

Cash Handling



Extension Business Operations

Chris Shotwell, Assistant Director for Extension Business Operations

Tina Ward, College Business Analyst

Ty Back, Fiscal Compliance Officer (EKY)

Jeremy Teal, Fiscal Compliance Officer (WKY)

Topics

- General Cash Handling Guidelines
- Receiving
- Recording
- Safeguarding
- Depositing
- Reconciling
- Common Issues
- Best Practices

General Cash Handling Guidelines

- Pertinent Policies

- Kentucky Revised Statutes
 - KRS 164A.550-164A.630 Financial Mgt Institutions of Higher Ed
 - KRS 45 Budget and Financial Information
 - KRS 45A Kentucky Model Procurement Code
 - KRS 514.070 Kentucky Criminal Code
- UK Ethical Principles and Code of Conduct
 - <http://www.uky.edu/Legal/ethicscode.htm>
- UK Business Procedures Manual
 - E-2-1 – Treasury Operations Manual
 - <http://www.uky.edu/EVPFA/Controller/files/BPM/E-2-1.pdf>
- Written Departmental Policies & Procedures

General Cash Handling Guidelines

- Policies are intended to protect:

– All cash receipts



– All employees involved with cash handling



General Cash Handling Guidelines

- What is considered “cash”?
 - US coins and currency
 - Cash equivalents
 - Checks
 - Credit card sales
 - Electronic funds transfer (e.g. ACH, wire transfer)
 - Foreign funds

General Cash Handling Guidelines

- Types of income received in county offices:
 - Tax revenues
 - Sales of goods or services
 - User fees
 - Gifts
 - Grants
 - Interest
 - Reimbursements
 - Other revenues

General Cash Handling Guidelines

- Modes of receipt:
 - Over the counter (in-office)
 - Outside events
 - Mailed payments
 - Electronic funds transfer

General Cash Handling Guidelines

- According to UK policies, each cash handling unit of the University is to institute controls and procedures to ensure the physical security of cash, maximize the use of cash funds, and accurately record the receipt of cash to ensure the reliability of financial data.

General Cash Handling Guidelines

- **Separation of duties:** Perform functions of receiving cash, voiding transactions, balancing cash, preparing deposits, recording transactions, and reconciling so that no single person has control over the entire process.
- If staffing levels do not allow for proper separation of duties, unit will establish compensating controls to properly perform this function.
 - Two individuals review and verify cash receipts, deposits and records
 - Management review of cash reports
 - Increased supervisory oversight of all cash handling functions

Receiving

- Create a receipt and carbon form for all funds received and give the payer a copy of the receipt.
 - Use computerized point of sale system printed receipts or
 - Use preprinted and pre-numbered receipt forms that can be completed manually.
 - Fill out receipts for mailed payments

Receiving

- Maintain a receipt book for each program area and account.
- Create a receipt (triplicate form) for **all funds** received and handle copies as follows:
 - one copy to **payer** (if present)
 - one copy kept with **deposit documentation**
 - one copy kept in **receipt book**
- Acceptable receipt forms include: computerized point of sale system printed receipts and preprinted/pre-numbered receipt forms.

RECEIPT		No. 123456
DATE _____		
FROM _____	\$ _____	
		_____ DOLLARS
<input type="radio"/> FOR RENT		
<input type="radio"/> FOR _____		
ACCT. _____	<input type="radio"/> CASH	FROM _____ TO _____
PAID _____	<input type="radio"/> CHECK	
DUE _____	<input type="radio"/> MONEY ORDER	
	<input type="radio"/> CREDIT CARD	
		BY _____
		A-2501 T-46820

Receiving

Receipt forms must include:

1. The amount of the payment.
2. The mode of payment (e.g., cash or check).
3. Name of person making payment.
4. Purpose of payment.
5. Date of payment.
6. Sequential number.
7. Account payment is applied to, if applicable.
8. Signature of employee receiving funds for written receipts.

RECEIPT		No. 123456
DATE _____		
FROM _____	\$ <input type="text"/>	
		_____ DOLLARS
<input type="radio"/> FOR RENT		
<input type="radio"/> FOR _____		
ACCT. <input type="text"/>	<input type="radio"/> CASH	FROM _____ TO _____
PAID <input type="text"/>	<input type="radio"/> CHECK	
DUE <input type="text"/>	<input type="radio"/> MONEY ORDER	
	<input type="radio"/> CREDIT CARD	
		BY _____
		A-2501 T-46820

Receiving

- Count cash and balance to the totals of the cash receipts at the end of each day and/or offsite event. Report any difference in the total of the actual receipts and the total of the receipt forms as a shortage or overage on the receipt log.
- Two employees should not work out of the same cash drawer or bankers bag.
- Restrictively endorse checks immediately upon receipt as follows:
 - “For Deposit Only”

Recording

- Record all receipts of cash in accounting system as they are received.
- Receipts should be recorded by someone different than the person who received the cash.
- Receipts should be deposited by someone different than the person who received the cash.

Recording

- All receipts must be entered into accounting system.
- Once funds are ready for deposit, you will enter them as a bank deposit in accounting system.
- All transactions in accounting system should match funds being deposited.
- Once entered the summary should be printed to accompany the deposit.
- Printout should be verified and signed by fiscal contact.

Deposit Summary				
				04/09/2019
Summary of Deposits to 11501 District Board Main Checking Account on 01/14/2019				
CHECK NO.	PMT METHOD	RECEIVED FROM	MEMO	AMOUNT
1234	Check	Jim Smith		2000.00
	Cash	Jane Doe		250.00
				DEPOSIT SUBTOTAL 2250.00
				LESS CASH BACK
				DEPOSIT TOTAL 2250.00

Safeguarding

- Limit access to cash and keep funds secure at all times.
- Restrict access to areas where cash is counted or handled to persons directly involved and restrict visibility by the public in areas where money is handled.
- Never leave cash unattended. If an employee leaves his or her workstation for any reason, regardless of how briefly, appropriately secure cash in a locked place.

Safeguarding

- Keep working funds to a minimum at all times. All other cash must be in a locked safekeeping device.
- Keep all cash in a safekeeping device that cannot be easily removed from the premises.
- Keep safe doors closed during business hours when the safe is in use, and locked when it is not in use. Keep safes locked at all other times.

Safeguarding

- Give safe combinations/keys to a minimum number of employees and only to those whose functions require access.
- When staffing levels permit, to prevent access to secured cash after normal business hours, no one employee should have access to both a key to a door to an office and the safe combination.
- Where staffing levels do not permit this preferred internal control measure, the supervisor must develop a plan and exercise control to maintain the proper level of security over cash.

Safeguarding

- Two people must be present at all openings and closings of safekeeping devices.
- Two people will initial a safe log that documents the safe's opening and closing activity, as well as the contents of the safe at close and open.

Safeguarding

Safekeeping Device Log:

1. Log should be kept with the safekeeping device to record all openings and closings.
2. Log would be referenced in the case of a discrepancy.
3. Two people should be present each time the safekeeping device is accessed.
4. Log should be completed with the following information at each opening: Date; Time; Initials for the two people present at opening; amount entered or removed; and purpose for entry.



Safekeeping Device Log

County _____

Note: When the safekeeping device is accessed, there must be two people present and both must initial the log.

Date	Time	Individual #1 Initials	Individual #2 Initials	Amount (+/-)	Purpose for Entry

Depositing

- Order and use pre-printed deposit slips.
- Prepare a separate deposit slip for each log or transmittal.
- Cash or checks must be summarized on the deposit slip.

Depositing

- Make all deposits as follows:
 - daily, if cash receipts accumulate to \$500, although more than one deposit a day is not required;
 - each time during the week deposits accumulate to \$500 if receipts are less than \$500 per day;
 - on the last working day of the week if cash is on hand; or
 - by the local bank's cut off time on the last working day of the month if cash is on hand in order to ensure that activity is included in the correct accounting period.

Depositing

- Once the deposit is made the final file should include:
 1. Copy of the receipt for each transaction
 2. Copy of associated receipt log
 3. Copy of deposit summary from QBO/accounting system
 4. Copy of deposit slip/transmittal form
 5. Receipt of deposit from the bank

Reconciling

- Conduct periodic reviews of cash activities, including reconciliations, to determine that all systems are functioning as intended and that all applicable policies and procedures are being followed.
- Reconciliation should be completed by someone other than person receiving and/or depositing cash (e.g. fiscal contact)

Reconciling

- Each account should be **reconciled to a bank statement** each month.
- EDB accounts should be reconciled in accounting system.
- Bank statement will provide all cleared transactions for the month.
- Statement will be matched against accounting system entries.

1Wildcat County	
11501 District Board Main Checking Account, Period Ending 11/30/2018	
RECONCILIATION REPORT	
Reconciled on: 01/15/2019	
Reconciled by: Woody Adams	
<i>Any changes made to transactions after this date aren't included in this report.</i>	
Summary	USD
Statement beginning balance.....	1,641,372.53
Checks and payments cleared (1).....	902.40
Deposits and other credits cleared (1).....	0.00
Statement ending balance.....	<u>1,640,470.13</u>
Register balance as of 11/30/2018.....	1,640,470.13
Cleared transactions after 11/30/2018.....	0.00
Uncleared transactions after 11/30/2018.....	40,470.13
Register balance as of 01/15/2019.....	1,600,000.00

Reconciling

- If a transaction has cleared the bank, it will be marked as reconciled.
- If the transaction is not on the statement, it will not be marked.
- Once the account is reconciled the difference will be \$0.00
- **Any unreconciled balance must be researched to clear the discrepancy.**
- Fiscal contact and bookkeeper should **monitor all outstanding items.**

1Wildcat County	
11501 District Board Main Checking Account, Period Ending 11/30/2018	
RECONCILIATION REPORT	
Reconciled on: 01/15/2019	
Reconciled by: Woody Adams	
<i>Any changes made to transactions after this date aren't included in this report.</i>	
Summary	USD
Statement beginning balance.....	1,641,372.53
Checks and payments cleared (1).....	902.40
Deposits and other credits cleared (1).....	0.00
Statement ending balance.....	<u>1,640,470.13</u>
Register balance as of 11/30/2018.....	1,640,470.13
Cleared transactions after 11/30/2018.....	0.00
Uncleared transactions after 11/30/2018.....	40,470.13
Register balance as of 01/15/2019.....	1,600,000.00

Common Issues

- Substandard separation of duties
- Failure to account for cash as it is received
- Deficient receipt book systems
- Unexplained and/or unapproved variances in cash
- Inadequate reconciliation process
- Insufficient monitoring and oversight
- Weak safeguarding practices
- Lack of training, preparation and guidance

Best Practices

- Receiving & Depositing
 - Each person working out of his/her own cash drawer
 - Cash funds counted & documented at open & close.
 - Each cash drawer or change fund secured when not in use
 - Cash balancing completed by 2 persons out of public view
 - Pre-numbered receipts; pre-numbered receipt books
 - Deposit receipts in a timely manner
 - Reconcile cash activity regularly (multiple accountability records)

Best Practices

- Safekeeping Devices:
 - Fire resistant & permanently affixed (e.g. bolted to the floor)
 - Safe under dual control (2 people log on open/close)
 - Each person opening & closing safe signs a log
 - Safe combination is changed periodically
 - Keys are assigned to personnel & not stored in the office.
 - Combinations are not written down or kept in the office.
- Separation of Duties:
 - Cash Handling is not handled by one person from beginning to end.

Questions



The logo consists of the letters 'U' and 'K' in a stylized, blocky font with a double outline. The 'U' is positioned above the 'K'.

Cooperative Extension Service

Extension Business Operations
<http://cafebusinesscenter.ca.uky.edu>