

The University of Iowa

Cash Handling Policies and Procedures

POLICY

Policy Statement

The establishment of strong internal controls for cash collections is necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls are also designed to protect employees from inappropriate charges of mishandling funds by defining his/her responsibilities in the cash handling process. Included in the definition of cash are the following: coin, currency, checks, money orders, credit cards, accounts receivable charges, electronic funds transfers, and all cash equivalents (tokens, gift cards, parking tickets and stamps). Cash handling includes but is not limited to staff with the following roles and responsibilities: unit management, Edeposit users, billers/invoicers, cash collection point cashiers and supervisors, deposit preparers and reconcilers.

All University of Iowa units and staff handling cash are required to undergo the departmental and staff certification process.

Departmental Certification Responsibility for Units Handling Cash

- ◆ Each unit is required to annually complete the University of Iowa Cash Handling ICON course. Units new to handling cash are required to review the presentation as soon as they are responsible for that function. The presentation may be reviewed as a unit or individually.
- ◆ Each unit must develop their unit's own [local desktop procedures](#) to be submitted for approval to Accounting Services through the workflow process. Units new to handling cash must submit their procedures for approval within one month of assuming that function. Accounting Services will monitor units for compliance.
- ◆ At a minimum, local desktop procedures should be reviewed annually by departmental management to determine if any procedural changes have occurred. If changes have occurred, each unit must update their procedures and submit them for re-approval to Accounting Services through the workflow process. Changes to staff specifically assigned to a cash handling function do not require re-submission for approval. Please document the staff changes related to cash handling duties and retain this information with your unit's approved procedures.
- ◆ Each unit must ensure that current and new staff handling cash meet the requirements of the staff certification process.

Staff Certification Responsibility for Individuals Handling Cash

- ◆ Staff are required to complete the University of Iowa Cash Handling ICON course annually. Staff new to handling cash are required to complete the course as soon as they are responsible for that function. The course may be reviewed as a unit or individually.
- ◆ Staff must review the [University of Iowa Cash Handling Policies and Procedures](#).
- ◆ New staff are required to review their unit's approved local desktop procedures within one month of assuming a cash handling position and at least annually thereafter.
- ◆ Each individual must understand his/her role in their unit's cash handling process.
- ◆ Staff must review local desktop procedures annually as a refresher. In addition, they must review updated departmental procedures as provided by unit management in a timely manner. We recommend reviewing policies and procedures every January.

Departmental procedures should incorporate the principles of good cash handling which include the following:

- Proper Segregation of Duties
- Adequate safeguards for handling, transporting and storing cash
- Promptly depositing cash at the bank or designated deposit drop location on campus
- Independent reconciliation of deposit documents to the statement of accounts
- Management oversight and review

The use of checking or other bank accounts by University personnel for depositing University cash is prohibited. Periodic reviews of cash handling procedures will be conducted by Accounting Services and are always subject to audit by Internal Audit and external audit or review firms. Departments not complying with approved procedures may lose the privilege to handling cash.

Departments requesting wire transfers to a University bank account must notify the University of Iowa Treasurer's Office in advance of each expected transfer and provide the amount and the MFK to be credited.

Who Should Know This Policy

Any official or administrator with responsibilities for managing University cash receipts and those employees who are entrusted with the billing/invoicing, receipt, deposit and reconciliation of cash for University related activities should follow this policy.

Responsibilities

Department or Unit Executive Officer – Establish an effective internal control system. Delegate responsibility for cash handling and maintain proper segregation of duties. Develop and annually review unit's local desktop cash handling procedures. Ensure that the unit and staff meet the requirements of the departmental and staff certification process.

Biller/Invoicer – Creates and send invoices. Records and makes changes to the account receivable system. The biller/invoicer should be a separate person from the cash collection function.

Cash Collection Point Cashiers- Conduct cash transactions with customers. Monies can be received in person and/or the mail. Endorse all checks immediately upon receipt with a restrictive endorsement. Provide a receipt to every person paying in person. Enter each transaction into a cash register or cash receipt journal/log. Count the cash and forward it on to the deposit preparer (or cash collection point supervisor if one is designated) at the end of the shift. Forward any supporting documentation (cash register tapes, etc.) to the reconciler (or cash collection point supervisor if one is designated)

Cash Collection Point Supervisor (if one is designated, not required) – Monitor cash receipting functions and authorize various transactions, such as refunds, voids, and cash drawer reconciliation. Have access to the cash drawers and safe, if applicable.

Deposit Preparer- Count the cash receipts, prepare the deposit and deliver it to the bank or designated deposit drop location. Submit all appropriate accounting information through the online Edeposit system. Deliver each bank validated deposit slip/E-deposit form to the Reconciler. Store the cash in a safe or other secure place until it is deposited.

Reconciler– Verify that the Deposit Preparer has deposited all cash received. On a monthly basis, reconcile validated deposit forms to the supporting documentation and to the General Ledger Statement of Accounts.

University Billing Office I- Answer questions relating to the depositing of cash or the online Edeposit system. University Billing Office contacts are Marty Miller, 335-0067, marty-miller@uiowa.edu or Susan Miller, 335-0068, susan-miller@uiowa.edu

Account Services Personnel- Review and approve the local desktop cash handling procedures submitted by departments. Conduct periodic reviews of existing cash handling procedures. Advise departments on cash handling policies and procedures. Business Office contacts are located in B-5 Jessup Hall. Email: cash-handling@uiowa.edu

PROCEDURE

Submitting Local Desktop Procedures

To meet the requirement for submission and approval by Accounting Services of your unit's local desktop procedures, you must attach your saved procedures through Workflow available at the cash handling website www.bo.uiowa.edu/cashhandling. A template is available on the website to use in documenting your unit's procedures. Select "Forms and Templates" and then "[Local Desktop Procedures](#) Template" and save the document locally. This document should be modified to reflect your unit's own procedures and saved prior to entering the workflow link on the website.

Once you are ready to submit your procedures for approval, select the "Submit Local Procedures" link on the website. This will take you to a Workflow Submission screen with additional instructions. You will attach your unit's saved procedures document as instructed to a workflow transaction within the University of Iowa Workflow System. You may submit your procedures directly to Accounting Services for approval, unless your organizational unit or department has notified you of additional approvals required by them.

The initiator of the workflow transaction will receive email notification from Accounting Services for either the approval or denial of procedures. The initiator can view the history of the specific transaction by clicking on the link referencing a transaction that is provided within the email from Accounting Services.

- If the procedures are denied, Accounting Services will work with your unit to resolve any deficiencies. Any denied workflow transaction can be viewed in the Employee Self Service portal under the "Workflow" tab and the "History" section. The denied procedures may also be viewed under the Workflow tab and the "Workflow Inbox" under "Accounting Services" until you resubmit the denied transaction back to Accounting Services for approval. The original procedures document should be deleted as an attachment and the revised procedures document should be added as an attachment to the workflow transaction.
- If the procedures are approved, the initiator may view the approved transaction(s) by selecting "View submitted procedures" on the cash handling site. This will prompt you to login to Self Service and a page will

be displayed to choose any approved cash handling transactions based on the Hawk ID used to login to the system.

Receipt, Deposit and Reconciliation of Cash Collected

A. Cash Received in Person.

- The cash received must be entered on a cash register, if one is available, and a copy of the receipt given to the customer. If a cash register is not available then pre-numbered receipts must be utilized and a copy of the receipt given to the customer.
- The cash collection point must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: billing/invoicing, collecting, depositing and reconciling unless approval has been received from Accounting Services.
- All checks must be endorsed immediately with a restrictive endorsement payable to the University of Iowa. A restrictive endorsement occurs when the following text example is placed on the back of the check: "For Deposit Only to the University of Iowa-Chemistry Department". The name of the University department is important for tracking purposes when a problem arises.
- Checks received that were intended for another department should be restrictively endorsed to the University of Iowa and forwarded to that department for deposit. If the intention is unclear, the checks should be restrictively endorsed and sent to the University Billing Office to handle.
- All voided transactions are to be approved and initialed by the cash collection point supervisor.
- Checks must not be cashed by cash collection points unless prior approval has been granted by Accounting Services.
- Refunds and expenditures must be paid by University check unless other arrangements have been approved by Accounting Services.
- The cash received must be reconciled to the cash register or to the pre-numbered receipts at the end of the day or at the end of each shift.
- Only one cashier should be allowed access to a cash register or cash drawer during a single shift.
- Cash must be stored in a safe or other secure place until it is deposited.

B. Cash Received Through the Mail

- The mail is opened and all checks received must be endorsed with a restrictive endorsement (example: "For Deposit Only to the University of Iowa-Chemistry Department") The checks should be entered into an

- approved accounts receivable system or into a ticket ordering system if either system is available. If neither system is available then a listing of the checks should be prepared. The total of the checks should be utilized for reconciliation purposes.
- Checks received by departments or their faculty and staff from externally sponsored agreements are to be forwarded to the Grant Accounting Office for deposit. Checks received in advance of a formally submitted proposal will not be deposited until the Division of Sponsored Programs has received the proposal and has authorized the deposit of the check by the Grant Accounting Office. The Grant Accounting Office is the official University depository for payments received under sponsored agreements.
 - The cash must be stored in a safe or other secure place until it is deposited.

C. Balancing of Cash Receipts

- All cash collected must be balanced daily by comparing the total of the cash, checks, credit cards receipts, etc. to the cash register totals, the pre-numbered receipts totals and the money received by mail totals, as applicable.

D. Preparation of Deposits

- The deposit must be prepared by someone not involved with collecting the cash or opening the mail.
- The deposit should be hand delivered directly to a US Bank location or one of the designated drop off locations on campus at least weekly or when the total on hand reaches \$500. University departments may implement a more restrictive deposit policy if security and/or employee safety are of concern. Accounting information must be submitted within three working days of the date of deposit through the online Edeposit system, to assure appropriate MFK Validation and reconciliation of deposits is in place.
- Designated deposit drop off locations;
 - US Bank (any location)
 - University of Iowa Community Credit Union (there is one located in the Iowa Memorial Union)
 - College of Dentistry Dental Clinic Business Office, S322 DSB: Please call the Business Manager ahead of time to make deposit arrangements. Phone: 335-7440
 - 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.
- All funds received must be deposited intact. However, checks issued incorrectly may be returned to the payer.
- Information regarding Departmental Deposit Preparation is available at: http://www.uiowa.edu/ubill/policies_procedures/deptdpst.html
- Information regarding E-deposit system is available at: http://www.uiowa.edu/ubill/policies_procedures/Edeposit.html
- Credit Card accounting is available at: http://www.uiowa.edu/~cashier/policies_procedures/DeptCreditCard.htm

Reconciliation of Cash Collected

- This function must be performed by an employee who has no cash handling responsibilities.
- The validated deposit tickets should be reconciled to the departmental copy after the deposit has been made. Monthly, the validated deposit tickets must be reconciled to the receipts on the statements of account. Proof of reconciliation must be maintained by the departments.
- Retention policy is three years plus the current year.
- Please refer to the [Cash Handling](#) website for additional information.