

Southern Oregon University Business Services

**Cash Handling  
Department Manual**

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Southern Oregon University Business Services  
Cash Handling Department Manual  
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Southern Oregon University Business Services  
**Cash Handling  
General Policy**

**Purpose**

- Provide direction for campus departments in the collection, custody, and reporting of cash.
- Outline specific cash handling procedures for department use.

**Persons/Areas Affected**

All campus departments receiving cash deposits and payments.

**Policy**

It is the policy of Southern Oregon University that departments handling cash shall comply with standards established in the State Accounting Manual, the Financial Accounting Standard Operating Manual (FASOM), and Oregon Revised Statutes (ORS).

**Responsibilities**

It is the responsibility of campus departments to

- ensure appropriate stewardship of public funds
- protect employees from risk by following policies and procedures
- provide for the safekeeping and timely, accurate deposit of funds.

**References**

- State Accounting Manual
- Financial Accounting Standard Operating Manual (FASOM)
- Oregon Revised Statutes (ORS)
- Oregon State Treasury Cash Management Manual

## Deposits

### Policy

A. Departments must deposit cash, checks, and advices within *one business day* after collection/receipt of such moneys.

**Note:** The timely deposit of moneys received provides several benefits:

- Improved control of funds which reduces the risk of loss due to errors, carelessness, or theft
- Improved interest earnings
- Lowered risk of returned checks due to non-sufficient funds or closed accounts
- Responsive service to the payors (who would otherwise be uncertain whether or not their checks were received).

B. A reasonable, longer period—i.e., longer than one business day after collection/receipt of funds—for the deposit of specific funds or categories of funds is permitted if a department or unit documents a *valid business reason* for using a longer period between receipt of funds and deposit of funds. A reasonable, longer period must be no longer than necessary to satisfy the business reason.

Examples of valid business reasons for not meeting the next-business-day deposit requirement include, but are not limited to, the following:

- Total of deposit is less than \$1,000.
- Peak, infrequent volume of receipts is so great that existing staff cannot meet the next-business-day requirement.
- A department's staffing is severely limited, with only one or two staff members.
- Small dollar volume of transactions.

If a department finds isolated events where it is unable to comply with the next-business-day deposit requirement due to unusual circumstances beyond its control, it is not necessary, nor encouraged, that the department head submit documentation explaining the circumstances causing late deposit. Documenting the reasons for the occurrence in the department files is required and may prove beneficial to the department in the event of an audit.

C. If a department chooses to document a valid business reason for a reasonable, longer period than the requirement of next-business-day deposits, the department must ensure the following:

- Deposits to the cashiers' window in Business Services are made at least once a week.
- Checks held overnight are restrictively endorsed on the date received.

**Note:** Departments must to restrictively endorse checks received in the mail as the mail is opened.

- Cash, checks, and other negotiables are secured by some form of locking device, such as a safe or locking file cabinet.

D. All checks must be properly, clearly, and restrictively endorsed, using a university-approved rubber endorsement stamp and following Federal Reserve mandates.

E. Expenditures or refunds cannot be made from cash receipts.

F. Departments depositing gifts must include the form “Report of Gift Received by Department”. See Appendix.

## **Definitions**

*Advices* are wire transfers, ACH transfers, and bank corrections (debits/credits).

*One business day* means that deposits should be made by 4 p.m. of the following business day.

*Restrictive endorsement* refers to using a correctly formatted endorsement stamp in the first 1 ½ inches of a check, as measured from the trailing (or stub) end of the check.

*A valid business reason* is a legitimate business reason for not meeting the next business day deposit requirement. Examples include, but are not limited to, the following: (a) aggregate receipts on hand total less than \$1000; (b) peak, infrequent volume of receipts is so great that existing staff cannot meet the next business day requirement; (c) severely limited staff resources, and (d) small dollar volume of transactions.

## **Responsibilities**

It is the responsibility of departments receiving cash, checks, and other advices to

- meet next-business-day deposit requirements or file an exception
- provide appropriate and accurate information when presenting deposits
- safeguard deposits.

## **References**

- State Accounting Manual Section Number 03 01 00 – 03 02 00
- FASOM 01.21 C in compliance with ORS 293.265 (1)

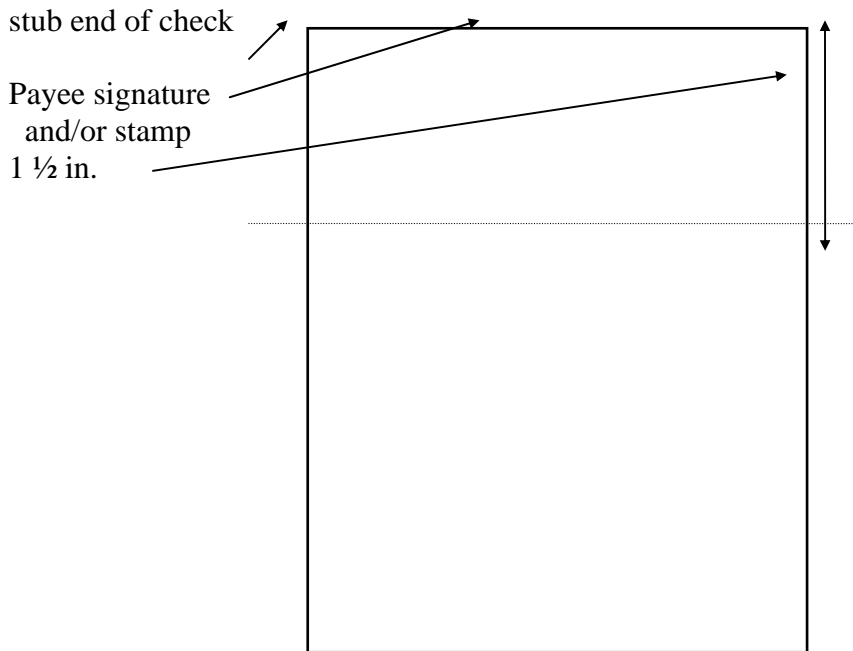
## Procedures

### To deposit cash, checks, and advices

1. Determine that all checks are properly endorsed (see “To endorse checks properly,” p. 7).
2. Fill out the “Southern Oregon University Deposit Information Form. **Note:** There is a form to photocopy in the appendix.
3. On the form, be certain to fill out the index and account codes **or** the fund and account codes.
4. Bring the deposit and the “Deposit Information Form” to the cashiers’ windows in Business Services.

### To endorse checks properly

3. Endorse all checks within the 1 ½-inch area measured from the stub end of the check. **Note:** The remainder of the back of the check is reserved for bank endorsement. This requirement is mandated by the Federal Reserve. Failure to observe this guideline may cause delays in processing and may impair efforts to collect on returned checks.



2. To endorse a single-party check, use the restrictive endorsement stamp.
3. To endorse a two-party check,
  - A. Require the individual presenting the check to endorse the check on the reverse side exactly as shown on the face of the check.
  - B. Use the restrictive endorsement stamp directly below the signature endorsement.

### To obtain a university-approved rubber endorsement stamp

1. Call Deborah Michaels, 2-6590 in Business Services.

**⇒ To report a gift received by a department****Note:**

- A *gift* is defined as a donation other than an endowment with no legal consideration imposed by the donor, i.e., nothing is expected by the donor in return for the gift.
  - Deposits to department gift accounts should consist of charitable donations made to the department. Payments for sales or services should be recorded as income or as an expense reimbursement and should be deposited to an appropriate non-gift index code.
  - Donations made to a department, even if for general department use, are considered restricted funds. This money should not be commingled with general fund or self-support funds. These funds are spent in accordance with university regulations and must not be overdrawn.
  - Normally, SOU encourages donors to route their contributions through the SOU Foundation. However, when this is not possible and contributions have been made directly to the university, the department must take the deposit to the Business Services cashier windows along with the form, “Report of Gift Received by Department.”
  - Gift accounts are used to keep track of donations and their use. A department can have as many gift accounts as it needs. More than one account might be needed if the department receives donations with varying restrictions. A department, too, might want to track different types of donations separately.
1. If you need a new index code, contact Steve Larvick at 2-6594 or [larvick@sou.edu](mailto:larvick@sou.edu).
  2. With your deposit, include the form “Report of Gift Received by “Department”. **Note:** There is a form to photocopy in the appendix.
  3. Be sure to include a copy of any correspondence from the donor(s) regarding the gift.

**To document a valid business reason for failing to meet the next-business-day deposit requirement** - Contact Deborah Michaels at 2-6590 for assistance.

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## Electronic Funds Transfers

### **Policy**

All incoming electronic funds transfers on the SOU campus are processed through the cashiers' office in Business Services. The campus departments receiving an Automated Clearing House or wire transfer will be charged for the cost of the transfer.

### **Definitions**

An *Automated Clearing House* (ACH) transfers payments electronically rather than by check. All incoming ACH payments for the Oregon University System are processed through the Oregon State Treasury's Cash Management Branch.

An *electronic funds transfer* (EFT) is any movement of funds by non-paper means. At Southern Oregon University, EFT transactions are usually conducted through an Automated Clearing House (ACH) or the Federal Reserve's Fedwire system.

The Federal Reserve's *Fedwire system* processes debits or credits through the accounts of member institutions at the Federal Reserve.

A *wire transfer* is a same-day transfer of funds through the Federal Reserve's Fedwire system. Wire transfers typically are used when money must be transferred immediately, when large amounts are needed along with the ability to confirm receipt, and when international payments are made. Wire transfers for the Oregon University System institutions are processed through the Oregon State Treasury's Cash Management Branch.

### **Responsibilities**

It is the responsibility of campus departments (a) to provide accurate information for incoming electronic funds transfers and (b) to notify the cashiers' office in Business Services immediately with sufficient information to notify the controller's office and process the transfer.

The cashiers' office in Business Services assists campus departments in making or receiving electronic funds transfers.

## Petty Cash Funds

### Policy

Southern Oregon University discourages the use of petty cash. Whenever possible, departments should use a procurement card to handle small-volume purchases.

- A. Petty cash funds may be used
  - to make change
  - to reimburse employees
  - to make small-volume purchases when a procurement card is not available.
- B. Petty cash funds are *never* to be used for the following transactions:
  - travel expenses
  - prizes and awards
  - refund of tuition or class fees
  - making loans
  - cashing checks
  - personal uses
  - unauthorized entertainment expenses
  - any transaction that includes reportable services rendered.

### Definitions

*Custodian* is the person authorized by a department head to be responsible for and manage the petty cash fund.

*Reconciled petty cash fund*, the paid receipts or invoices plus cash equals the fund balance.

*Reportable services* involve payments to individuals for contracted services. If the total amount paid to an individual exceeds the limits established by the Internal Revenue Service, this amount is reported on a 1099. Reportable services transactions are tracked through the accounts payable system so that complete and accurate information is received. If you have questions about reportable services, contact the Elizabeth Sunitsch (2-6572).

### Responsibilities

- A. Departments must ensure the following:
  - Appropriate receipts are obtained to support any disbursement of funds.
  - The expenditure is legal, authorized, and appropriate.
  - The petty cash fund is reconciled at all times.
  - The petty cash funds are kept in a secure location, e.g., locked cash box or locked desk drawer.
  - Petty cash funds and associated documents are never combined or commingled with any other departmental funds.
  
- B. Departments must inform Deborah Michaels, Business Services (2-6590) when there is a change of custodian for the petty cash fund.

## Procedures

### To establish a petty cash fund

1. Send a memo from the department head to Deborah Michaels (2-6590).
2. Include the following information:
  - amount requested
  - purpose of the fund
  - the department's plan to operate the fund in compliance with requirements.

### To use the petty cash fund

1. Provide receipts for all authorized purchases.
2. Never reimburse an individual without a paid receipt or invoice.
3. If the expense incurred does not generate a receipt, e.g., parking meters, pay phone calls, (a) write a note describing the expense and (b) acquire the signature of the person who made the expenditure.
4. If the cash is advanced to make an authorized purchase, (a) create a petty cash advance slip, and (b) acquire the signature of the person receiving the advance. When either the unspent cash or a paid receipt is returned,  
© destroy the petty cash advance slip.

### To reconcile the petty cash fund

1. Add together the paid receipts or invoices.
2. Add the cash in the fund.
3. Add the totals in #1 and #2; these should equal the original fund balance:

**paid receipts or invoices + cash on hand = petty cash fund balance**

**To replenish petty cash funds**

1. Complete the “Southern Oregon University Petty Cash Reimbursement Request” form (there is a form in the appendix to photocopy).
2. Forward the form and paid invoices or receipts to the purchasing manager in Churchill 285 (Gail Michael, 2-6574), who will audit your request for appropriate expenditures and documentation.

Note: For any food purchases, include the “Hosting Groups/Guests/Candidates” form and/or the “Reimbursement/Payment for Meals or Refreshments at Meetings” form. Both are available at [www.sou.edu/bus\\_serv](http://www.sou.edu/bus_serv): click (1) Faculty and Staff Information, (2) Purchasing, and (3) Entertainment Policies.

3. Note: If the request is *approved*, the purchasing manager forwards it to the cashiers in Churchill 150. If the request is *disapproved*, it is returned to you with an explanation and/or request for more information.
4. When you receive a call from a cashier, go to the windows in Churchill 150 to sign for receipt of funds. Business Services replenishes your fund with cash and debits your department’s fund code or index code for the reimbursement.

## Segregation of Duties

Segregation of duties is an essential element of internal control that is used to ensure irregularities or errors in cash handling are prevented or detected in the normal course of business in a timely manner. The control provides benefits by making deliberate fraud more difficult, requiring an individual to solicit collusion of one or more employees. With adequate controls in place, errors are more easily uncovered, further eliminating the opportunity of transforming innocent mistakes into on-going fraudulent activities.

To provide basic safeguards, no one individual can have control over two or more elements of a transaction or operational process. The general categories involved are: reconciliation, authorization, custody and record keeping. Incompatible cash handling duties include receiving checks and approving write-offs or reconciling bank accounts while initiating deposits.

If duties exist that cannot be adequately segregated, additional procedures or mitigating controls, must be developed and in place to reduce risk. Mitigating controls may include but are not limited to, regular comprehensive review and documentation by a supervisor of integrated operational processes performed by one individual.

Basic cash handling controls include:

- 1) timely deposits
- 2) regular reconciliation of Petty cash accounts
- 3) surprise cash counts
- 4) limited access to safes and cash funds.

Mitigating controls include monitoring individuals with physical custody of cash and who also perform:

- 1) record keeping duties
- 2) reconciliation duties

Specific duties that should never be performed by the same individual who has physical custody of cash:

- 1) record keeping and reconciliations
- 2) record keeping and monitoring
- 3) essential monitoring controls

Appendix:

**Forms to Photocopy**

## Southern Oregon University Deposit Information Form

Department \_\_\_\_\_ Date \_\_\_\_\_

Deposit Description \_\_\_\_\_

<b>Deposit Summary:</b>	Number of Items	Amount
Checks	_____	\$ _____
Cash		\$ _____
Credit Card		\$ _____
<b>Total Deposit</b>		\$ _____

**Single code only needed for the deposit transaction:**

Index Code \_\_\_\_\_ or Fund Code \_\_\_\_\_ or Detail Code \_\_\_\_\_  
 Account Code \_\_\_\_\_ Account Code \_\_\_\_\_ Activity Code \_\_\_\_\_

If the deposit must be split between multiple transaction codes, use the following:

<b>Index/Account</b>	<i>Amount</i>	<b>Fund/Account</b>	<i>Amount</i>	<b>Detail/Activity</b>	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
<b>Index/Account</b>	<i>Amount</i>	<b>Fund/Account</b>	<i>Amount</i>	<b>Detail/Activity</b>	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
<b>Index/Account</b>	<i>Amount</i>	<b>Fund/Account</b>	<i>Amount</i>	<b>Detail/Activity</b>	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
<b>Index/Account</b>	<i>Amount</i>	<b>Fund/Account</b>	<i>Amount</i>	<b>Detail/Activity</b>	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
<b>Index/Account</b>	<i>Amount</i>	<b>Fund/Account</b>	<i>Amount</i>	<b>Detail/Activity</b>	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
<b>Index/Account</b>	<i>Amount</i>	<b>Fund/Account</b>	<i>Amount</i>	<b>Detail/Activity</b>	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
<b>Index/Account</b>	<i>Amount</i>	<b>Fund/Account</b>	<i>Amount</i>	<b>Detail/Activity</b>	<i>Amount</i>
_____	\$ _____	_____	\$ _____	_____	\$ _____
<b>Total</b>	\$ _____	<b>Total</b>	\$ _____	<b>Total</b>	\$ _____

Note: Combined itemized totals must equal the total deposit summary reported above. Use additional pages as needed to itemize the deposit.

Name of staff making deposit (Print) \_\_\_\_\_

Signature of staff making deposit \_\_\_\_\_

SOU Phone number \_\_\_\_\_

## Southern Oregon University Report of Gift Received by Department

page 1 of 2

**Note:**

- This form must accompany all deposits for donations received directly by a department (not gifts made to the SOU Foundation). Return this form along with the donation to the cashier windows in Business Services. Retain a copy for your own records.
- Cashiers, use detail code C004 and the donor's name (last name first) for the description.
- See p. 2, addendum, for multiple donors.

**Person submitting report/dept.:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Donor Name:** \_\_\_\_\_

**Donor Address:** \_\_\_\_\_

**Type of Donation:**  Cash  Check  VISA  MasterCard  In-kind or other noncash gift

**Amount of Donation:** \$ \_\_\_\_\_ Charge Card # \_\_\_\_\_ Exp. Date \_\_\_\_\_

**Purpose for the donation, as specified by the donor:**

If the donor gives money to a department but does not give any restrictions on how the funds are to be used within the department, check the first choice below. In-kind or other noncash donations should be accompanied by a letter from the donor, describing the donation and the valuation. Include a copy of any correspondence from the donor that elaborates on the purposes for which the funds are to be used.

- General Departmental Operational uses, no specific use within the department.
- General Departmental Scholarships, no specific scholarship fund listed.
- Specific Departmental Scholarship Fund (specify): \_\_\_\_\_
- Other (specify): \_\_\_\_\_

**Gift index to be credited:** \_\_\_\_\_ **Index Title:** \_\_\_\_\_

**Donation Source Code to be used:**

- 03611 Private Individual
- 03621 Commercial Business
- 03631 Foundation, Association, & Society (*excluding the SOU Foundation*)
- 03641 Non-OUS Institution of Higher Education

**Acknowledgement of receipt of the donation:**

Note: The Office of Institutional Advancement will issue a letter acknowledging the receipt of the donation.

**Report of Gift Received by Department**

addendum for multiple donors

page 2 of 2

**Note:**

- Use this page when you have multiple donors.
- The front page of this form must accompany this addendum.
- Each donor and amount should be listed separately.
- If the specified use of the donation, index code, or donation source code is different from the front page of this form, you must use a separate front page for that donor.



**Donor Name:** \_\_\_\_\_

**Donor Address:** \_\_\_\_\_

**Type of Donation:**  Cash  Check  VISA  MasterCard  In-kind or other non-cash gift.

**Amount of Donation:** \$ \_\_\_\_\_ Charge Card # \_\_\_\_\_ Expiration \_\_\_\_\_



**Donor Name:** \_\_\_\_\_

**Donor Address:** \_\_\_\_\_

**Type of Donation:**  Cash  Check  VISA  MasterCard  In-kind or other non-cash gift.

**Amount of Donation:** \$ \_\_\_\_\_ Charge Card # \_\_\_\_\_ Expiration \_\_\_\_\_

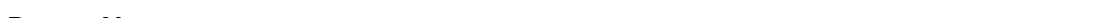


**Donor Name:** \_\_\_\_\_

**Donor Address:** \_\_\_\_\_

**Type of Donation:**  Cash  Check  VISA  MasterCard  In-kind or other non-cash gift.

**Amount of Donation:** \$ \_\_\_\_\_ Charge Card # \_\_\_\_\_ Expiration \_\_\_\_\_



**Donor Name:** \_\_\_\_\_

**Donor Address:** \_\_\_\_\_

**Type of Donation:**  Cash  Check  VISA  MasterCard  In-kind or other non-cash gift.

**Amount of Donation:** \$ \_\_\_\_\_ Charge Card # \_\_\_\_\_ Expiration \_\_\_\_\_



August 2006

Southern Oregon University  
Petty Cash Reimbursement Request

Routing: 1. Submit to the Purchasing Office (2-6574) for signature. 2. Submit to the cashiers in CH 150 for reimbursement.

Department \_\_\_\_\_ Date \_\_\_\_\_

Index code or fund \_\_\_\_\_

Petty cash fund amount .....\$ \_\_\_\_\_

Invoices/Receipts Description	Amount
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total of invoices and receipts (amount you are requesting) \$ \_\_\_\_\_

Cash on hand \$ \_\_\_\_\_

1. Name of staff person compiling this request (please print): \_\_\_\_\_

Phone number: \_\_\_\_\_

2. Department chair signature: \_\_\_\_\_

3. Purchasing office signature: \_\_\_\_\_

October 2006

### Segregation of Duties Matrix

Department \_\_\_\_\_

Duties performed by \_\_\_\_\_

<b>Accounts Receivable</b>	<b>(Yes/No)</b>
Sets up Banner AR account	
Receipts in cash	
Prepares deposit	
Approves cash deposits	
Reconciles cash session to Banner AR	
Authorizes write off of account transactions	
Performs write off of account transactions	
Performs charge backs	
Prepares and mails bills	

<b>Reconciliation/General Ledger</b>
Reconciles bank account
Reconciles general ledger cash/loan accounts
Prepares and posts cash journal entries to the general ledger
Approves cash journal entries in the general ledger

<b>Physical Custody</b>
Maintains custody of cash fund
Has access to safe or cash fund

<b>Petty Cash</b>
Has custody of Petty Cash fund
Replenishes Petty Cash fund
Reconciles Petty Cash
Reviews and approves Petty Cash reimbursements
Cancels Petty Cash supporting documents

<b>Accounts Payable</b>
Issues vendor/AR refund checks
Cancels vendor/AR refund checks
Reviews check register
Reviews write-off register
Sets up vendor accounts

**Cash Orders**

Prepares fund order from bank or agency
Initiates/places order of funds from bank or agency
Receipts in funds from bank or agency to general ledger
Performs monitoring or oversight duties of cash handling

**Cash Registers**

Open/close register and cash drawers
Performs sales transactions
Balances cash drawers to close out reports
Monitors sales staff
Approves cash back transactions
Issues cash back transactions
Replenishes cash drawers