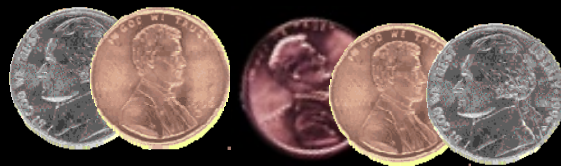




# University of Iowa Cash Handling Training Presentation



# Background

- Cash is handled by approximately 400 units on campus
- Internal Audits – cash handling a common problem at all Regent institutions
- Regents supported our initiative to have state universities jointly develop a training program
  - Sep 2003 began developing training program
  - Mar 2004 begin training of UIHC clinic personnel

# Cash Handling – It's my job

Whether you take in lots of money or.....



.....you collect “pennies”



.....the principles of *good cash handling* are basically the same.

**Segregation of Duties**

**Security**

**Reconciliation**

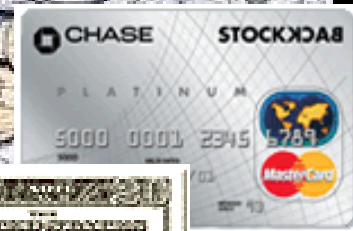
**Management Review**

**Documentation**

# What is included in “Cash Handling” ?

It's not just “cash”. It includes the following:

- Coins
- Currency
- Checks
- Money Orders
- Credit Card Transactions
- Cash Equivalents
  - Accounts receivable charges
  - Tokens
  - Tickets
  - Stamps
  - Gift Cards



*First, lets talk about risk and controls....*

Who or what is at risk?



*The Money*



*You*

**WHY?**

# Risk?

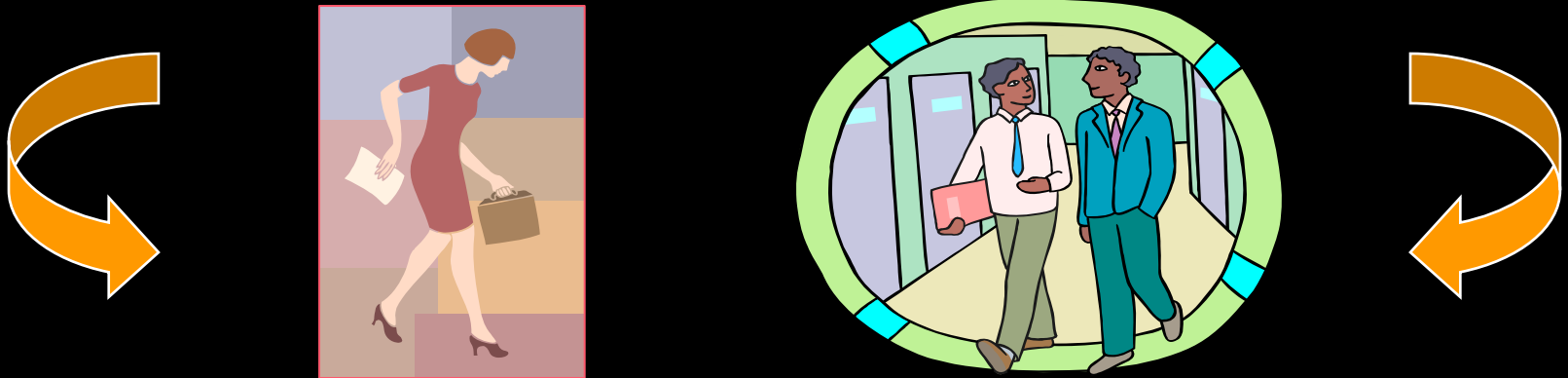


- ❖ Cash is stolen
  - ❖ Cash is lost
  - ❖ Bank Statement doesn't agree with dept records
- 

- ❖ No audit trail
- ❖ Finger pointing/Accusations
- ❖ Lost revenues

# Risk and Controls!!

**Remember – In the cash collecting process, YOU are just as important as the cash.....**



**The controls (rules) that we will discuss are designed to protect both YOU and the cash you are handling.**

# Before cash collection begins..... “The planning checklist”

“Controls”

**Departmental cash handling supervisor develops a plan:**

- ✓ **Is a change fund needed?**
- ✓ **How is cash received? Mail or in person?**
- ✓ **Who is going to collect the cash? Record the cash?**
- ✓ **How is the cash going to be secured?**
- ✓ **Who is going to prepare the deposit? How?**
- ✓ **Deposit at the Bank or Business Office? When?**
- ✓ **Reconciliation? Management Review?**
- ✓ **Who needs training?**



# “Making change”

## ✓ *Is a change fund needed?*

If you are going to make change, then you need a change fund.

○ Complete a Request for Approval of Change Fund or Cash Advance form to request change fund and send to: University Accounting Services, B5 Jessup Hall.

○ Keep amount at bare minimum. Talk with Accounting Services...they will help you determine how much you need.

○ Keep the cash safe! ( More on that later)

○ Every month-end, prepare a reconciliation to be retained in your dept. You may use the form Undeposited Receipts and Cash Advanced by the Business Office as a template. This form does not need to be submitted to Accounting Services.

○ *Never, never make change from your personal cash!*



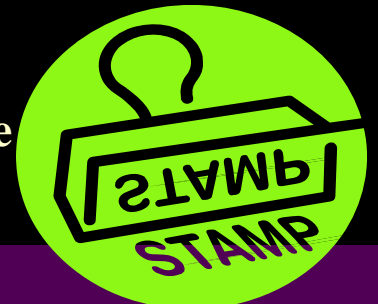
# “Collecting the cash”

- ✓ *How is cash received? Mail or in person?*
- ✓ *Who is going to collect the cash? Record the cash?*

## In person:

- ☆ Enter cash amount on a cash register or prenumbered duplicate receipts.
- ☆ Give one copy of receipt to the customer.
- ☆ **IMMEDIATELY RESTRICTIVELY ENDORSE CHECKS**  
“For deposit Only to the University of Iowa”  
*You can use a stamp with this message or just write it on the back of the check – either works fine.*

Note: it would be helpful to list a dept’l MFK to charge on the back of the check in case of a check being returned.



# “Collecting the cash”

- ✓ *How is cash received? Mail or in person?*
- ✓ *Who is going to collect the cash? Record the cash?*

## In person (continued):

- ☆ Only one person should have access to the cash register, receipts book or cash drawer during any one shift.
- ☆ Total receipts in the cash drawer at the end of each shift.
- ☆ If there is more than one person receiving cash at the same time, each person must have their own cash drawer and cash receipts book.
- ☆ For proper segregation of duties, the person collecting cash can not have any other responsibilities related to cash handling including recording or changing charges on customer accounts.

# “Collecting the cash”

- ✓ *How is cash received? Mail or in person?*
- ✓ *Who is going to collect the cash? Record the cash?*

## By Mail:

- ☆ **One person should open the mail and immediately restrictively endorse each check – remember the endorsement should say “For Deposit Only to the University of Iowa”. Stamping or hand-writing both work.**
- ☆ **Enter each check into an accounts receivable system if you are using one. If not, then prepare a daily list of the checks...**

### *The List*

Receipt #	Payer Name	Date Received	Check Amt.	Received By
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# “Collecting the cash”

- ✓ *How is cash received? Mail or in person?*
- ✓ *Who is going to collect the cash? Record the cash?*

## By Mail (continued):

- ☆ Checks received from externally sponsored agreements should be sent to: Grant Accounting Office, B5 Jessup Hall for deposit. Don't forget to restrictively endorse before sending.
- ☆ Checks intended for other departments should be forwarded to the correct Department. Don't forget to restrictively endorse before sending.

# “Collecting the cash”

- ✓ *How is cash received? Mail or in person?*
- ✓ *Who is going to collect the cash? Record the cash?*

## By Mail (continued):

- ☆ **If you receive a check that doesn't belong to your department and it isn't clear where it belongs, forward it to: University Cashier's Office. Don't forget to restrictively endorse before sending.**
- ☆ **If you receive a check for the Foundation, endorse as follows: “For deposit only, University of Iowa Foundation” and then send or deliver the check to the UI Foundation.**

**“Now that we have collected the \$\$\$\$\$\$, what do we do with it?”**

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- ✓ Secure
- ✓ Balance
- ✓ Deposit
- ✓ Reconcile



*Let's go back to  
Our checklist.....*

# “Securing the cash”

✓ **How is the cash going to be secured?**

## **OVER NIGHT STORAGE**

**Ideally, your department has a safe close to the area where cash is collected....if you do, be sure that all collected cash is kept in the safe until deposited and all till money is kept in the safe when not in use. Access should be limited to supervisory and authorized personnel.**

**It is very important that the safe is located where it is continually visible to department employees.**



# “Securing the cash”

✓ How is the cash going to be secured?



*What if your department does not have a safe for over night cash storage??*

**If your department does not have a safe, then you must have a cash box that can be locked. The cash box must be secured in a drawer to which access is limited to the person collecting the cash and his/her immediate supervisor.**



# “Securing the cash”

✓ **How is the cash going to be secured?**

Whether your department uses a safe or a locked cash box, it is very important to change the

combination on a regular basis, at least once a year and when someone leaves the unit who knows the combination.



If you use keys to access the safe, cash box, or a locked drawer, then make sure that the key is kept in a secure, secret place.

# “Securing the cash”

✓ **How is the cash going to be secured?**

✓ **WHILE IN USE.....**

Each person collecting cash should have their own till when making change is necessary. While in use till money and/or collected cash must be secured in a cash box (preferably not portable). Permanently attach the cash box in a drawer that can be locked and limit access to the drawer to the person responsible for that till. The cash box should remain locked when not in use. When collecting payments in a high traffic area, you may want to consider installing a contact alarm. When activated, this type of alarm will alert you that the drawer or cash box has been opened.



# Balancing



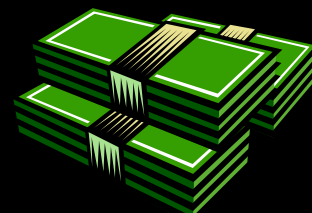
- The daily comparison of unit/dept. records of revenue received with the actual revenue on hand - e.g. amount received per sales record = actual amount of cash, checks and credit card receipts counted.
- Balancer investigates and resolves discrepancies, then initials (or signs) & dates to document balancing.
- Balancer should not deposit or receive cash to maintain proper segregation of duties (can reconcile accounts).

**Review:**



# **Balancing**

**Every day, all cash receipts must be balanced:  
Compare the total cash, checks, credit card  
receipts, etc. to the cash register total, pre-  
numbered receipts, and money received by mail.  
Sign and date.**



**No short-cuts!!!**

# “The Deposit”

✓ **Who is going to prepare the deposit? How?**

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↗ **Deposit must be prepared by someone who didn't collect the cash or open the mail.**

↗ **Hand deliver the deposit to one of the following Business Offices on Campus: University Cashier's Office, College of Dentistry, IMU, UIHC; or a US Bank office at least weekly or when cash on hand is  $\geq$  \$500, whichever comes first.**

↗ **You are strongly encouraged to make these deposits daily even if the cash collection for the day is below the above thresholds.**

# UIHC Deposits

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If you are depositing funds at UIHC, note that the procedure for patient account receipts is different than non-patient receipts:

- **Patient account receipts must** be deposited daily at the UIHC Cashier's Office by 8:00 AM following the day they are received. The Cashier's Office prepares the E-deposit.
- **Non-patient receipts** – deposits can be dropped off at any of the certified campus drop off sites or to a US Bank location. The department must prepare the E-deposit.

Always deliver patient account and non-patient funds in separate bags to the UIHC Cashier's Office.



# “The Deposit”

✓ **Who is going to prepare the deposit? How?**

↗ **Deposit all funds intact.** The entire amount of receipts collected must be deposited so that all receipts are posted as receipts to the unit’s account(s). None of the cash collected in the unit may be used prior to deposit of the cash. For example, the unit can not use \$10 of its cash receipts to purchase postage and then reduce the amount of its cash deposit by the \$10 used. To do so would misrepresent the amount of sales receipts and the amount of expenditures incurred by the unit.

↗ **Submit accounting information within 3 working days of deposit using E-deposit. \*\*\*** It doesn’t matter which comes first - the E-deposit and recording the accounting information or the physical deposit itself. Just remember - get the funds deposited within 3 working of receipt and do the corresponding E-deposit within a reasonable period of time.

# “The Deposit”

✓ Who is going to prepare the deposit? How?

➤ Please go to the following website to learn how to use the University’s E-deposit system:

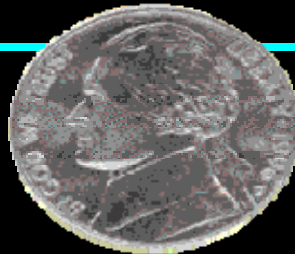
[http://www.uiowa.edu/~cashier/policies\\_procedures/Edeposit.htm](http://www.uiowa.edu/~cashier/policies_procedures/Edeposit.htm)

➤ The following website will help you if you are accepting credit card payments:

<http://www.uiowa.edu/~fustreas/> - click on Credit Card Handling Policies and Procedures

# “Reconciliation”

✓ **Reconciliation! Management Review!**



**Don't ever overlook this step!!**

☞ Reconciliation must be performed by a person with no cash handling responsibilities.

↔ Reconcile the bank-approved deposit ticket to departmental copy after the deposit has been made.

↔ Monthly, bank-approved deposit tickets must be reconciled to the receipts on the departmental statement of accounts.

↔ Maintain proof of these reconciliations with signature.

Review

## Reconciling

- **Verify the processing or recording of transactions to ensure that all transactions are complete, authorized, recorded, & deposited on a timely basis.**
- **Reconciler investigates and resolves discrepancies, then initials (or signs) & dates documentation reconciled.**
- **Reconciler should not receive or deposit cash to maintain proper segregation of duties.**



# Management Responsibilities



- **Establishing an effective internal control system**
- **Delegating responsibility for cash handling duties, maintaining proper segregation of duties**
- **Requiring that staff handling cash be properly trained & follow all procedures of the University's cash handling & depositing policies. This includes ensuring that staff meet the Staff Certification of Individuals requirements covered at the end of this presentation.**
- **Reviewing receipts and reconciliations on a regular basis, then initial (or sign) & date documentation reviewed**

# “Management Review”

Review

- No matter who is collecting, depositing, and reconciling, Management is ultimately accountable.
- It is management’s responsibility to regularly review the reconciliation process to assure timeliness, accuracy and resolution of all outstanding issues.



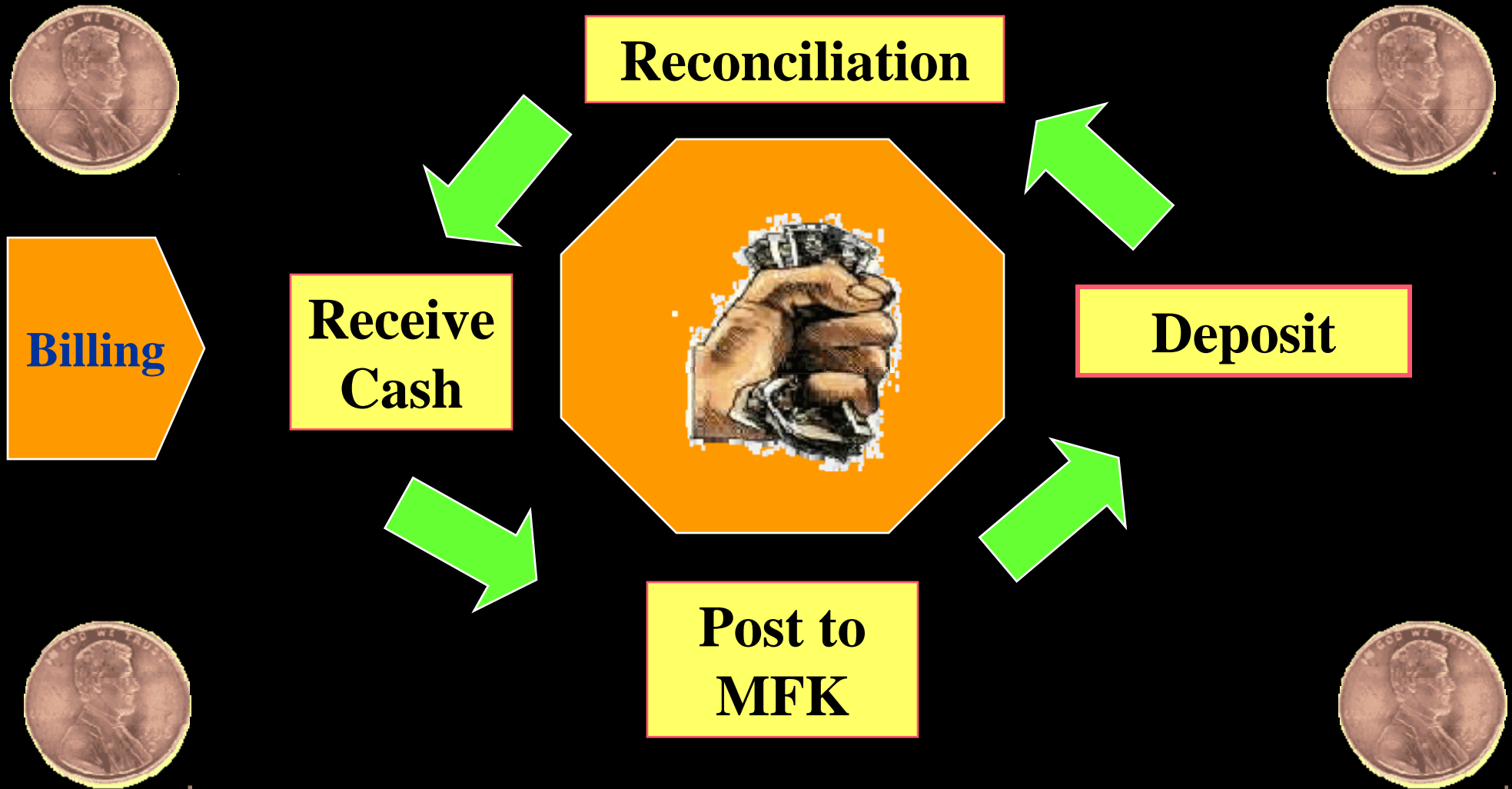
## Segregation of Duties

This is the most important control in the cash collection process, and often, the most difficult to manage. A different person should be involved in each step: recording of charges/billing, cash receipting, cash depositing, and reconciliation.

Let's talk about how to manage segregation of duties.....



# Model – Segregation of the Duties related to cash handling



# Segregating Duties

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**We want to see a different person doing each of the procedures!  
This is the best way to ensure that the process works well.**

=====  
**What if you don't have 3 or 4 people to bill, collect, deposit and reconcile?**

=====  
**Even in a small department, billing should be done by someone who has no other responsibility in the cash handling process. Contact the University Cashier, Marty Miller, at 335-0067 or [marty-miller@uiowa.edu](mailto:marty-miller@uiowa.edu), to discuss billing for your department if you don't have enough staff for proper segregation of duties.**

# Segregating Duties

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If you don't think that you have enough people to segregate the collecting, depositing and reconciling functions, then you will have to develop "mitigating controls".

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**Is there a way to share responsibilities with another department? This is often the answer. You reconcile their accounts; they reconcile your accounts. This works well in many departments across the University.**

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**If the segregation of duties is a problem for your department, please contact: University Accounting Services, UIHC Finance and Accounting Services, or Internal Audit.**

# Keeping Records - Record Retention

University policy says that the following documents must be kept in the department for the current year plus three more:

- ❖ Cash register “total” tapes
- ❖ Carbon copy of a pre-numbered receipt
- ❖ Electronic sales log
- ❖ Bank approved deposit slips
- ❖ Cash over/short record

Credit card receipts must be kept 18 months.



# Transporting Cash

If you have responsibility for taking the cash deposits to a Business Office or to a bank, please use good common sense.

- Secure the cash and checks in a locked cash pouch.
- Don't be conspicuous.
- Don't take the same route or go at exactly the same time every day – don't be predictable.



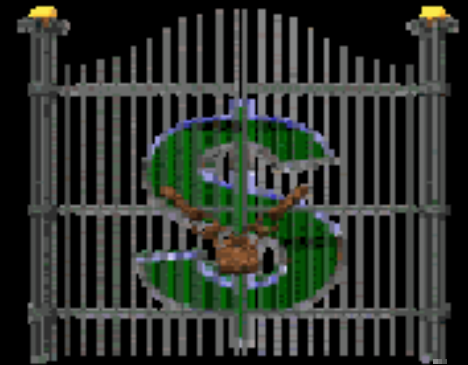
OK.....



# Cash Equivalents

If you have the responsibility for cash equivalents such as parking tickets or gift cards, remember that they must be treated as if they are cash:

- Secure in a locked safe or drawer.
- Record the sale.
- Balance sale – sales log against the list of available tickets, etc.
- Deposit cash promptly.
- Reconcile sales against statement of accounts.
- Resolve all outstanding issues.



# UI Cash Handling Policies and Procedures

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Review the University of Iowa Cash Handling Policies and Procedures on-line at:

[http://www.bo.uiowa.edu/cashhandling/cash\\_handle\\_policy.pdf](http://www.bo.uiowa.edu/cashhandling/cash_handle_policy.pdf)



# Deposit Locations

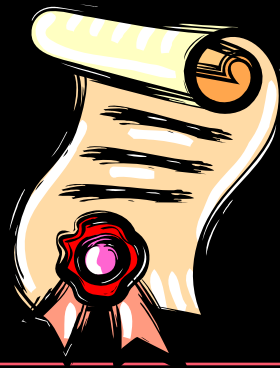
## Hand deliver the deposit to one of the following on Campus:

- **University Cashier's Office, 3 Jessup Hall:** Drop off 8:30am-5:00pm, Mon-Fri.
  - Phone #: 335-0068
- **College of Dentistry Dental Clinic Business Office, S322 DSB:** Please call the Business Manager ahead of time to make deposit arrangements.
  - Phone #: 335-7440
- **Iowa Memorial Union Business Office, 132 IMU:** Drop off 8:30am - 4:30pm, Mon-Fri. Must drop off by 9:00am for same day credit at the bank.
  - Phone #: 335-3138
- **UIHC Cashier's Office, CC102 GH:**
  - **Patient account receipts must** be deposited daily by 8:00am following the day they are received.
  - **Non-patient receipts** – deposits can be dropped off at any of the certified campus drop off sites or to a US Bank location.

## Hand deliver the deposit to a US Bank location

# What is Required by the University for Cash Handling?

- Departmental certification responsibility
- Staff certification responsibility for individuals



# Departmental Certification Responsibility

- Every unit handling cash or its equivalent is required to review this presentation by March 31, 2005. The presentation may be reviewed as a group or individually.
- Departmental management must develop their own unit's local desktop cash handling procedures to be submitted for approval to UI Accounting Services by April 30, 2005.

## Approval/denial process:

- Approval of your procedures will be communicated to the unit's initiator. Each unit is responsible for retention of the approved procedures for audit purposes.
- Denial will be communicated to the initiator. Accounting Services will work with you to resolve any deficiencies. Corrected procedures must be re-submitted for approval.
- At a minimum, local desktop procedures should be reviewed annually by departmental management for any procedural changes. Your department is responsible for updating the procedures and following the approval process outlined above.
- Departmental management must ensure that current and new staff handling cash meet the requirements of the staff certification process.

# Staff Certification Responsibility for Individuals

- Current staff are required to review this training presentation by March 31, 2005.
- Review current UI Cash Handling Policies and Procedures on the web
- Required to review your unit's approved local desktop procedures within one month of being approved.
- Understand your role in your department's cash handling process.
- Required to review local desktop procedures annually as a refresher. In addition, review updated departmental procedures as provided by unit management in a timely manner.
- New staff must comply with these requirements within one month of starting cash handling duties.





# WAIT! If you're a UIHC unit...



- Ambulatory clinics: Separate policies and procedures exist for cash collection. Your local desktop cash handling procedures have already been documented and approved by the appropriate hospital personnel. You are NOT required to submit your local procedures to UI Accounting Services.
  - Questions? Contact: Christine Stahl or Deann Montchal in Ambulatory Care Services
- All other UIHC units: You are required to follow the same procedures for certification and approval as the rest of the University as outlined previously.
  - Questions? Contact: Mark McDermott in UIHC Finance and Accounting Services or Tadd Miller in the Joint Office of Patient and Financial Services .

# Questions About...?



- Training presentation, approval of desktop procedures, cash and change fund advances, cash handling policies and procedures -

UI Accounting Services:

- [cash-handling@uiowa.edu](mailto:cash-handling@uiowa.edu)

- Depositing cash, online E-deposit system, segregation of duties relating to billing, or accounts receivable charges -

UI Cashier's Office:

- Marty Miller 335-0067 or [marty-miller@uiowa.edu](mailto:marty-miller@uiowa.edu)

- Susan Miller 335-0068 or [susan-miller@uiowa.edu](mailto:susan-miller@uiowa.edu)

# UI Cash Handling Web site

Receive additional cash handling details, forms and templates to assist with meeting the certification process, contacts, and links to other related sites:

<http://www.bo.uiowa.edu/cashhandling/>

