



Policy Number

100.1

Policy Title

Cash Handling Policy

Effective Date

January 1, 2024

Purpose

The purpose of this document is to provide policies relating to accepting, depositing, recording, safekeeping and reconciling all cash and cash equivalents in a timely, internally controlled manner.

Definition

This cash policy establishes controls to safeguard cash and cash equivalents for California State Bakersfield, University and Auxiliaries (collectively the “University”). The purpose of this policy is to ensure:

- Internal controls are established over all forms of payments.
- All payments are deposited promptly.
- Cash receipts are protected from misappropriations.
- Physical access to cash receipts is limited.
- A training tool is provided for university and satellite cashiers and to provide uniform accounting rules.
- Guidance is provided surrounding change and petty cash funds.

Scope

This policy will pertain to staff, faculty, and student assistants that handle cash and/or cash equivalents.

Policy/Procedure

I. OVERVIEW

Per Integrated CSU PolicyStat ID 10838593 all money in the possession of, or controlled by, the CSU must be deposited in the centralized bank(s) designated by the Executive Vice Chancellor/Chief Financial Officer (EVC/CFO) of the CSU. Unless otherwise authorized by executive order, decisions regarding the administration and management of all CSU cash and investments are the responsibility of the EVC/CFO or his/her delegates.

Each individual who receives or has custody of university cash and cash equivalents will be held accountable for cash and cash equivalents under his or her control. The Vice President and Chief Financial Officer (VP/CFO) of the University is ultimately responsible for ensuring that cash-handling policies and procedures are being enforced. This authority has been delegated to the Senior Director and Controller and Director of Accounting and Reporting Services-Student Financial Services. Satellite cashiering locations and/or departments that fail to comply with this policy will be subject to closure.

Per CSU Executive Order 1104, incidents of actual or suspected fraud involving State and/or non-state funds must be reported to the campus Vice President and Chief Financial Officer. Depending on the type of fraud and/or the financial impact, the actual or suspected fraud may require reporting to Chancellor's Office administrators (the Chancellor, EVC/CFO, Vice Chancellor and Chief Audit Officer).

II. DEFINITIONS

A. Cash: Currency and coin are the most liquid of assets and must always immediately and be protected against loss. The campus only accepts U.S. currency.

B. Cash Equivalents:

- Cashier's Check – Any check which is:
 - drawn on a depository institution
 - signed by an officer or employee of such depository institution, and
 - a direct obligation of the depository institution.
- Certified Check – Any check certified by a depository institution as to:
 - the signature on the check being genuine
 - the depository institution having set aside funds which are equal to the amount of the check and will be used only to pay that check.
- Checks – Negotiable demand draft drawn on or payable through an office of a depository institution that is a qualified member of the Federal Reserve System.
- Money Order – Financial instruments issued by a bank or other financial institution allowing the individual named on the order to receive a specified amount of cash on demand.

- Travelers Check – Preprinted, fixed-amount checks designed to allow the person signing to make an unconditional payment to someone else as a result of having paid the issuer (usually a bank) for that privilege.
- B. Cash Handling Duties: Employees with direct access to, or control over, cash, checks, other cash equivalents, credit cards, and/or credit card account information are considered to hold Sensitive Positions and are subject to background checks in accordance with HR Coded Memo 2017-17 and/or its successor policy.
- C. Cashier: a person handling payments and receipts in the Main Cashier’s office, Satellite Cashier’s office, or at any other campus event that may involve the handling of cash and/or cash equivalents.
- F. Cash Receipt: A written acknowledgment for a sum of cash equivalent has been received; the paper that provides the audit trail (e.g., cancelled check, electronic receipt, or pre-numbered cash receipt). CSU: California State University.
- G. Change Fund: Currency and coin fund assigned to a custodian within a department and must always be protected against loss.
- H. Department/Satellite Cash Handler: Departments which frequently handle cash and cash equivalents, process payments and prepare deposits to a main Cashiering point, and which have been delegated authority from the Director of Accounting and Reporting Services-Student Financial Services and the Senior Director and Controller to collect payments.
- I. Events: Activities that support the operation of a campus and to complement the university experience not only for students, but also for faculty, staff, alumni, and surrounding communities. Examples include, but are not limited to:
- Music Concerts
 - Conferences
 - Intramural Sports
 - Meetings
 - Shared Interests
 - Fieldtrips
 - Youth Activities
 - Athletic Events
 - Academic Ceremonies
 - Debates
 - Workshops

- J. CSU PolicyStat: The general policies provided by the California State University, Chancellor's Office.
- K. Main Cashiering: The primary cash handling unit with the responsibility to collect, control, and maintain records for campus funds. Collections are deposited directly to an approved depository bank account. The only main Cashiering locations are Student Financial Services and Antelope Valley campus.
- L. Occasional Cash Handler: Handles cash infrequently. Inadvertently receives checks in the mail. These are not authorized cash handling points. Checks should be routed to main or Departmental/Satellite cashiering point for deposit.
- M. Petty Cash: It is the policy of the CSU that funds established to:
- support change-making activity and
 - for the reimbursement of small dollar University business related expenses are provided as a service to operating units that require such operating funds.
- N. Satellite (Department) Cash handling location: Departments which have been delegated authority from the Senior Director and Controller on a day-to-day basis to handle cash and cash equivalents: collect payments, process payments, and prepare deposits to a main Cashiering point. These locations would include Health Center, Extended University, Foundation, Print Shop, Music & Theatre, and Athletics.
- O. Transact (formerly Cashnet): The name of the cashiering system used for Student Accounts and for various events on campus.

III. RESPONSIBILITIES OF CASH HANDLING LOCATIONS

A. Approval Process of Cash Handling Location

Prior to collecting cash for goods or services, all departments, auxiliaries, and other entities/organizations, events, must be pre-approved by the Senior Director and Controller. To request authorization to collect payments, the following forms must be completed:

- Request to Establish/ Maintain Cashiering Collection Point form
- Cash Handling Annual Review Questionnaire Risk Assessment form

Additionally, Main Cashiering establishes all petty cash funds, satellite cashier location, or change fund. Refer to Section V for additional details regarding the establishment of a change or petty cash fund.

B. Training

Locations authorized for collecting cash have the fiduciary duty to adhere to all applicable state, CSU, and University policies and procedures. Individuals involved in the cash handling process are responsible for the respective functions related to the approved location. Upon authorization of a cash handling location, training is required for all employees handling cash and/or supervising the function. After the initial training, an annual refresher training (in-person or on-line) is required for all employees handling cash and/or supervising the function.

C. Safeguarding of Cash and Cash Equivalents

Because cash is negotiable and easily transported, it is important to establish proper processes to safeguard this asset. Accountability requires the person to have the authority to carry out the task. An employee receives a delegation of authority to handle cash either by approval from the VP/CFO and/or Controller or through his/her job description that includes cash handling responsibilities. Any person who has delegated cash handling duties to someone else remains accountable for the duty.

Any location involved with cash handling processes is subject to an unannounced cash count and verification of funds by main Cashiering. The frequency of the audits is on a periodic basis as determined by campus procedure by the VP/CFO, Controller, or Director of Accounting and Reporting Services-Student Financial Services. Verification of cash balances must be performed in the presence of the employee with accountability of the funds. The audit must be documented.

D. Background Checks

Per CSU PolicyStat ID 12842299 “employees with direct access to, or control over, cash, checks, other cash equivalents, credit cards, and/or credit card account information are considered to hold Sensitive Positions and are subject to background checks. Background checks and employment verification are required prior to employing cashiers or other cash handlers. Employment in a cash handling position is treated as provisional until the completion of the background check. Each department management is responsible for obtaining the appropriate background and employment verification when hiring employees into cash handling related positions, or when cash handling duties assigned.

IV. INTERNAL CONTROLS AND ACCOUNTABILITY – CASH HANDLING

Accordingly, it is the policy of the University that the internal controls over cash receipts/handling be implemented throughout the University. This section of the policy will discuss internal controls surrounding separation of cash handling duties, physical protection of cash and cash equivalents, and robbery prevention and safety.

A. Separation of Duties

A key element in a system of internal control is separation of duties. In accordance with PolicyStat ID 12842297, duties are to be separated to the extent possible in every area that handles cash and must always be in place. An adequate system of checks and balances includes different individuals performing tasks such as cash receipt, depositing, reconciliation, and recording. A second person is always required to verify reconciliation and deposit of cash items.

When possible, the following duties should be assigned to different individuals to ensure safeguarding of assets and the reliability of financial records:

- The storage and inventory of blank receipt stock must be handled by someone other than a cashier.
- The person collecting cash, issuing cash receipts, and preparing the departmental deposit must be someone other than the person performing the monthly review of the general ledger, the person maintaining accounts receivable records, or the person following up on collectibles.
- ***Deposits should be verified by a second person.***
- Collections for returned checks, credit card chargebacks, and ACH (wire) returns should be processed by someone who is not involved in the collection, receipting, and depositing of cash.

- The person approving write-offs should be different from the person maintaining the returned item inventory.
- The responsibility of cash and accounts receivables cannot be processed and/or reviewed by the same individual.
- Documentation of cash differences (overages and shortages) must be maintained for each individual involved in the cash collection process.
- Mailed remittances must be verified, processed by a separate individual, and restrictively endorsed for deposit or electronically deposited by the close of business on the day of receipt.
- All cash transfers must be documented, and the documentation of accountability maintained by category (i.e., currency, checks and other forms of payment).

The University must make every effort to ensure that key tasks (e.g., receipt, reconciliation, entering journal entries) must be performed by different personnel. Mitigating controls such as periodic reports that are reviewed and approved by a supervisor and maintained as an audit record, reconciliations with inventory counts, and bank record reconciliations to cash count records by a supervisor or unrelated party, can serve as adequate control techniques when staffing levels do not afford full segregation. Additionally, each department is required to have a back-up policy in the event the custodian is out of the office.

B. Operational Controls Surrounding Cash

1. Transact (formerly CASHNet) & Student Financials PeopleSoft Access

Access to campus information assets containing protected data as defined in the CSU Data Classification Standard may be provided only to those having a need for specific access to accomplish an authorized task. Access must be based on the need to perform job related duties, responsibilities, or functions. To obtain access to Transact, the Transact Security Access Form must be completed and submitted to Main Cashiering. The request to obtain access is reviewed by the lead cashier and approved by the Director of Accounting and Reporting Services-Student Financial Services. Any requests to change or update access rights must be approved by the Director of Accounting and Reporting Services-Student Financial Services or the Senior Director and Controller.

Periodic review, at least annually, of Transact access is required to be completed by the Director of Accounting and Reporting Services-Student Financial Services. This review is to identify users who no longer need access to the Transact system due to separation from the University or due to change in job functions. It is also to ensure that users have the adequate security level for their role.

2. Cash Overages & Shortages

Cash overages and shortages occur when:

- The incorrect change is given.
- Mixing money between drawers.
- Dishonesty exists.
- The incorrect payment amount is posted to the system.

Cash Overages should be credited to an overage account at the time of receipt. There should be a detailed explanation showing the date, location, and complete circumstances for the incident that caused the difference. If the difference is a result of a “clerical error”, the explanation must be signed by a supervisor. Repeated occurrences of overages and shortages may lead to revocation of cash handling privileges to the department. Counterfeit currency returned by the bank are recorded as a cash shortage and referred to campus University Police Department.

If all reasonable collection efforts do not result in payment, departments will adjust the accounting records by using the procedure applicable to the type of cash shortage that has occurred.

1. Shortages in excess of \$10.00 must be reported to the Director of Accounting and Reporting Services-Student Financial Services immediately.
2. The employee’s direct supervisor will perform an audit of the cash drawer as soon as they are notified of the shortage. If the audit of the drawer results in a cash loss, the employee’s direct supervisor and director will be notified immediately.
3. Overages and shortages must be reported and explained on the cash transmittal form.
4. A review shall occur of all applicable resources which may include but is not limited to the following:
 - a. Transact vs. PeopleSoft posted amounts.
 - b. Interview(s) with employee(s) in surrounding departments.
 - c. Interview(s) with student(s) in or around department.
 - d. Surveillance footage.
 - e. Report filed with University Police Department.

3. Acceptance of Cash and Cash Equivalent

Cash handling locations may accept U.S. currency, coins, and checks. All checks must be made payable to as follows:

- California State University
- California State University, Bakersfield
- CSUB
- California State University Foundation
- Associated Students, California State University, Bakersfield Inc.
- California State University Student Union
- California State University Student Union Children’s Center
- California State University Student Rec

- California State University Bakersfield Auxiliary for Sponsored Programs Administration

All cash handling locations that accept cash equivalents are required to have an official campus endorsement stamp that identifies the cash handling unit. The main Cashiering location is responsible for ordering, issuing, and securing bank endorsement stamps on campus.

Checks accepted by the University must contain all legally required elements including:

- a. Date: The date cannot be a postdated or stale dated. A postdated check is when the date on a check has not yet occurred. A stale dated check is one that is more than 6 months old. The FDIC does not obligate a bank to accept a check more than 6 months old.
- b. Payee: This is the person, business, or organization in which the check is written. In this case, it would be the University.
- c. Legal line: This is the section of the check in which the check dollar amount is in written word. This amount should agree to the numeric amount.
- d. Signature: The person writing the check must sign. The check is not valid without a signature.

Immediately upon receipt, the check and/or cash equivalents must be restrictively endorsed with an endorsement stamp with the phrase “for deposit only.” It must be restrictively endorsed for deposit (endorsement stamp or its mechanical equivalent) or electronically deposited as soon as possible but not later than the close of business on the day of receipt. Checks accepted from students should include the student’s ID number on the face of the check and/or cash equivalents. The University does not accept two party checks or checks bearing the legend “Payable/Paid in Full.” In addition, personal checks cannot be cashed. (CSU does not provide check cashing services.)

Some checks may have to be researched. If the purpose of the check cannot be resolved within 10 days, the check must be returned or deposited to the “SFS Uncleared Collections” account. If the check is not identified within 30 days after being placed in “SFS Uncleared Collections” account, a check request should be prepared to return funds to the sender.

4. Depositing Cash and Checks

Per CSU PolicyStat ID 12057535, the main Cashiering location must deposit at the bank no later than the next business day of receipt. Cash and/or cash equivalents are to be deposited, either physically and/or electronically.

All other cash handling locations must deposit to the main Cashiering locations in a timely manner, and at least within five (5) business days of receipt. Whenever cash exceeds \$1,000 cash handling locations must deposit at the main Cashiering location. Campus police escort is required when transporting cash meeting or exceeding this threshold.

Cash handling locations have the responsibility of ensuring that deposits are balanced and recorded accurately. If cash handling locations are not cautious and errors regularly occur, cash handling privileges will be suspended or terminated. Departments can help to eliminate these errors by closely reviewing the information recorded and by running duplicate tape totals on their deposits and corresponding paperwork.

Per CSU Policy Stat ID 11017158, it is the policy of the CSU that all deposits be verified and recorded into the general ledger within the same accounting period as the transaction. All unidentified deposits will be posted to a specific “SFS Uncleared Collections” account. Student Financial Services is responsible for researching and attributing items posted to the Uncleared Collections account.

5. Safeguarding Inventory

Sequential numbered forms must be used to document cash related transactions to enhance reconciliation, accountability, and reduce loss. Examples of cash related transactions that should use sequential numbered forms are event tickets, receipts, check stock, etc.

C. Physical Security and Cash Handling Locations

The University must establish procedures to ensure the physical safety, security of campus employees, cash, and cash equivalents, at all times. All forms of cash and cash equivalents must be physically secured using security systems, lockable receptacles, vaults, or safes. Generally, any amount of cash that exceeds \$1,000 must be maintained in a vault or safe. Amounts under \$1,000 should be maintained in a lockable receptacle. Cash and cash equivalents held by the main Cashiering or Satellite Cashiering Unit must not be retained in desk drawers or standard file cabinets since they are easily accessible and provide no security or safeguarding of funds.

1. Physical Security Standards

Cash and cash equivalents must always be secured in a storage receptacle or burglarproof/fire resistant safe. Requirements for lockable receptacles or burglarproof/fire resistant safes to store cash and cash equivalents are below:

Amount	Storage Requirement
\$1.00-\$1,000.00	Lockable receptacle
\$1,001.00-\$2,500.00	Safe
\$2,501.00-\$25,000.00	Steel-door safe, with a door thickness of not less than 1 inch and wall thickness of not less than ½
\$25,001.00-\$250,000.00	Class TL-15 composite safe or better
\$250,001.00	Class TL-30 steel or better safe

2. Transportation Standards

Transportation of deposits must always be a high priority and should not conform to any regular schedule. Transporting deposits between Cash Handling Units or to the bank will be accomplished in a secure manner (in line with the Department’s Cash Handling Questionnaire) to protect the individuals, cash, and cash equivalents involved. Cash deposits must be hand-carried by an authorized campus employee to the Main Cashier. Deposits exceeding cash of \$1,000 or cash equivalents accumulatively exceeding \$5,000, require campus police escort or armored car transportation.

3. Robbery Prevention and Safety

Per CSU policy, if more than \$2,500 in cash and cash equivalents is regularly on hand, a manual robbery alarm system or other appropriate measure must be installed for use to alert the University Police Department or local law enforcement in the event of a robbery or other irregularity. If more than \$25,000 in cash and cash equivalents is stored overnight, an automated alarm system is required to alert the University Police Department or local law enforcement if the storage area is entered after business hours.

In accordance with the State Administrative Manual (SAM) 8000, state employees having custody of state funds will be instructed to surrender, without resistance, funds demanded if they are threatened with violence during an attempted robbery. The University Police Department will be notified immediately. The VP/CFO and/or the Controller should be notified to coordinate communications with the Chancellor’s Office and other agencies (i.e., Department of Finance, Office of State Audits and Evaluations, etc.) who are required to be notified.

V. PETTY CASH FUNDS and CHANGE FUNDS

In accordance with CSU PolicyStat ID 12594474, it is the policy of the CSU that funds established (1) to support change-making activity (Change Funds) and (2) for the reimbursement of small dollar University business related expenses (Petty Cash Funds) must be protected from loss. All change and petty cash funds are established through main Cashiering. Any location that is interested in establishing a petty cash and/or change fund needs to complete a Request to Establish/Maintain Cashiering Collection Point form and Cash Handling Review Questionnaire. In addition, the custodian must be trained on the responsibilities prior to accepting a change or petty cash fund.

Unannounced audits of a PCC Fund shall be documented and done by someone other than the custodian or the custodian's supervisor. Unannounced audits shall be done conjointly by at least two CSU personnel at a minimum frequency as shown below.

- \$200.00 or less -- Annually
- \$200.01 to \$500.00 -- Quarterly
- \$500.01 and more-- Monthly

When a change and/or petty cash fund is no longer needed, or upon termination or departmental transfer of the custodian, these funds must be re-deposited at main Cashiering. Transfer of funds to a successor is not authorized. A new request is required.

1. Change Funds

Locations approved for change funds are responsible for the security of their change funds. Accountability for change funds must be assigned to the employee who is designated as the change fund custodian. Reconciliation of change fund balances is required to be performed on a weekly basis. Change funds cannot be commingled with other funds, to exchange checks for currency, or to make change for another change fund.

2. Petty Cash

Locations approved for petty cash funds are responsible for the security of their petty cash funds. Accountability for petty cash funds must be assigned to the employee who is designated as the petty cash fund custodian. Supporting documentation must be maintained (i.e., cash register audit tapes). If electronic-mechanical or electronic cash registers are not in use, a report of account of cash collections must be maintained. When a petty cash purchase is made, a receipt must be obtained which contains the following:

- Date
- Name of vendor or payee
- Amount paid
- Positive evidence that a payment was made, i.e., a cash register receipt or a hand-written receipt on which the word "paid" appears
- Description of the supplies or services purchased
- Signature indicating receipt of the supplies or services

A record of cash recorded, and any overages or shortages is reported daily to main Cashiering. Transmittal forms must be used for all deposits to main Cashiering. Forms must be prepared in advance and should include the following information whenever applicable:

- Total Amount Deposited
- Currency
- Coins
- Checks
- Brief description of reason for payments, Overages/Shortages, invoice numbers or other source documents.
- Name of individual or department making the payment being deposited.
- Account(s) to be credited and the amount credited to each account.
- Indication of whether the item(s) are taxable or nontaxable sales.



A. Petty Cash Fund restrictions

Petty cash purchases, per payee per day, may not exceed a \$50 maximum per day for each department. Petty cash purchases are to be limited to emergency purchases only. Expenses that cannot be paid from a Petty Cash Fund include but are not limited to:

- invoices from vendors
- payments for services to employees or independent contractors
- loans and advances
- office supplies (these items should be purchased via CSU established contract.)
- meals (These reimbursements must be requested on a direct pay form in conformity with the Hospitality Policy and submitted to Payment Services.)
- Copying, duplicating, printing and binary jobs should be processed through the campus Print Shop. If the Print Shop cannot perform the service needed within the required time frame, proper explanation must be provided on the Petty Cash Voucher if another vendor is used.
- Document layout, design and transcription should be processed through Reprographics. If Reprographics cannot perform the service needed within the required time frame, proper explanation must be provided on the Petty Cash Voucher if another vendor is used.

Splitting a transaction into multiple purchases so that each purchase amount is less than or equal to the documented maximum amount is not allowed.

B. Replenishment of Petty Cash

To replenish a petty cash fund a Direct Pay with the original receipts must be submitted to Payment Services.

[Review \(Frequency and process\)](#)

These procedures should be reviewed annually.

[Last Revision Date](#)

September 13, 2022

January 3, 2023

January 1, 2024

[Related Documents](#)

Department Cash Handling Application & Cash Handling Review form