

BEREA COLLEGE Cash Handling Policy	Document No.	FIN032
	Revision Date	3/2018
	Review Date	3/2018
	Next Review Date	3/2019
	Pages	1-7
	Approval:	On File in F/A

1.0 Purpose

To establish sound cash handling practices to ensure efficient utilization of cash in a manner consistent with the overall strategic goals of the College. All areas of the College that handle cash must have a commitment to strong internal controls for cash receipts.

2.0 Policy

A. INTERNAL CONTROLS OVER CASH

Because cash is negotiable, readily spendable, and easily transported, it is important for proper internal controls to be in place to protect this asset.

1. “Cash” includes coin, currency, checks, money orders, and credit card transactions.
2. Access to cash must be limited. Cash should be kept secure at all times (i.e., safes, locked boxes or drawers, closed cash register drawers, etc.)
3. Cash operations must be subject to daily supervisory review and to unannounced “cash counts” by the Office of Financial Affairs. To minimize the potential for mistakes in cash operations and/or misappropriation of cash, cash duties should be separated among employees so that in all instances one person (preferably a supervisor) will check the work performed by another.
4. All cash must be completely and accurately recorded in the financial records of the College. **To ensure this, deposits should be made timely, via the Student Service Center, where transactions will insure credits for cash deposits are recorded.**

B. SEPARATION OF DUTIES

The internal control that most effectively assures the secure handling of cash is separation of duties. Having different people receive cash, prepare deposits, and reconcile the general ledger accounts attains this. The segregation of duties allows each person to serve as a control over the others, catching mistakes and preventing the misappropriation of funds. Where separation of duties is difficult, it is imperative that the supervisor review cash operations each day.

C. GENERAL POLICIES

1. The level of security necessary at each cash handling location depends on the level of risk at that location. For example, the level of risk is generally higher at the Student Service Center (the central cash collections point of the College) than in a department that occasionally receives cash.

To evaluate the level of risk at each location, the following factors should be considered:

- a. Amount of money involved
 - b. Geographic location
 - c. Hours of operation
 - d. Past loss experience
 - e. Number and kinds of employees
2. In general, all cash should be kept in a storage container (safe, chest, cabinet, desk, lockbox) that is equipped with at least one locking device and preferably cannot be easily removed from the premises.
 3. The department head has overall responsibility for ensuring that adequate security is maintained over cash and other assets.
 4. The supervisor of the cash collections area has the responsibility for reviewing and approving voided cash receipts and documenting all actions performed.
 5. Departments receiving cash on behalf of the College are responsible for maintaining security over cash, as well as other property. Proper handling, adequate records, and physical security should be emphasized to each employee having access to or responsibility for cash, merchandise, supplies, or equipment.
 6. If cash is received in person, ring up on a cash register or record on a pre-numbered multiple-copy receipt form. Provide a copy of the receipt to the customer.
 - a. Indicate the type of payment (currency, check, credit card, etc.)
 - b. All checks received by the College should be made payable to Berea College or to Berea College and the respective department (i.e. Berea College Public Safety). Checks related to business of the College should never be made payable to an individual student, staff or faculty member.
 - c. Checks should be restrictively endorsed immediately "**For Deposit Only.**"
 7. If cash is received by mail or phone (i.e., credit card payments), enter the payment immediately into a registration or order system, or cash receipt journal.
 - A. Cash receipts must be deposited at least weekly. Departments with daily sales should submit sales reports and deposits each day.

- a. Deposits should not be sent through campus mail.
- b. Deposits delivered to the Student Service Center will be given a receipt.

B. Deposit all funds received. Do not make refunds, pay expenditures, or create a change fund from cash receipts. Do not hold checks for future processing. Do not use cash receipts to cash checks from employees and customers. (A change fund is money held in an area for the purpose of making change. Change funds should be requested by submitting a “Request for the Establishment of Petty Cash Fund” form as mandated by the Petty Cash and Change Fund Policy.)

D. TRANSPORTING FUNDS

1. Individuals transporting cash should place it in bags that are not obvious cash containers. If carrying large sums of cash, it is recommended that Public Safety be asked to transport. If transport by Public Safety is not possible, an individual should be accompanied by another employee. However, it is not recommended for employees to transport large sums of cash.
2. Public Safety will transport all cash deposits from the Student Service Center to the local depository. Cash is transported in a locked bag. Student Service Center associates and employees of the local depository have keys to the lock. Public Safety does not have access to the contents of the bag.
3. If the level of risk is such that the department head believes there is a need for protection on an ongoing basis, he or she should contact Public Safety.
4. Departments that do not frequently have cash transactions must still ensure that adequate security is provided when transport of cash for deposit at the Student Service Center is made.

E. SAFEKEEPING DEVICES

All cash should be kept in a safekeeping device, either a safe or locked container or drawer.

1. Proper Use Procedures:
 - During business hours, safe doors should be closed and locked at all times, unless there is a need to make change, obtain petty cash for cash drawers, etc.
 - a. All cash drawers and cash registers must be kept locked when not in use. During regular business hours they must be locked when an employee is away from the workstation, regardless of how briefly.
 - b. Cash secured in a safe overnight, over a weekend, or over a long holiday must be kept to a limited, reasonable amount.

c. Personal cash and property cannot be secured on College premises.

2. Minimum Standards for Safekeeping Devices

Safes must be equipped with a combination lock and other safekeeping devices (e.g., chest, cabinet, desk, lockbox) must be equipped with a combination lock or a key.

Transportation containers must incorporate a locking or sealing device that can be unlocked or unsealed only by authorized personnel.

3. Control of Safe Combinations

These procedures must be followed to maximize security over cash:

- a. Safe combinations are to be given to a minimum number of employees and only to those whose functions require access to cash.
- b. Supervisors must personally exercise control to maintain the proper level of security over cash in areas where employees have access to both door keys and safe combinations.
- c. To the extent practicable, combinations are to be memorized and are not to be written down.
- d. The combination should normally be changed when a person with knowledge of the combination leaves the College or is no longer to have access to the safe. However, the maximum value of cash or other valuables stored in the safe and the expenditure required to change the combination, if applicable, may be considered. The combination to the safe in the Student Service Center should always be changed when a person with knowledge of the combination is no longer employed in the Student Service Center or is no longer to have access to the safe for some other reason. In no case should the combination for the safe in the Student Service Center remain unchanged for more than a two year period.
- e. Each department having a combination safe must establish and maintain a record of each person given the combination, dates the combination was changed, and the reason for the change.

F. OPENING SAFES

Safes are to be opened in such a manner that no other person can observe and determine the combination.

G. CASH STORAGE

1. Access to areas where cash is counted or handled must be restricted to persons directly involved. Visibility by the general public must be restricted in areas where large amounts of money are counted.
2. The following opening and closing procedures of cash storage devices should be followed:
 - a. Two persons should be present at all openings and closings of cash storage devices, including the opening and counting of change orders received from the bank.

Where this control procedure cannot be exercised, because there is only one employee, the supervisor of the respective cash handling location must personally exercise control to maintain the proper level of security to minimize potential losses.

- b. Unattended cashier stations must be kept closed and the registers locked, with key removed, even when a cashier closes down for a relief period.
- c. All doors, windows, or other entrances must be securely locked and all alarms turned on during close.

H. OVERNIGHT SAFEKEEPING

Standards for maintaining effective control include: all cash must be counted prior to deposit for safekeeping and again immediately upon their return; records must be kept of all transfer transactions; receipts are required when cash is deposited and when it is recovered.

- a. Only containers that can be locked by key or combination, or are sealed, may be used. Keys and combinations should be restricted to persons responsible for the cash.
- b. All containers used for safekeeping deposits must be labeled in such a way as to be individually distinguishable.
- c. The transportation standards described earlier in this section should be followed when transferring cash for safekeeping.

I. INDIVIDUAL RESPONSIBILITY

Responsibility for handling cash is assigned to individual employees who participate in any cash function and to their supervisors. Any employee who handles cash is absolutely responsible for that cash. A supervisor of any employee who handles cash is responsible for ensuring that proper and reasonable safeguards are followed.

J. CASH REGISTER CONTROLS

Cash register funds must be secured. During business hours, unattended cash registers containing cash must be locked and the key removed. During non-business hours, cash register funds must be secured in a safe.

Each cashier should be assigned his/her own cash drawer.

K. RECONCILING DAILY AND WEEKLY ACTIVITY

1. (Daily Balancing) Balance each deposit by comparing:
 - a. the cash receipt records (cash register tape, pre-numbered receipts, or receipt log totals)
 - b. the completed cash transmittal/deposit
 - c. the validated deposit document (receipt provided to depositor by Student Service Center)
2. (Weekly Balancing) Reconcile the Organization Detail Activity Report (FGRODTA) with the deposit documents.
3. Document unidentified differences or discrepancies.

L. MONITORING THE CASH RECEIPTS PROCESS

Departmental supervisors not directly involved with the cash receipt process have the responsibility to periodically:

1. Review the nature and extent of overages and shortages.
2. Compare actual deposits recorded with expected receipts.
3. Review daily and weekly monthly cash activity reconciliation.
4. Compare the mode of payment at the time the cash was received with the coin/currency and check totals on the deposit document.
5. Evaluate overall internal controls to ensure that reasonable controls exist to safeguard cash, and that employees understand and follow them.
6. Notify the head of the department, administrator or Controller of any deposit or recording of deposits discrepancy that cannot be readily explained and/or corrected.
7. In the event of a loss or theft of funds, immediately contact the Office of Public Safety and Office of Financial Affairs.

M. PRACTICES TO MINIMIZE OR RECONSTRUCT LOSSES

The following practices are essential to minimize or reconstruct losses:

1. All checks received by the College should be made payable to Berea College or to Berea College and the respective department (i.e. Berea College Public Safety). Checks related to business of the College should never be made payable to an individual student, staff or faculty member.
2. All checks should be immediately marked "For Deposit Only."
3. Individuals should keep working funds to an absolute minimum at all times. All other funds should be in a locked device. Excess cash accumulated during the day should be reduced by making a cash deposit each day. (Each department with a change fund should deposit any funds in excess of the amount of the original change fund.)
4. Ensure that proper records are maintained and that entries are made promptly and properly.
5. Ensure that all funds are adequately safeguarded.
6. Conduct periodic reviews of cash activities to determine that all systems are functioning as intended and that all applicable College policies and procedures are being followed.

Each employee involved in cash operations assumes the responsibility for full and true reporting of all funds received.