

# Attachment A

## Internal Controls - Cash, Receipt Handling and Deposit Processing

I. DEFINITION - Internal controls are processes that help safeguard University assets and provide reasonable assurance regarding the achievement of objectives such as:

- A. Reliability of financial recording and reporting;
- B. Compliance with applicable laws and regulations.

II. KEY INTERNAL CONTROL ACTIVITIES INCLUDE:

- A. Segregation of Duties - Duties are divided or segregated, among different people to reduce the risk of error or inappropriate actions. For example, the duties listed below should be separated:
  - 1. Receiving cash, checks, credit card payments, electronic transfers and other similar assets;
  - 2. Recording of transactions in designated accounting system;
  - 3. Preparing and review of the bank deposits;
  - 4. Reconciling the bank deposits to the cash register totals, daily receipts, supporting documents and accounting systems.

It is important to implement restrictions to ensure that employees who physically control receipts do not have the capabilities for approving or updating the designated accounting and reporting system (e.g., financial, student or other University sub-systems).

- B. Authorization and Approval- Transactions should be authorized and approved to help ensure the activity is consistent with the University or departmental goals and objectives. Individuals approving transactions should have the authority to do so (e.g., a responsible person listed on the account) and the sufficient knowledge to make informed decisions.
- C. Reconciliation and Review - Reconciliation involves comparing transactions or activity to recorded data and to other sources to help ensure that the information accuracy and completeness of revenue and expense activity throughout the cash, receipt handling and depositing process. Required signatures and date should be included on supporting documents to confirm verification and reconciliation.
- D. Physical Security and Safeguarding of Funds- Equipment, inventories, cash, checks and other assets should be secured physically and periodically counted and compared with amounts shown on control records. Examples of security measures that should be implemented include:
  - 1. Providing a safe or secure storage for cash and similar assets such as fireproof safes, locked drawers, bags or file cabinets;
  - 2. Restricting unauthorized employees from access to cash and similar assets;
  - 3. Locating cash registers so that the customer can observe amounts being recorded for their respective transactions. Area without cash registers must supply a handwritten receipt.
  - 4. The university and department should employ appropriate hiring procedures for employees whose job responsibilities include the key internal controls described above.

## Attachment B

### Frequency of Deposits Schedule and Guidelines

1. Frequency of Deposits will be based on cumulative daily receipts (includes all cash, checks and credit card activity) on hand throughout the day. The following guidelines provide minimum standards, allowing the departments discretion to increase depositing frequency as needed:

Cumulative Daily Receipts Minimum Frequency of Deposit

More than \$1,000- Next business day  
\$500 to \$1,000-Within 3 business days  
Less than \$500-Within 5 business days

2. OTHER REQUIREMENTS- Minimum Frequency of Deposits Timeframes:
  - a. If a large portion of cumulative receipts on hand is comprised of cash (more than 10% of total cumulative receipts), deposits should be made more frequently than outlined above.
  - b. If a single receipt for \$5,000 or more is received, every effort should be made to deposit this on the same business day.
  - c. All departments with receipt handling responsibilities should develop a deposit schedule, based on the above guidelines to ensure cumulative daily receipts on hand are timely deposited and before the Accounting Office month ending closing requirements.
  - d. Checks which are held from deposit for more than two weeks and which are subsequently returned unpaid, WILL RESULT in the department being charged for the University's returned check service charge.

*Any other exceptions to above depositing guidelines must be requested in writing, approved respective department or division head and must be endorsed by the Comptroller. Also, if departments are granted exceptions to the above depositing schedule, they will be subject to more frequent cash handling audit.*