SAN MARCOS UNIVERSITY CORPORATION
CASH HANDLING POLICY

I. Introduction
The purpose of this Cash Handling Policy is to provide guidance for accepting cash and cash equivalents, ensure appropriate segregation of duties and provide physical security of cash and cash equivalents in accordance with CSU San Marcos (hereinafter “University”) and CSU Trustee Policies and sound fiscal practices.

II. Policy Statement
It is the policy of San Marcos University Corporation (hereinafter “University Corporation”) that cash and cash equivalents be collected and documented in a timely, controlled and cost effective manner, maintain an adequate separation of duties in the area of cash handling, so that no one individual has exclusive control over a given process and provide for the physical security of cash and cash equivalents.

III. Terms and Definitions

Batch number – The number that is printed on a batch settlement tape from the charge, credit and debit card terminal and is the unique identifier for that particular batch of transactions.

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.

Check – Any negotiable demand draft (including those instruments issued and commonly called warrants by the State of California) drawn on or payable through a United States office of a depository institution that is a qualified member of the United States’ Federal Reserve Bank.

Certified Check – Any check for which a depository institution certifies that the signature on the check is genuine and such depository institution has set aside funds which are equal to the amount of the check and will be used to pay such check.

Cash - Currency and coin.
Cash Equivalents – Checks, money orders, traveler’s checks, cashier’s checks, and certified checks. The term “check” means any negotiable demand draft drawn on or payable through a United States office of a depository institution that is a qualified member of the United States/Federal Reserve Bank.

Cash Handling Department – A San Marcos University Corporation department that typically collects cash or cash equivalents and deposits to either the University Cashier’s office or a satellite cashiering station.

Cashiering System – Online cashiering system used to process payment transactions and departmental deposits.

Credit Cards – Credit cards issued by commercial banks and financial institutions under the VISA and MasterCard brands and by independent companies, (American Express and Discover), permit clients to pay for services and goods by drawing against lines of credit granted by the card issuing banks/companies.

Debit Cards (Pin based) – Issued by financial institutions, relying on connectivity to various debit card switch networks such as STAR, Interlink, NYCE, PULSE and several others. These cards permit clients to pay for services and goods by drawing against available funds resident in the payer’s checking or savings account at the time of the payment.

Debit Cards (Signature based) – Issued by financial institutions under the VISA and MasterCard brands, permitting clients to pay for services and goods by drawing against available funds resident in the payer’s checking or savings account at the time of payment.

Deposit – A collection of cash, cash equivalents placed or kept in a bank account.

Main Cashiering Station – University Cashiers from which collections are deposited directly to a San Marcos University Corporation bank account.

Money Orders – Money orders are 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.
**Negotiable Instruments** – A document guaranteeing the payment of a specific amount of money.

**Post Dated** – A date on a document or check which follows the date of actual initiation or execution.

**Reconcile** – To balance to a separately maintained set of data.

**Restrictively Endorsed** – Refers to affixing the signature, name and account number to whom the transaction is to be credited.

**Second (Two) Party Checks** – Checks that are presented to the Cashiers Office for cashing that are written by one individual or organization to another (payee) and cashed by the payee.

**Travelers Checks** – Travelers Checks are 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.

**Void** – A transaction that has been deleted or replaced by another.

**IV. Policy Guidelines and Procedures**

**Internal Control, Safety, and Security**

A. University Corporation departmental managers/supervisors must approve designated individuals to collect monies, record payments, reconcile receipts to system financial records, and abide by University and University Corporation policies and procedures.

B. If any employee having cash handling responsibilities has mishandled cash and/or cash equivalents, The Executive Director (or designee) of the University Corporation must be notified immediately as well as University Police. It is the responsibility of each departmental manager/supervisor to report any irregularities as soon as they are discovered.

C. All University Corporation cash handling departments are subject to unannounced audits by University Corporation Management, University internal auditors, and external auditors during normal business hours.
Collection and Documentation

A. All incoming mail consisting of cash and negotiable instruments must be made payable to San Marcos University Corporation or University Village Apartments.

B. Incoming mail consisting of cash and negotiable instruments, not payable to the University Corporation must be listed on a separate form, dedicated to returned instruments and retained by the department. The cash/negotiable instrument must be forwarded to the appropriate entity or returned to the payee no later than 30 days from receipt.

C. All checks should be restrictively endorsed (endorsement stamp or its mechanical equivalent) by the close of business on the day of receipt.

D. Proper University Corporation (SMCOR) Cash Net item codes(s) are to be identified and deposit slips prepared for each transaction.

E. When the proper SM COR item code(s) cannot be readily determined, the transaction will be deposited and recorded as “un-cleared collections”. Copies of the transaction will be used to research and correct the recording instructions.

F. All incoming currency, checks, credit card and ATM/Debit payments must be recorded on a log, worksheet, or on preprinted, numerically controlled receipts for each transaction. (Manual receipt books may be ordered from Student Financial Services).

G. If preprinted, numerically controlled receipts are used; the receipts must be used sequentially. Receipt stock shall be kept secured, inventoried and regularly reviewed to prevent and detect alterations. Logs and worksheets should be kept secured, and reviewed and reconciled periodically.

H. In circumstances where it is not practical to process a receipt, (e.g. events) other mitigating controls will be implemented, such as pre-numbering of tickets, ticket inventory reconciliations, and ticket count reconciliations against cash collected.

I. A daily accounting of cash/checks received from sales or deposits will be balanced against the total amount on the manual log or department
cash register. Any amount that is over or short is to be reported the same day on the departmental balancing worksheet. Personal money should not be used to balance a fund.

J. Monthly reconciliations will be performed to ensure that cash and/or cash equivalents are received in a consistent manner utilizing systems that ensure the integrity of existing internal controls. Monthly reconciliations should compare logs/worksheets of daily amounts to deposit receipts from Student Financial Services. Monthly reconciliations should be dated and contain two signatures, that of the preparer and that of the reviewer. The reviewer should be a departmental manager or supervisor.

**Electronic based cashier point of sale equipment (POS)**

A. All electronic based cashier point of sale equipment must meet the University security and operational standards. Sales should be recorded through a cash register or cashiering system. The cash register and cashiering system provides a locked in record of the amount of funds entered on the register/system, a printed receipt to be given to the customer, and a safe place for holding a change fund and un-deposited receipts. The cash drawer in the register should never be left open unless a transaction is being processed.

B. All cash registers and point of sale equipment must provide the following:

- A cash receipt with a unique identifier assigned to each customer
- Appropriate staff member’s approval in order to process refunds or voids after a completed sale
- All register/cashiering totals should be balanced at the end of the day or change of shift
- Accountability over sales proceeds and change funds should be assigned to specific individuals, which means that each employee who operates out of the same cash register should be assigned his or her own cash drawer. Funds should not be commingled between cash drawers
- The cash register/cashiering batch should be closed out and total cash receipts should be reconciled on a daily basis
- All corrections should be made through the cash register/cashiering system. The journal tape should be marked to
indicate the action taken along with supervisory review and approval

- Departmental managers/supervisors or designees may perform periodic, unannounced cash reconciliations or they may request Student Financial Services to perform additional audits of the cash register/cashiering system

**Processing Deposits**
A. All deposits are to be made in a timely manner to ensure proper posting of receipts and to ensure the safety of funds.

B. All credit card charges/receipts must be processed and deposited in a timely manner.

C. All deposits, including credit card deposits must be accompanied by a University Corporation (SMCOR) deposit form and should be organized using the following method:
   - Coins and Currency should be sorted by denomination
   - Checks, money orders, traveler’s checks and cashier’s checks should be sorted by type
   - If a check, money order, traveler’s check or cashier’s check amount is being split between two or more SMCOR item codes, list on separate lines with the respective item code and the amount being deposited to each line
   - Credit card and ATM/Debit transmittal slips and batch printouts from Point of Sale (POS) terminals should be bundled separately and retained for four (4) years by the credit card location

D. All University Corporation deposits must be verified against system generated totals, and copies of system generated totals should be attached to the deposit as documentation.

**Segregation of Duties**
A. Segregation of duties must be maintained when cash is received. No single person should have complete control over the entire process of receiving, processing or applying a payment, preparing the bank deposit or verifying the deposit.
B. If proper segregation of duties cannot be implemented for any cash handling function, mitigating controls may be established, such as periodic reports that are reviewed and approved by a manager/supervisor and maintained as an audit record, reconciliations with inventory counts and bank record reconciliations to cash count records by a manager, supervisor or unrelated party can serve as adequate control techniques when staffing levels do not afford full segregation.

C. The storage and inventory of blank receipt stock must be handled by someone other than a cashier.

D. The individual who authorizes departmental refunds cannot be the same individual who collects the cash or cash equivalents.

E. The individual who is responsible for cashiering records and money must assure the funds are properly safeguarded in a safe, vault, or secured receptacle (locked bag, locked drawer, locked drop box).

**Physical Security of cash and cash equivalents**

A. All deposits and cash on hand must be kept in a safe, vault, or secured receptacle (locked bag, locked drawer) until the deposit is made.

B. Receptacles such as locked bags and drawers must be located in a secured location and all keys to the locked receptacle(s) and secured location(s) are secured themselves.

C. All cash must be secured at the close of business.

D. Cash handling departments will be responsible for delivering their deposits to the University Cashiers Office. All deliveries are to be made in person, as using campus mail to move cash or cash equivalents is prohibited.

E. Deposits must be sealed in a tamper-free bag or in a locked deposit bag and should be made at the designated main cashiering station.

F. Cash handling departments handling large cash deposits ($2,500.00 or more) or coming from an off campus location are to contact University Police to be escorted to the University Cashiers Office.
V. **Sale of Admission or Event Tickets**
   A. The procedures, standards and security for the sale of admission or event tickets must be consistent with those for the handling of cash and cash equivalents.

   B. All ticket sales must be balanced to their generated revenue on a daily basis.

   C. When admission tickets are used where cashiering equipment may not always be present and receipts are not always issued, The University Corporation department selling tickets or other items must develop adequate controls to safeguard tickets, including the use of pre-numbered ticket stock, and cash collection procedures to ensure that the number of tickets or items sold corresponds to the expected revenue from the sale of the tickets or items. These controls must be reviewed by the department manager/supervisor and maintained for audit purposes.

   D. A full accounting of “tickets sold” against cash received and amount posted to the general ledger should be completed to make certain that assets distributed at the point of sale are converted to cash and that the cash is being deposited in the cashier’s cash box.

VI. **Credit Card Payments and Data Security**
   A. All department merchant card accepting locations must use an approved Merchant Card processor.

   B. Receiving payment instructions via fax transmittal is prohibited as a violation of the intent of section 4(a) of the Uniform Commercial Code. The University Corporation will not accept credit card payments by e-mail or fax.

   C. All credit card sales must be approved (authorized) by the respective credit card company. Approval is given (or not given) upon entering the sale into the electronic or online method or by contacting the respective credit card company.

   D. Procedures for manual credit card imprinters:
      - A separate charge slip must be filled out for each sale of goods or services
• Imprint the charge slip with the cardholder’s embossed card
• Print legibly on each charge slip the following:
  ✓ Address with zip code
  ✓ Security code number (last three numbers from the back of the credit card)
  ✓ Date of sale
  ✓ Description of goods sold or services rendered
  ✓ Purchase price
  ✓ Sales tax (if applicable)
  ✓ Total sale amount
  ✓ Credit card company approval (authorization) number
  ✓ SMCOR Cash Net Item Code(s)
• Obtain the signature of the cardholder in the appropriate place on the charge slip
• The signature must bear a reasonable resemblance to that appearing on the signature panel of the card
• If either is uncertain, additional identification (i.e. Driver’s License or Passport) is required

VII. Adoption and Review
A. The San Marcos University Corporation’s Board of Directors has adopted this Cash Handling Policy, dated March 1, 2013.

B. This policy shall be evaluated as necessary to reflect substantial organizational, financial, or physical change(s) at San Marcos University Corporation or any change(s) required by law or by other governing policy.

VIII. Related Documents
A. CSU San Marcos Student Financial Services – Cash Handling Procedure

B. Integrated CSU Administrative Manual (ICSUAM) Policies 3101.02, 3102.02, 3102.03, 3102.04, and 3102.05
   http://www.calstate.edu/icsuam/sections/3000/3101.02.shtml
   http://www.calstate.edu/icsuam/sections/3000/3102.02.shtml
   http://www.calstate.edu/icsuam/sections/3000/3102.03.shtml
   http://www.calstate.edu/icsuam/sections/3000/3102.04.shtml
   http://www.calstate.edu/icsuam/sections/3000/3102.05.shtml