



General Cash Safeguarding Manual

March 2006

Version 20060310A

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INTRODUCTION

The collection and control of cash and cash items at the University are important functions. Departments are authorized to collect money on behalf of the University through a wide variety of activities related to the official mission of the Department. Departments may also collect money for affiliated entities. The purpose of this manual is to provide all NMSU departments who may receive cash in any form with a series of guidelines and procedures that will help to ensure the proper safeguarding of assets, for the protection of the employees involved in cash-handling, their departments, and NMSU as a whole. Annual and special-request training on the contents of this manual are provided jointly by the Office of the Senior Vice President for Business, Finance and Human Resources and the Office of Audit Services.

While the collection of money at NMSU is decentralized, the deposit function is centralized through the Office of the Senior Vice President for Business, Finance and Human Resource's University Accounts Receivable Department, which operates the central Cashier's Office in the Educational Services Center for the benefit of the entire university. All receipts must be deposited intact with the Cashier's Office unless authorization has been received for the use of a bank depository, direct deposit to a University bank account, or other special circumstance. The Cashier Manager position in the University Accounts Receivable Department is available as a resource to all departmental cashiers, to provide regular training on this manual and related cash-handling procedures, and to support management through periodic surprise reviews of cash-handling systems.

Definition of Cash and Cash Items: Cash and cash items are defined in this document to mean paper currency, coin, checks, credit card transactions, letters of credit, and electronic funds transfer transactions.

Compliance with Policies and Procedures: Departments are responsible for complying with the policies and procedures as outlined in this document and for developing detailed written departmental procedures (Exhibit A) for all existing and new cash collection points. Completed [cash-handling forms \(Exhibit A\)](#) must be forwarded to the University Cashier's Office for review. The University Cashier's staff, in consultation with Audit Services, will assist departments in analyzing the control environment most effective for each operation. Exceptions to this document must be reviewed and on file with NMSU Audit Services. Departments are also responsible for ensuring that individuals are properly trained in cash-handling policies and procedures. The University Cashier's Office is available for consultation and review of operating procedures and is available to provide training.

Annual Review and Re-certification of Cash-handling Plans: The University Cashier's Office will conduct an annual re-certification of all cash-handling plans. Each cash collection area will be contacted on a routine basis to review their existing cash-handling plans and separation of duties assignments in order to recertify their procedures. Any changes to an existing cash-handling procedure will



require the completion of a new [cash-handling plan \(exhibit A\)](#). It is recommended that the [separation of duties assignment \(exhibit B\)](#) be completed during each recertification review. The NMSU Cash-handling Plan form is included in this manual as Exhibit A and more information on this process is on page 27.

University Cashier Web Page: The University Cashier's Office supports a web page that includes all manuals and forms. Copies of the manuals, and Cash-handling Plans, as well as other forms can be printed by accessing <http://www.nmsu.edu/~uar/> or <http://www.nmsu.edu/~boffice/forms/> .

INTERNAL CONTROLS AND SEPARATION OF DUTIES

Implementation of effective internal controls is the responsibility of each Department and is shared throughout the University. It is the ultimate responsibility of the Department Head of any Department that receives cash to ensure that adequate controls are in place over the cash-handling operation in concert with this manual. The Office of the Senior Vice President for Business, Finance and Human Resources through its Treasury Services and University Accounts Receivable departments serves as a resource to the Department Head to help address this responsibility.

Internal controls are designed to protect the University against losses caused by outsiders or caused by internal embezzlement, inefficiencies, or negligence and carelessness. Controls are designed to protect innocent people. Control procedures are those policies and procedures, in addition to the sub-elements of the control environment and features of the accounting system, which management has established to meet its objectives. There are many policies and procedures that address internal controls, but these generally fall into the following five categories:

1. Having adequate separation of duties.
2. Having proper procedures for authorization.
3. Having and maintaining adequate documents and records.
4. Maintaining physical control over assets and records.
5. Conducting independent checks on performance.

Separation of Duties: Effective separation of duties is a key element for a strong system of internal control. "Separation of duties" is when one person's work serves as a complimentary check on another's, and supports the concept that no one individual should have complete control over a transaction from beginning to end. Having adequate separation of duties helps to ensure that transactions are valid and properly recorded. The major job functions within a cash collection process are: Custody of Assets/Cash Receipting, Record-keeping, Depositing, and Authorization/review/monitoring. The Record-keeping and Deposit functions must be clearly segregated in both departmental and central offices to ensure

effectiveness of the reconciliation process. The effective separation of duties of these job functions can generally be characterized by the following principles:

1. Separate custody of assets and depositing from the record keeping function.
2. Separate custody of assets from the authorization and monitoring functions.
3. Separate authorization and monitoring functions from record keeping and depositing functions.

Examples of each category of duties related specifically to a typical cash-handling function are given below; ideally, no one position should perform tasks from more than one category, and ideally, no individual should directly supervise the functions of more than one category:

1. Custody of assets: Receiving cash and/or access to the safe
2. Record keeping: Reconciling deposit records to the receipts posted to the departmental accounts receivable system and/or the university's Finance System through the deposit process. This function also prepares and/or approves any necessary journal entries, adjusting or correcting entries, etc. and should not have access to the actual cash assets
3. Depositing: Preparing the bank deposit, including counting the cash in the deposit; making the bank deposit
4. Authorization/monitoring: Performing cash counts or approving voids on specific cash drawers; reviewing reconciliations performed in step 3 above and related reports and records updated for deposit activity

Any employees with administrator-level system access to departmental or university-level accounting systems related to cash or revenue accounting cannot be assigned any of the above four functions.

It is important to mention that adhering to all the above principles may not always be possible due to resource limitations or other considerations. In these situations, the risk resulting from inadequate separation of duties should be assessed to ensure that the level of exposure is acceptable. In some situations, additional resources may be needed to enhance controls. A small operation with limited staff, or any Department in which adding additional staff is not possible, may require that management take a more active role to achieve separation of duties by checking the work done by others. Sometimes the knowledge that records will be checked by others is enough to prevent misappropriation of assets.

Role of the Lead Cashier – All cash-handling departments must designate one individual to serve in this role. For smaller cash operations, where only one cashier is required, the Lead Cashier can fulfill non-cashiering administrative functions under a different title, as long as they are not in conflict with the segregation of categories of duties explained above. This position is assigned to ensure the timely and accurate depositing of funds and application of this manual.

Conflict of Interest - Any individual who has direct control over a cash fund should not perform transactions of a personal nature, or perform transactions for



individuals with whom they have a personal relationship. Examples are transactions such as cashing one's own check, making change for one's self out of his/her cash drawer, cashing a check for a close friend or spouse, etc.

Business Process Risk Assessment: A periodic review of the cash-handling procedures, including discussion of individual responsibilities, is helpful in determining if duties and functions are appropriate, and to determine if the overall level of risk that exists in a process is acceptable. The completion of the "Separation of Duties Assignment" form (Exhibit B) will provide a good check sheet to verify and aid in the review of responsibilities. This review will also help identify areas where duties may need to be reassigned to reduce the risk of error or fraud, or situations in which additional resources or controls are needed to adequately manage risk.

The following internal controls and separation of duties are required for each Department; in each case, more detailed information on each general control is covered elsewhere in this document in greater detail:

- All cash received must be recorded at the time of receipt by means of approved pre-numbered cash receipt forms, cash registers, teller machine validation, logs, batch control tapes, or other approved means.
- Customers must be provided with receipts. A copy of the receipt must be kept on file by the cashier for the three-year record retention period required by the state.
- Overages and shortages must be properly recorded. See the reconciliation section of this document for further information.
- Transactions, change funds, and receipts should be identifiable to specific cashiers, when more than one person is assigned to cash-handling.
- The collection of cash and cash items should be reconciled on a daily or periodic basis, not to exceed one week, to the sales/income as recorded by the receipting documentation (i.e., cash register tape, etc.).
- Receiving of payment, especially cash, should be centralized as much as possible.
- Separate as many of the cash-handling job functions among staff as possible.
- No single individual should handle a transaction from beginning to end. Record keepers should not have access to cash.
- No disbursements or substitutions including IOUs or check cashing services shall be made from cash funds or moneys collected.
- The Department is responsible for safeguarding assets from the time of receipt to deposit.
- Sales counters should be designed to minimize or prevent customers and other traffic from viewing cash on hand in the operation.

Monthly account reconciliations of all accounting transactions that record cash receipts should be prepared by employees not responsible for the cashiering function.

SECURITY

Fidelity Coverage: Each employee of the University is bonded for the faithful performance of his or her duties. The bond covers losses resulting from carelessness or dishonesty in the handling of money or property entrusted to an employee. Such losses are recoverable from the employee(s) responsible for the loss or from the bonding company. If the bonding company pays a loss, it receives a legal right of action against the employee(s) causing the loss. Immediately upon becoming aware of possible employee involvement in the loss of money, securities or other property, the responsible supervisor or Department Head should notify the Office of Audit Services. The deductible is \$1,000.

Crime Coverage: The University carries insurance to protect itself against loss of money and securities by destruction, disappearance or wrongful abstraction while on or within any of the University's premises; in any cash remittance area or similar recognized places of safe deposit; while being conveyed by messenger or armored motor vehicle company; or while within the living quarters of any messenger. When an armored motor vehicle company is contracted, it must be determined that this service is appropriately insured. Other property is covered within the premises for safe burglary or robbery (real or attempted). Coverage outside the premises applies to robbery (real or attempted) while being conveyed by messenger or armored motor vehicle company; or by theft while within the living quarters of any messenger. Damage to University premises resulting from safe burglary, robbery or felonious abstraction (real or attempted) is also covered. A deductible of \$5,000 per occurrence applies to loss of money and securities both inside and outside the premises.

Other crime coverage carried by the University includes loss due to the acceptance in good faith of counterfeit money orders or currency; loss through forgery or alteration of checks, drafts, notes, etc.; and loss of securities from safe deposit boxes. All losses should be reported immediately to the police having jurisdiction (usually NMSU Police), the Office of Audit Services and the Purchasing Office Risk Management area. For information on how to detect counterfeit currency, contact Treasury Services.

Safekeeping of Funds: Cash and cash items should be physically protected through the use of safes, vaults, locked cash drawers, cash registers, locked metal boxes, etc. The Department is responsible for safeguarding assets from the time of receipt to deposit. Safes or locking cabinets should be located in low traffic areas, locked when not in use or unattended, bolted to the floor when possible (in the case of a safe) and fire resistant. Combinations and keys must be controlled with limited access. Combinations or locks should be changed when employee turnover occurs or when the combination or keys have not been properly secured and access limited. Access codes, cards or keys must be kept secure; employees who give their codes, cards or keys to others, or who otherwise allow unauthorized personnel to enter a secured cash area, are subject to termination of employment through



appropriate university Human Resources policies. Cash and cash items should not be retained in desk drawers. In addition to the risk of loss or theft, items may be forgotten and deposits not made in accordance with requirements. Those with record-keeping duties as defined in this document should not have access to the safe or its equivalent.

Both cash and inventory for resale must be kept in controlled areas. The vault or other secured cash storage area must be kept locked at all times, and any drawer keys must be properly secured. Non-cashier personnel cannot be housed in the secured cash room. Only a manager can bring an unauthorized person into the secured area, and a log of exception access should be maintained to document these exceptions. In high-volume cash or retail sale operations, formal alarm systems and/or video monitoring systems are highly recommended.

Request Identification: Internal or external auditors may perform surprise cash counts of your operation. If you do not know the individual or the purpose of their visit, request identification and contact the Director of Audit Services for verification. Do not provide access to funds until you have identified the individual(s) and assured they are appropriately authorized personnel.

Guidelines in the Event of Suspected Internal Theft: The responsibility for protecting University assets is shared by everyone. It is your responsibility to report suspected theft, negligence, misappropriations or carelessness to your supervisor, Audit Services, or the NMSU Police. Be alert and recognize control weaknesses that could result in a loss to the University. It is always better to prevent a loss than to recover one.

Guidelines in the Event of a Robbery: Unnecessary risk should never be taken. These guidelines are provided to help ensure staff safety and minimize the loss to the University:

- During a robbery, comply with the robber's demands, and REMAIN CALM.
- Make a mental note of any descriptive features or distinguishing marks on the robber such as hair color, eye color, height, weight, scars, tattoos, clothing, any item(s) the robber was carrying, etc.
- As soon as it is safe, trip the alarm, lock the doors to the office, contact the police having jurisdiction (usually NMSU Police – call 911) and ask all witnesses to remain at the scene.
- The robbery should not be discussed with anyone until the police arrive.
- Cooperating with the police is important.
- Do not touch anything that the robber may have touched.
- Inform the police of any item(s) the robber may have left at the location.
- The victim should, above all else, remain calm and try to remember the details.
- Have all witnesses begin to write details down immediately and instruct them not to discuss the event between themselves.
- In addition to NMSU Police, notify the Director of Purchasing and Risk Management Administration.



Defusing Situations: The following is a list of “do’s” and “do not’s” to assist in situations.

- DO have a plan - Develop signals that will alert staff members you may be involved in a situation that may require help. Make certain all staff members are aware of the plan. Always inform (interrupt, if necessary) the person in charge if this type of situation occurs.
- DO be aware of warning signs - Pacing, gestures, voice tone, posture, change in muscle tone, breathing changes, and eye contact may be warning signs.
- DO intervene early if needed - Early intervention usually stops escalation; however, if it is likely the situation will calm down, leave it alone.
- DO use calming techniques - Acknowledge feelings and their intensity. Help clarify the source. Use a low voice.
- DO NOT sacrifice yourself or anyone else - Items can be replaced, lives can't.
- DO NOT put your hands unexpectedly on a disturbed/upset person - The person may not want to be held or touched. Physical nurturing and comfort is good for some and upsetting for others.
- DO NOT challenge, dare, argue or threaten the person or change the subject - These actions make the person feel powerless, and powerless people have nothing to use except violence to regain power and self-esteem.
- DO NOT use derogatory terms or talk about someone as if he/she isn't there - Address people as they prefer. To do otherwise is a put down. The ultimate put down is to ignore someone's existence.

REQUIREMENTS FOR COLLECTING CASH AND CASH ITEMS

Approval to Collect Money: If a Department within its university mission pursues an activity in which cash needs to be collected, that activity should first be approved through the appropriate Dean, Vice Provost or Vice President, and a Request to [Collect/Handle Cash \(Exhibit P\)](#) should be provided to the Controller's Office. Only those departments with approved activities are authorized to collect or receive money from sales, services, gifts, or other sources.

When sales and services are performed, rates for these activities are approved via a request for approval that lists the activity, fees and charges, and is forwarded to the Office of the Vice President for Business and Finance. In conjunction with this

approval document, a plan for receiving and processing payments should be developed. Contact the Controller's Office for information on rate and cash processing approval procedures.

Approval to Accept Credit Cards and/or Conduct Electronic Commerce: Areas providing goods and services may seek approval to accept credit cards as a form of payment. E-commerce is the marketing, sales, and payment for goods and services over the Internet. E-commerce in higher education requires the integration of campus networks, intranets, and the internet to support the delivery of academic and administrative applications. Departments and areas wishing to accept credit cards and/or conduct transactions via E-commerce should contact the Treasury Services Director for information about submitting a proposal to begin new activity in this area, or to report current activity which has not been previously approved through the Controller's Office.

Deposit Requirements: In general, money collected for the University from any source must be deposited with the Cashier:

- daily if \$50 or more has been collected;
- or
- when \$50 has been accumulated from collection over a period of days in the same week or at least once a week if the amount collected is less than \$50.

Daily deposits can be made, regardless of amount, if management determines appropriate or if security risks exist for the Department such as inadequate overnight storage facilities.

All receipts must be deposited intact with the Cashier's Office unless authorization has been received for the use of a bank depository or direct deposit to a University bank account (refer to the Deposits section in this manual for additional deposit information).

All funds deposited with the Cashier's Office should be recorded on a Cash Deposit Slip form. (Exhibit K) Methods of transporting cash are addressed later in the document but it is important to remember to NEVER SEND CURRENCY AND COIN BY CAMPUS MAIL. Cash and cash items prepared for deposit must be delivered to the Cashier's Office or the appropriate deposit location. This may include an approved departmental location where deposits are secured until further transport to the Cashier's Office. Transfer of accountability must be recorded (name, date, time, and department) if the deposit is not being transported by the person preparing the deposit.

RECEIPT OF FUNDS

Incoming funds from sources such as sales, services, gifts and research money, etc. must be recorded to assure proper reporting of income. Departments must retain all documentation of purpose that accompanies the incoming funds for a period of three years in accordance with state record retention requirements. Incoming funds are frequently received over-the-counter or by mail. All checks and monies must be recorded regardless of the manner in which they are received. Pre-numbered receipts, cash registers, and teller validation machines offer the highest levels of control in recording income. High volume mail receipts may be appropriately controlled using batch controls or logs. These controls enable the Department to assure that all cash and cash items have been appropriately recorded. Without these controls, departments have difficulty in assuring that all receipts received have been properly recorded on a timely basis. Regardless of the type of receipting process used, areas involved in high volume or routine sales activities should perform a daily cash count and complete cash count sheets. Refer to the Cash Drawer Balancing section of this manual for more information on completing daily cash counts.

NEVER STORE RECEIPT FORMS AND TRANSACTION RECORDS WITH CURRENCY AND COIN. The daily transaction records including receipt forms, [cash count \(exhibit N\)](#) sheets, and sales documentation should be safeguarded and stored separately, away from the physical cash and cash items. Records that support the daily sales and receipt activity should be placed in a separate lockable location, which is secure from the monies. Proper separation of monies and records is a basic internal control that should deter an employee from taking cash, and will protect innocent employees with access to either cash or records in the event of a theft. Receipts and records are also retained separately to allow for reconstruction of monetary loss for insurance and police reporting purposes.

Types of Receipts:

- [Pre-numbered printed booklet receipts \(exhibit D\)](#)
- Point of Sale (POS) system-generated receipts
- [Mail receipt logs \(exhibit F\)](#)
- [Receipt logs \(for small dollar transactions\) \(exhibit G\)](#)
- Credit card receipts

Pre-numbered printed booklet receipts - Generally the following information must be shown on the receipt:

- Date of transaction
- Name of individual transacting business
- Quantity of each item
- Description of item
- Unit price of each item
- Subtotal-before taxes

- Sales tax - if applicable
- Grand total - after taxes have been added
- Payment tendered by payment type (cash, check, and/or credit card)
- Signature of person issuing the receipt or assigned register or teller validation number.

Whether using cash receipt forms, cash registers, credit card terminals or teller machines, the customer should receive a copy of the receipt when payment is being made in person. It should be stressed to cash-handling employees that receipts should always be issued to customers as a normal routine. This is for the protection of both the customer and the employee. Receipts must be completed in triplicate as follows:

Original Copy: Customer copy

Duplicate Copy: Departmental reconciliation copy

Triplicate Copy: Additional departmental control copy.

Additional copies may be used if the Department has specific needs. The departmental reconciliation copy should be used to assist in the daily cash count, reconciliation and deposit preparation process. The third "control" copy should be retained separately to be used in the inventory control and reconciliation of the pre-numbered receipts.

Cash receipt forms must be pre-numbered and controlled. When the receipts are sent from a Department to the Central Cashier's Office, an individual independent of the departmental cashiering function should verify that all receipt numbers have been included in the shipment. Prior to shipment to the central cashiering location, the receipt numbers must be recorded in a master log. This master log will reflect:

- Date received
- Numbers received (verify all sequential numbers were received)
- Distribution of receipts by sequence number (location and individual's name)

When received, the cashier will verify the sequential receipt numbers. The cashier will issue all pre-numbered forms in sequential order. If it is necessary to void a receipt, the receipt must be marked void and all copies of the receipt retained. It is recommended that supervisory approval be obtained for all voided transactions. The reason for the void should be documented. The cashier is responsible for controlling all inventories of receipts as well as issued and voided receipts for three years. If any receipt numbers are missing, the cashier must immediately advise the supervisor. An example of [pre-numbered receipts](#) is found in Exhibit D.

The daily reconciliation must show the previous ending day's receipt number, the series of receipt numbers issued today (including any voided receipts), and the beginning receipt number for the next business day.



An individual external to the cashiering function must verify receipt numbers on a periodic basis accounting for all receipt numbers. This will include a verification of sales receipts, voided receipts (verifying that all copies of the voided receipts are retained), and all unused receipts.

A cashier must obtain a supervisor's approval prior to issuing a refund or other cash disbursement. A pre-numbered book of pay-out forms documenting the customer's receipt of cash should be maintained with a line for the supervisor's signature. All of the requirements of the pre-numbered receipt book system above will apply. All cash received or disbursed must have an individual, transaction-level piece of documentation to support it; this will be a signed customer receipt or pay-out slip for the transaction, if a cash register tape or other point-of-sale support document discussed in this section is not produced. If approved through documented procedures by a supervisor, a cashier may be authorized to make refunds or other cash disbursements to customers. A pre-numbered book of pay out forms documenting the customer's receipt of cash must be separately maintained and all of the requirements of the pre-numbered receipt book system above will apply.

Point of Sale (POS) system generated receipts - If a cash register or other mechanical device is used for recording sales and services, an individual receipt must be issued to the payer and the cash register tape must be retained by the Department. Cash registers or other machines must have the following minimal internal control features:

- A journal tape, which records all transactions.
- A cashier or identification number associated with the person making the sale.
- A cash register or machine validated receipt which shows the date of sale, quantity of each item sold and description, if possible, unit price, subtotal before taxes, sales tax, and grand total after tax.
- The receipt should have a machine generated transaction identification number.
- A key which enables readings or totals to be taken.
- One cash drawer per cashier, in most instances.
- Void and refund transaction key or procedures. Voids and refunds must be completed by a supervisor using a supervisory key or override, which is not accessible to the cashier. This key or code must be appropriately secured by the supervisor. The register must provide an audit trail of the void or refund reflecting the supervisor making the entry.

Note on Preprogrammed Keys: Some mechanical devices (such as cash registers, copying machines, vending machines, etc) have pre-set keys that record the amount of sales items. These programmed keys should be verified periodically to assure all rates are accurate. Otherwise, if preprogrammed rates are incorrect, cash counts and reconciliations will be affected.

An example of a [cash register POS receipt](#) is shown in Exhibit E.

Mail receipt logs -Mail logs (manual or automated) provide controls for departments to assure all funds received have been deposited. The log should be verified to the deposit and to the accounting transactions. Logs provide a monitoring tool for management to determine the length of time from receipt to deposit.

Receipt logs (for small dollar transactions) - Receipt logs can be used for a variety of cash receipting situations. Cash-handling areas may design their own receipt logs specific to the needs of their area. Examples include logs for copy money, participant rosters, cash acknowledgements, etc. Contact the Audit Services Office for examples of these forms. It should be noted that actual receipts should always be provided whenever possible, but circumstances may require the use of logs versus receipts, or the use of logs in addition to receipts. A Receipt log for small dollar transactions may be found in Exhibit G.

Credit card receipts - Credit and debit card transactions are monetary transactions and are subject to the same cash-handling and receipting controls as currency transactions. The credit card terminal provides a customer receipt and a departmental tape of transactions summarizing the daily receipts. The daily batch totals and departmental terminal tapes provide the source documentation for both daily and monthly reconciliations. For E-commerce systems that generate transactions and settlement reports, they will provide the source documentation for both daily and monthly reconciliations. A daily accounting of receipts from sales or refunds should be balanced against these electronic transactions and monthly G/L entries. More complete information on credit and debit cards can be found by contacting the Treasury Services Office.

Payments made by check - Checks received as payment for University sales and services should be made payable to New Mexico State University (NMSU). Departments also frequently receive gifts and voluntary support and these checks may be payable to the NMSU Foundation or to NMSU. Checks for gifts, regardless of payee, should be immediately forwarded with any documentation received and/or an explanation, to the NMSU Foundation. The responsibility for endorsement and deposit of these checks rests with the NMSU Foundation. If you have questions about how to deposit any funds, please call Accounting and Financial Reporting, the Cashier's Office, the NMSU Foundation, or Sponsored Project Accounting, as appropriate, for assistance.

Checks payable to NMSU - Checks payable to NMSU should be restrictively endorsed for deposit by NMSU when received. However, when the check is payable to NMSU and the Department is sending the item for deposit via an intermediate office such as the NMSU Foundation, the expectation is that the intermediate office will endorse the check, as appropriate.

Departments should have a Departmental endorsement stamp which includes the Department's name. Departments are responsible for ordering these stamps and can contact either the Cashier's Office or Treasury Services Office for vendor



ordering information. The endorsement stamp's maximum width is 2.5" and the maximum height is 1.25" with wording as in the example below. Contact the Treasury Services Office for the specific bank account information to be included on the stamp.

Deposit to (name of bank, typically "Bank of America")
FOPAL (Index)# (XXXXXXXXXX)
(Department MSC – Banner Index (FOPAL))

When endorsing the check, all endorsements must fit within 1½ inches of the leading edge of the back side of the check. The leading edge is the left hand side of the check when looking at the front of the check.

Checks payable to Departments are construed to be payable to NMSU and are endorsed as NMSU. Checks for deposit to NMSU should not be payable to employees of NMSU; however, if a check is made payable to an employee of NMSU, request that the check be rewritten payable to NMSU. If it is necessary to process the check that is payable to the employee, request that the individual endorse the check and write below their endorsement "Pay to NMSU". Inform the employee of tax implications, which may include reporting the amount as income on their tax returns prior to requesting the employee endorse the check. If tax consequences are a concern, return the check to the issuer with a request that the check be reissued payable to NMSU. Departmental procedures should be reviewed to determine why the check was issued to the individual versus NMSU. Correspondence should be reviewed to assure all references to payments contain verbiage that checks must be payable to NMSU. Refer to the exhibits in this document for [elements of a check \(Exhibit H\)](#), [types of endorsements \(Exhibit I\)](#), and [endorsement procedures \(Exhibit J\)](#).

Check received in person - When checks are received in person, the following information should be included on the check:

- The payer's name and address (should be preprinted on the check)
- Telephone number
- Drivers license identification number, NMSU ID number, or other identification number
- The payer must show some form of photographic identification such as a current University ID card or valid driver's license.
- Checks must be payable to NMSU, restrictively endorsed, with the Department's name in the endorsement section.
- Postdated checks will not be accepted.

WHAT IS A POSTDATED CHECK? - A postdated check is an item bearing a future date. It is not valid until the date is reached.

WHAT IS A STALE-DATED CHECK? - A stale-dated check is an instrument bearing a date 6 months or more in the past, prior to its presentation. Generally, banks are not required to honor such checks.

Checks received by mail - Checks received by mail should be logged ([Exhibit F](#)) or batch controlled by someone other than the cashier; typically, this function is performed by a position that serves as receptionist or support person not involved in any way in sales, billing or other cash receipting activities. Checks must show:

- Date
- Name of Person Writing the Check (Drawer)
- Amount
- Postdated checks will not be accepted

Limitation on acceptance of checks as payment (Returned Check List) - Areas and departments that routinely accept checks as payment for sales and services should verify the payer's name against the University Returned Check List. The returned check list is distributed by the University Accounts Receivable Office on a monthly basis to various departments conducting sales and service activities. Only currency or certified funds should be accepted from an individual identified on the returned check list. If a Department or area routinely accepts checks, but does not currently receive a copy of the returned check list, please contact the Accounts Receivable Manager at 505-646-4911.

Limitation on returning currency resulting from a check payment – Checks will be accepted for amount of purchase only. Departments should not return cash to the customer in the event the check exceeds the amount of the sale or service. The only areas authorized to give cash for a check are the Cashier's Office or specifically approved offices.

Limitation on personal checks – Only the central cashiers at University Accounts Receivable on the Main Campus, or the central cashiers at the Branch campuses, are authorized to cash personal checks.

Limitation on third-party checks – A third party check should never be accepted for deposit.

MISCELLANEOUS CASH AND CASH ITEMS PROCEDURES

Bank Account Procedures - Any bank account used for University business must be established with the authorization of the Regents of New Mexico State University. The responsibilities for establishment, operation, and control of University bank accounts have been delegated to the Director of Treasury Services and the NMSU Controller. If a bank account is to be established, the Director of Treasury Services will issue a copy of the Bank Account Procedures to the departmental custodian and will work with the custodian to establish the account. Contact the Treasury Services Office for information about bank account procedures.

Cash Payments Over \$10,000 - The IRS requires specific reporting procedures when cash payments are received in excess of \$10,000. For purposes of this application, cash payments are defined as any combination of U.S. coin and currency as well as



cashiers check, bank drafts, traveler's checks or money orders that are included in the receipt, which then totals more than \$10,000. You must contact the Director of Treasury Services if this situation occurs in your Department.

Credit and Debit Cards - Credit and debit card transactions are monetary transactions and therefore are subject to the same cash-handling controls and policies as currency transactions. All departments and areas authorized to accept credit and debit card transactions must exercise reasonable care in screening transactions to reduce card misuse and loss of funds. Departments and areas wishing to use credit and debit cards within their cash-handling operation, must submit for approval a request to the Treasury Services Office. Once approved, the Cashier's Office will provide training and instructions on processing transactions, safeguarding card information, and the use of the miscellaneous journal entries to record sales income for posting to the Banner Finance System.

Credit Memos – Credit memos will be safeguarded in the same manner as cash. Credit memos need to be forwarded to the Accounts Payable department for processing.

Electronic Payments - Electronic payments take many forms such as wire transfers and automated clearing house (ACH) payments. Electronic payments are posted directly to a bank account; other forms of payment require an action by the depositor. Instructions required to make electronic payments to NMSU must be obtained from the Treasury Services. Treasury Services will provide necessary guidance for document preparation. When a request is made to pay NMSU electronically, the Department should contact the Treasury Services with the following information:

- Who is initiating the payment
- The amount of the payment
- What financial institution is the originator using and where it is located
- Who should be contacted when the payment is received
- Account number to be credited when payment is received
- Estimated date and time when payment should be received

The Treasury Services Office will notify the receiving Department when the credit is received.

Foreign Currency and Checks - Foreign currency and coin is not acceptable. Foreign checks including checks payable in US dollars, but not drawn on US banks, are generally not acceptable. Invoices as well as correspondence should indicate all payments are due to NMSU and payable in US dollars, drawn on US banks. If a check is received and a determination is made that the check should be sent for collection, the check must be deposited on a separate NMSU Deposit Form clearly indicating the check is for foreign collections. The Cashier's Office will submit the check for bank collection and will hold the NMSU Deposit Record until the funds are returned to NMSU. The amount of the funds collected will be recorded on the Deposit Form with the corresponding gains or loss posted to the Department



account. All foreign checks will be subject to banking costs associated with collection and this cost will be passed to the Department. In some cases, collection costs may exceed the amount collected. Please determine the appropriateness of sending the item for collection versus requesting a check be issued in U.S. dollars and drawn on a U.S. bank.

If a Department submits a foreign check through normal deposit channels and it remains undetected during normal processing, the bank will return the item. This item will be recorded as a returned check. The check will either be immediately charged back to the Department or, if determined collectible, the item will be sent for collection. Once collected, the gain or loss will be charged back to the Department.

It should be noted that while foreign currency and coin are generally not acceptable for processing through the Cashier's Office, the NMSU Foundation has a procedure to deal with non-U.S. currency donations. Details on this procedure should be requested by contacting the NMSU Foundation.

Gifts - All gifts to NMSU must be processed through the NMSU Foundation Office located in Dove Hall. All gift money must be recorded to accounts in accordance with the provider's wishes. Centralized depositing of gift funds ensures proper receipting and acknowledgement to donors.

Departments or Branches should not deposit or endorse gift checks nor should they be deposited directly to the Cashier's Office. Currency and checks should be delivered to the NMSU Advancement/Foundation Office. Gift checks or currency should not be sent by campus mail. Gift checks and currency may be hand delivered or courier-delivered to University Advancement office in Dove Hall.

Departments should not endorse or alter donors' checks. Contact the University Advancement Office for more complete details on gift processing.

Letters of Credit - Letters of Credit are generally received in conjunction with sponsored programs. Implementation is the responsibility of Sponsored Projects Accounting (SPA). To establish letters of credit, contact the Director of Sponsored Projects Accounting.

Pending and/or Clearing Funds - Departments receiving funds that are not immediately identifiable for deposit to a particular account number should record these funds in a central clearing account. Unidentified funds should be deposited in compliance with the Deposit Requirements section of the Business Procedures Manual. That section states that deposits must be made daily when collections exceed \$100, when \$100 has accumulated, or at least once a week.

Funds should not remain un-deposited for more than one week. If you have questions about what to do with or how to deposit funds, please call Accounting and Financial Reporting Department, University Accounts Receivable Cashier's Office,



NMSU Foundation or Advancement Office, Treasury Services, or Sponsored Project Accounting for assistance.

Departments receiving unidentified funds intended for the NMSU Foundation should deliver all payments to the NMSU Foundation Office located in Dove Hall.

Departments receiving unidentified funds intended for NMSU should use the appropriate pending and clearing account or procedure. Pending/clearing accounts to be used are:

Centralized pending/clearing account – NMSU Index FOPAL#103369 (110794-101058-5000) and Account 116470. Please note the description should start with MSC-XXXX, where XXXX designates the Department's MSC (mail stop code) number. The Department is responsible for clearing this entry. If a deposit remains in the central pending and clearing account for 60 days, a reminder notice will be sent to the appropriate Department by the Office of the Vice President for Business and Finance. If no action has been taken after a period of 90 days, the deposit may be transferred to the general University income account. Business and Finance provides management reports to aid departments in monitoring the funds that have not been transferred from the central pending and clearing account.

Generally, deposits are expected to be cleared and transferred from a pending and clearing account within 60 days. When the receipt is identified, the responsible area or Department should transfer the funds by Journal Entry to the appropriate account. A copy of the Cash Receipt posting the amount to the pending/clearing account and the Journal Entry must be forwarded to Vice President of Business and Finance.

Refunding Small Dollar Overpayments - If an overpayment is received via mail, apply this overpayment to any other outstanding University debt(s). If no other debt is owed and if the overpayment is small (less than \$5) record the amount in a miscellaneous income account. If no other debt is owed and the overpayment amount is \$5 or greater, refund the overpayment via a [Direct Pay Request](#).

Record Retention Guidelines - All cash receipts and related documentation must be maintained in accordance with the appropriate state or federal record retention guidelines. Cash register tapes, deposit slips, credit card receipts, copies of manual log sheets, etc. should be maintained for a period of three years. Refer to the Record Retention Web site located at: <http://www.nmsu.edu/~audit/> under Helpful Tools for Departments or contact Audit Services at 646-4912.

Returned Check and Credit Card Procedures - The NMSU Accounts Receivable Office generally handles checks and credit card transactions returned as uncollectible. Items are charged back to the Department that initiated the deposit transaction with the cashier. It is the department's responsibility to pursue collection of these items and to maintain good records and documents supporting their collection activities and resolution.



All returned items are subject to a returned check service fee, currently \$20.00. Cash-handling areas that routinely accept checks should prominently display a notice with the following wording: "Return Item Service Fees: All returned checks, credit cards, drafts, or orders are subject to a service charge of \$20.00 or the maximum allowed by law."

Sponsored Project Account Receipts – All checks received from sponsors should be routed directly to the Sponsored Projects Accounting Office for processing.

Voided Transactions – All voided transactions must be documented including the reason for the void, approved and initialed by the Lead Cashier or equivalent position.

Petty Cash Funds, Permanent Change Funds and Temporary Change Funds - Petty cash funds or change funds are established to expedite the handling of University business by providing funds for authorized disbursements or to make change. Petty cash funds are issued and held by a Department to cover small dollar purchases where unforeseen circumstances preclude using a department's University procurement card. These types of cash funds are not to be used to circumvent normal University purchasing and payment procedures. The terms used in describing these funds are often used interchangeably. The definition of each is as follows:

Petty Cash Fund: A small dollar amount fund held by a Department to handle repayment for incidental minor departmental purchases made by Department members. Once a year, University Accounts Receivable will confirm with the Department via a memo the individual responsible for the fund and amount held.

Permanent Change Fund: A fund used to make change in an ongoing daily sales-type or change-issuing operation. The amount of the fund never changes and purchases are not permitted. Once a year, University Accounts Receivable will confirm with the Department via a memo the individual responsible for the fund, amount held and a brief statement of justification for the fund.

Temporary Change Fund: A fund used to make change for an occasional event or operation the Department will organize. The amount of the fund never changes and purchases are not permitted. Funds are subject to verification and justification at anytime.

All departments maintaining one of these funds must monitor and exercise controls over their use. The Separation of Duties Assignment form should be completed to provide a review of the cash-handling functions and to help identify control weaknesses. (Refer to Exhibit B). Departments issued either a petty cash or change fund must verify the fund balance on a quarterly basis, by completing and forwarding to University Accounts Receivable a "Statement of Condition". A Statement of Condition for all fund types is to be completed on a quarterly basis.

In order to establish a petty cash, temporary or permanent change fund, a "Request for Change Fund" (exhibit C) is sent to University Accounts Receivable. This form can be found on the Business and Finance form website.

No IOUs or check cashing services shall be made from these fund types.

DEPOSITS

Depositing Cash and Cash Items - The Cashier's Office acts as an intermediate bank for most University departments, and in turn deposits the University's monies in the bank. To make a deposit, present a NMSU [Deposit slip form \(exhibit K\)](#) and the money to the Cashier's Office. The Cashier's Office will process most transactions while the depositor is present, but in cases where customer volume is high, a Department may be asked to leave the deposit for processing at a later time. If a deposit is to be processed at a later time, it must be presented to the Cashier's Office in a sealed, tamper-proof bag. A copy of the deposit form, with the date and cashier's signature will be provided to the depositor as a receipt of the deposit. The Cashier's Office will open the sealed bag in the presence of two Cashiering employees, and will dual-count the deposits. A processed copy and cash receipt will be returned to the Department via interdepartmental mail services. To avoid possible collusion, cashiers performing dual counts should not always be the same two cashiers.

Approval to deposit cash and cash items directly to a bank depository or to a University account must be received from the Treasury Services Office.

[NMSU Deposit Slip \(Exhibit K\)](#) - The NMSU Deposit Slip should be completed by the depositor according to the following procedures:

- Enter Department name, preparer's name, MSC code, campus phone number and the date prepared in the space provided.
- Enter the ledger accounts to be credited and the amount to be credited to each account. Description is optional.
- Enter the amounts of currency, coins and checks being deposited. Enter the grand total. On check listings involving four or more checks, an adding machine tape should be attached to affirm the total submitted. The checks should be in the same order as the adding machine tape entries. If there is more than one bundle of checks, a cover tape should be attached to affirm the total submitted.
- Complete the "Comments" section to briefly explain where the money was received and its purpose.
- The total of the accounting entries must equal the amount of the check(s), currency and coins.

A [Credit card deposit slip \(Exhibit M\)](#) must be completed for deposit of credit card transactions.

Original copies of the deposit slip must be submitted to the Cashier's Office. Copies of the deposit slip with receipts attached must be retained in the originating department's files.

Departments that are authorized to electronically transfer funds or deposit funds directly to the bank should record these transactions on a [Journal Voucher form \(exhibit L\)](#). These forms are submitted to Treasury Services for processing. Departments receiving large checks (\$100,000 or more) must prepare a duplicate deposit slip and submit the duplicate deposit slip and copies of the check to Treasury Services. If a Department has been authorized to take a deposit directly to the bank, the Department should notify the Treasury Services Office of this transaction immediately.

Credit Cards - Departments that are authorized to process credit card transactions must electronically batch and transmit files on a daily basis. A [Journal Voucher \(exhibit L\)](#) to record this revenue must be processed the next business day and submitted to the Treasury Services Office. This differs from the general deposit requirements for other cash items.

Cash Drawer Control – There should only be one cashier per drawer. The drawers should be of the type that locks, with the cashier possessing a key to their own drawer. A manager outside the cashiering area should have a key to all of the drawers; this manager should not have access to cash or the secured cash area(s). Backup keys must be secured. Only one cashier should be allowed access to a cash register/drawer on a single shift. Transfer of accountability must be documented if funds are passed from one cashier/custodian to another. The cashier/custodian accepting the funds must count the funds at the time of acceptance and initial and date the mail log, balancing sheet or other deposit backup.

Transportation of Funds - Departments should use sealed, tamper-proof plastic money transfer bags when transporting large deposits to the Cashier. If a Department representative transports the funds, the Department should take all necessary steps to ensure the safety of the representative. This should include varying the time schedule for transporting funds and/or having two individuals transport the funds. It is recommended the NMSU police courier transport funds. An analysis of the type, size, and volume of the deposit must be made to determine if a police courier is appropriate. As part of the review process of the cash-handling plan, the Cashier Manager will aid departments in assessing these risks. Departments that have unexpected large cash and cash item deposits due to events on campus, may need to contact University police for a one-time courier pick-up for that deposit only. Departments that use the NMSU police courier service will be charged for this service.

NEVER SEND CURRENCY AND COIN THROUGH CAMPUS MAIL - Cash and cash items prepared for deposit must be delivered to the Cashier's Office or the appropriate deposit location. This may include an approved departmental location where deposits are secured until further transport to the Cashier's Office. Transfer of accountability must be recorded (name, date, time, and department) if the deposit is not being transported by the person preparing the deposit.

CASH DRAWER BALANCING PROCEDURES

Balancing of Cash Receipts - To ensure all funds are properly deposited and recorded, the Department must balance all cash receipts daily, by teller or other employee assigned to accept cash. Cash and cash items collected should be counted daily by the cashier using a daily cash count sheet (Exhibit N). This total must be compared to the daily receipt forms total or to the register totals. Areas utilizing mechanical devices such as a cash register, copy machine, vending machine, etc. must incorporate the machine's tapes, meter and meter readings into the reconciliation process. For example, if a cash register is used, the daily closing procedure must include the register readings and tapes along with the daily cash count. As a precaution, count sheets along with meter readings and tapes should be safeguarded separately from the actual cash.

Areas using a cash register or cash drawer must follow a cashier closing and balancing procedure on a daily basis. Ideally, the closing procedure should be followed with each shift or employee change. Other devices such as copying machines or vending machines, for example, must be balanced periodically utilizing the machine's meter readings.

Daily Procedures - A [daily count sheet \(Exhibit N\)](#) must be prepared for each cash drawer, even if cash is received over multiple days in relation to a single event. This count sheet should include a control tape of all cash receipt forms less all voided or refunded transactions. The entire drawer should be counted, not just the day's deposit. It must reconcile to the beginning balance plus the day's activity. For departments using cash registers, teller machines or credit card terminals, the register or machine tape must be compared to the total receipts. These amounts must be verified and documented by someone other than the cashier who handles the accounting function.

A designated manager must be on duty to oversee daily balancing at the close of every business day, regardless of shift.

Compare the total of cash and cash items available for deposit with the cash register tape or the pre-numbered cash receipts forms. If these amounts do not equal, identify the reason.

Verify that the numbers are correct and if the amounts still do not equal, an overage or shortage exists. Overages and shortages must be recorded by the supervisor on the reconciliation sheet. The deposit slip should be prepared at this



point and placed in a locked, tamper-proof bag with the daily receipts, which must be recorded in the finance system using the proper over/short account code by the record keeper. Account for all receipt or transaction numbers. Always verify that the beginning receipt or transaction number is the next number after the previous day's ending receipt or transaction number.

The cashier's supervisor, or other responsible verifier, should verify the drawer count in the presence of the cashier, and both the cashier and the supervisor should sign the sheet and the deposit slip.

Daily or Weekly Procedures - A deposit or Journal Voucher to record bank deposits must be prepared daily or weekly as per the Deposit Requirements discussed earlier in this document.

ACCOUNTING RECORDS RECONCILIATION PROCEDURES

Monthly Procedures - The departmental business office must reconcile the total deposits, including all Journal Vouchers, to the monthly Banner Finance reports. This reconciliation should include verification that all funds received and deposited are recorded in the general ledger. Discrepancies should be reconciled immediately. These documents should be verified to the daily receipts, logs, or batch totals by the record keeper or supervisor, not the cashier and person responsible for preparing the documents or transporting the funds. The person performing the reconciliation should have no access to cash.

Review Procedures - The Department should adhere to a communicated policy of unannounced cash counts. The Cashier Manager is available as a resource to assist in meeting this requirement.

Safekeeping of Reconciliation and Sales Documentation - The reconciliation and sales documentation, such as meter readings, cash register tapes, sales journal, receipts, log sheets, cash count sheets, etc., must be safeguarded and stored in a locked file cabinet, separately from the actual cash. Departments should be conscious at all times of the need to protect sensitive information on sales documentation related to our customer's identify.

Reconciliation of Inventory - Those areas involved in sales activities should conduct a periodic physical inventory of merchandise to ensure that all sales generated from the sales of inventory were deposited. Proper physical control over inventory is just as important as physical control over cash. Unauthorized parties should not have access to inventory without appropriate departmental oversight, and there should be a proper segregation of duties between those who control inventory and those with a record-keeping function, for the same reasons these two functions must be separated in cash-handling operations.

This is a necessary step in a good control environment to ensure no inventory shortages have occurred. Depending on the type of sales environment and the



volume of activity, a routine inventory count should occur on a periodic basis; semi-annually, quarterly, monthly, weekly, or more frequently if conditions warrant. Physical inventory counts should occur at least annually. If sales inventory cannot be reconciled, identify the reason.

Overages and shortages may exist due to theft or errors. If an overage or shortage is discovered, the amount must be reported to the inventory control clerk's supervisor or an appropriate level of management. Suspected theft, negligence, misappropriations, or carelessness must be reported to an appropriate level of management, Audit Services, and/or Campus Police.

See [Exhibit O](#) for a copy of an [inventory control worksheet](#). This worksheet may or may not be appropriate for a department's specific situation. Therefore, questions on specific inventory procedures, use of inventory worksheets, and the appropriate frequency should be directed to the Controller's Office.

CASH-HANDLING REVIEW PROCESS

A periodic review and self-assessment of the business functions by the management of a cash-handling operation can be helpful in determining the responsibilities and overall effectiveness of their Cash-handling Plan.

In order to facilitate a periodic review, the University Cashier's Office has implemented a review process as outlined below.

- It is an expectation that all existing cash-handling areas have a completed Cash-handling Plan and Separation of Duties Assignment on file with the University Cashier's Office. Any new cash-handling areas/activities should submit a Cash-handling Plan and Separation of Duties Assignment prior to the collection of funds. The Cashier Manager and the Treasury Services Office are available to serve as resources upon request.
- The university Controller's Office will monitor approved Rate Requests to identify new cash-handling activities that should be covered by a Cash-handling Plan and Separation of Duties Assignment.
- The university Cashier's Office will identify departmental revolving and change funds to insure the funds are covered by a Cash-handling Plan and Separation of Duties Assignment.

The university Cashier's Office will re-certify on an annual basis existing Cash-handling Plans. Generally, once a Cash-handling Plan has been approved, the Department should only initiate a revised plan whenever their cash-handling procedures change. It is recommended that the separation of duties assignment be completed during each re-certification review.