) and no later than the date of acceptance.
- b. Legible and consistent amount, both numeric and written.

- c. Proper account holder signature.
- d. Cash equivalents stamped or otherwise identified as “Payable/Paid in Full” are not to be accepted and must be appropriately safeguarded and returned to the presenter no later than 30 days after receipt in order to reissue the check with the University Student Union without the Payable/Paid in Full language stamped on the check.
- e. The Payee section of the check cannot be blank.
- f. Post-dated cash equivalents are not to be accepted.

Reductions of cash and cash equivalents must have supporting documentation. Approval in writing by the Cash Handling Unit head is required at the time of occurrence when practical, but no later than close of business on the day of occurrence. Voided receipts must be retained.

K. Depositing Cash and Checks

Cash Handling Units that accept cash equivalents must be provided with an official USU endorsement stamp, or its mechanical equivalent. Immediately upon receipt, cash equivalents must be restrictively endorsed (endorsement stamp or its mechanical equivalent) with the phrase "For Deposit Only".

The Main Cashier shall deposit at the bank no later than the next business day of receipt. *Checks may be deposited on a less frequent basis if the government mandates restricted access to campus due to pandemic, natural disaster, or another declared emergency.*

Cash and/or cash equivalents are to be deposited, either physically and/or electronically. All other Cash Handling Units must deposit to the Main Cashier in a timely manner, and at least within five (5) business days of receipt.

Cash Handling Units shall deposit to the Main Cashier whenever excess cash exceeds \$1,000.

Receipt of cash and cash equivalents should be verified, processed, and documented conjointly by at least two (2) employees before a bank deposit is finalized.

L. Counterfeit Currency

Cash Handling Units are responsible for exercising reasonable care in screening cash transactions for counterfeit currency. If a questionable bill is received, the unit should retain possession of the bill and contact campus police immediately if the denomination of the bill exceeds \$20.00.

M. Foreign Cash

USU Cash Handling Units shall accept only U.S. currency. The USU shall not accept foreign currency.

N. Foreign Checks

Any check not drawn on a U.S. bank or which does not have a U.S. clearing bank listed on the

face of the check shall be considered a foreign check, even if the check is payable in U.S. funds. Checks drawn on foreign bank accounts are not acceptable at their face value and must be sent to the depository bank for collection. Foreign checks must be sent to the depository bank for collection within 30 days after receipt.

O. Lost Cash Receipts

If the original receipt is lost, destroyed, or otherwise unavailable, procedures may authorize substitution of a duplicate receipt that contains all of the elements of the original receipt and is clearly marked “duplicate, “copy”, or some other designation that this item is not the original document.

PHYSICAL SECURITY

A. Security

The USU must establish procedures to ensure the safety of cash and cash equivalents. Cash and cash equivalents shall be physically secured through the use of security systems, lockable receptacles, vaults, or safes. Generally, any amount of cash that exceeds \$1,000 must be maintained in a vault or safe. Amounts under \$1,000 should be maintained in a lockable receptacle.

B. Physical Security Standards

The following physical security standards shall be maintained for the protection of cash and cash equivalents:

- Up to \$1,000 in a lockable receptacle.
- \$1,001 to \$2,500 in a safe.
- \$2,501 to \$25,000 in a steel-door safe, with a door thickness of not less than one-inch thickness of not less than one-half inch.

If more than \$2,500 in cash and cash equivalents are regularly on hand, a manual Security System or other appropriate measure must be installed for use during business hours to alert campus police or local law enforcement in the event of a robbery or other irregularity.

C. Transportation Standards

Transportation of deposits must always be a high priority and should not conform to any regular schedule. Transporting deposits between Cash Handling Units or to the bank will be accomplished in a secure manner to protect the cash and cash equivalents involved.

- Only the Main Cashier Office is authorized to transport CSUN Payable checks to Campus Cash Services.
- The transport of cash to Campus Cash Services is prohibited unless escorted by campus police.
- The transit of cash to the bank is required to be transported by an armored courier service.

OPERATIONAL CONTROLS

- A.** These controls are intended to provide a framework and the major control points. The procedures must ensure that proper internal controls are established to safeguard employees and assets, or define mitigating controls as approved by the Associate Director, Accounting & Finance/designee.
- a. Employees assigned cash and cash equivalent related duties shall be trained and must accept their responsibilities.
 - b. Supervision of cash and cash equivalent activities shall be strictly and continually administered.
 - c. Access to the Main Cashier and Department Cashier Units shall be limited to authorized employees.
 - d. The accessibility to funds and fund records shall be restricted to authorized employees and shall be administratively controlled.
 - e. Payments should be input into an electronic device, such as a cash register or computer terminal, or tracked manually to ensure that all payments are fully documented, and there is an indisputable audit trail, which include employee identifiers.
 - f. Sequential numbered forms shall be used to document cash related transactions to enhance reconciliation and accountability.
 - g. Cash and cash equivalent related transactions shall be recorded promptly during each step of the cash handling function.
 - h. Change in custody of cash must be documented (e.g. a receipt acknowledging the transfer that is signed and dated by both parties) when the responsibility transfers from one custodian to another custodian.
 - i. Documents used in cash related transactions shall be safeguarded against reuse, tampering, or unauthorized disposal.
 - j. A record of overages and shortages shall be maintained.
 - k. The approval of adjustments to cash and cash equivalent related transactions shall be administratively controlled.
 - l. Cash and cash equivalent related accounts shall be frequently reviewed and reconciled with subsidiary records.
 - m. Cash equivalents received either in person or by mail shall be endorsed upon receipt and safeguarded until deposit is accomplished.

- n. Cash held outside the Cash Handling Unit shall be maintained at the minimum amount.
- o. Ensure the safety of employees transporting deposits between Cash Handling Units or to the bank.
- p. Cash Handling Unit shall have a back-up procedure in case of absence of key employees.
- q. Safe and/or vault combinations and keys to cash registers and receptacles shall be given to authorized employees.
- r. Current documentation must be maintained showing authorized employees who have access to combinations and/or keys.
- s. Combinations must be changed when an employee leaves the Cash Handling Unit or on a three-year cycle and documented.
- t. Unidentified checks shall be immediately deposited and recorded as 'un-cleared'. The Cash Handling Unit shall put forth a reasonable effort to verify who is the sender of the check in order to determine if the check should be returned to the sender or remain in the USU's bank account.