Cash & Check Handling Policy

Effective Date: October 27, 2006
Latest Revision: July 9, 2012

Policy Statement
This policy sets requirements for the collection and secure processing of coin, currency, checks, e-checks, cashier’s checks, traveler’s checks and money orders (“cash”). The processing of cash includes receiving, depositing, recording and reconciling for both US and non-US cash transactions.

Reason for the Policy
The establishment of controls regarding cash is necessary to ensure that all cash collected is properly handled and to safeguard against loss.

Responsible University Office
Office of the Treasurer

Revision History
This policy was established October 27, 2006
This policy was updated October 31, 2011
Latest revision: July 9, 2012

Who is Governed by This Policy
This policy applies to all individuals, schools, departments, centers, institutes, and programs (“Departments”) that accept donations or sell goods, services, or information, and collect cash as a form of payment.

Who Should Know This Policy
Departments that receive, deposit and reconcile cash are required to know this policy.

Exclusions & Special Situations

Bonding Requirements
Employees must be eligible to be bonded by the University insurer to handle cash. The University’s insurance covers all full-time, part-time, and casual employees, as well as students, volunteers, and contractors that are either being paid to perform work normally conducted by a University employee or participating in a University sanctioned project or activity. The policy automatically discontinues coverage for a particular individual if such individual was previously convicted or admitted to theft, fraud, robbery, forgery, computer crime, and dishonesty.

Policy Text

Overview
Departments should not directly accept cash unless there is a strong business requirement. The Office of the Treasurer recommends the use of lockboxes, and/or electronic funds transfers (EFT) for all non-point-of-sale and non-point-of-service payments.
Departments that accept cash must document, establish, and periodically review cash handling roles and procedures. The appropriate internal controls are important to help ensure that all:

- Cash due the Department is received.
- Cash collected is properly and timely deposited.
- Cash collected is classified correctly and recorded timely in the financial systems.
- Cash reconciliations are completed timely.
- Cash reconciliations are reviewed and approved by the senior business officer or their delegate.

**Roles and Responsibilities**

**Senior Business Officer**
The senior business officer of the Department is responsible to ensure that deposits are made timely and procedures are in place to monitor and control compliance with the Cash & Check Handling Policy. In addition, the senior business officer authorizes individuals in their Department to handle cash.

**Authorized Individuals**
Authorized individuals can perform any of the cash handling roles, including receiving, depositing, recording, reconciling and reviewing for the Department. Only authorized individuals may handle cash. Authorized individuals must demonstrate that they have read and understand the Cash & Check Handling Policy.

**Departments**

**Segregate Duties**
Departments must define individual roles to ensure segregation of duties. Duties should be separated between individuals who receive, deposit, and post accounting entries and individuals who reconcile the cash. Departments where full separation of duties is not feasible, the roles of receiving and depositing must be separated from the roles of accounting and reconciling. In all cases, strict individual accountability and thorough management supervision and review are required.

**Do Not Commingle Cash**
Departments must develop and enforce controls to prevent the commingling of University cash with other cash including:

- Other University cash
- Petty Cash
- Individual personal cash
- Personal bank account deposits

**Reconcile Cash**
Departments must ensure the following reconciliations are performed and reviewed by the appropriate authorized individual(s):

1. Reconcile cash at the collection site to corresponding cash receipt. All receipts should be accounted for and validated for the proper amount and date.
2. Reconcile cash receipts to posted accounting entries.
**Safekeeping**

Authorized individuals are responsible for the safekeeping of cash under their control. Physical security of cash must be emphasized.

- All checks, cashier’s checks, traveler’s checks, and money orders must be restrictively endorsed immediately upon receipt indicating “For Deposit Only – Columbia University – [Name of department or unit or program].”
- Cash must never be left unattended and unsecured. This applies to cash registers, desk tops, and cash drawers.
- Large sums of cash should be counted and handled out of sight of the general public.
- Until deposited, University cash must not be removed from approved University premises and must be secured in a locked place such as a safe that is burglarproof and fire-resistant or behind locked doors.
  - If a combination device is used to access a safe or locked door, the combination code should only be shared with authorized individuals and changed at least once a year or with any turnover in related personnel. If a key is used to access a safe or locked door, the key must be kept in a secure place.
  - Safe doors should be kept closed during working hours and locked at times when it is not necessary to be in and out of the safe.
  - Department doors should be locked at all times in areas where cash is handled.

**Security Issues or Violation**

If physical security issues exist, contact the Department of Public Safety for guidance. If there is a suspected violation of the Cash and Check Handling Policy or significant discrepancies are found during the cash reconciliation process, notify the Office of the Controller, the Office of the Treasurer, and the Office of Internal Audit and, if at CUMC, also notify CUMC’s Controller’s office.

**Deposit Methods**

All cash received on behalf of the University must be deposited in a University bank account. Departments must deposit cash via an approved deposit method, preferably on the same business day as receipt, but no later than two business days after receipt.

**Cash Deposited into US Bank Accounts.**

There are two primary options to deposit University cash received in the US:

- **Cashiers’ Offices**
  Departments that receive cash directly must deposit the cash at one of two University cashiering locations. On the Morningside Campus the office is located at Student Financial Services in 210 Kent Hall. On the CUMC Campus the office is located at Student Administrative Services in 127 Black Building. The Cashiers’ Offices are responsible for receiving and securely storing cash until an agreed upon threshold dollar amount is collected and then deposited to the University bank account. All cash brought to a Cashier’s Office must first be recorded in the Cash Module.

- **Cash Module**
  Departments that deposit cash at the university cashier’s locations must first record the deposit in the Cash Module and then deposit at a Cashier’s Office within two business
days of receipt. All deposits are subject to verification by the Cashier’s Office, and any discrepancies will be reported to the depositing department via email.

**Remote Image Deposit**
Departments may receive an exemption from depositing at the cashiers’ offices and can deposit checks to a designated bank account using an approved remote image deposit device which scans the checks and transmits the data electronically to the bank. When possible, the items should be scanned on the same day as receipt, but no later than two business days after receipt. Scanned checks must be secured and endorsed to ensure that scanned items are processed only once. Scanned checks must be shredded within 60 days.

Any exceptions to the domestic deposit policy must be pre-approved by the Office of the Controller and the Office of the Treasurer.

**Cash Deposited into Foreign Bank Accounts**
Departments that deposit cash into foreign bank accounts must first contact the Office of the Controller, Attention: Cash & Accounting Operations and coordinate the process to forward the details of cash deposits.

**Foreign Checks**
US Departments should not accept foreign checks due to the high fees and long lead time to collect. Departments should request that non-US funds be sent to the University via EFT. If a Department does receive a foreign check, including US dollar checks drawn on non-US banks, the Department must send the checks to the Office of the Treasurer, along with a foreign check log that lists checks, amounts, and the appropriate general ledger account number for processing. Each log must also be sent via e-mail to cashteam@columbia.edu.

**Record Keeping**
Departments must retain a copy of all valid and allowable documentation supporting the receipt of cash irrespective of the manner of deposit in accordance with the Records Retention Policy. Departments must also keep a photocopy of all checks in the amount of $10,000 or more. Departments may enforce more stringent retention policies. For deposits made through a remote image deposit device, proper backup documentation for the deposit includes batch summary and detailed image reports, stored in secured physical or networked locations.

**Returned Checks**
Departments that wish to assess a fee for returned checks must post a sign stating that fees may be assessed against the maker of any returned checks. The bank will send all returned checks to the Office of the Controller, Cash & Accounting Operations, which in turn will mail the original check back to the Department for follow-up with the individual who submitted the funds.

**Definitions**
**Cash**
Cash is any type of negotiable instrument, including coin, currency, checks, e-checks, cashier’s checks, traveler’s checks and money orders. It does not include credit card receipts which must be processed in accordance with the Credit Card Acceptance and Processing policy.
Lockbox
A lockbox is a special post office box used to receive and process payments on behalf of the University. The lockbox service provider retrieves the payment and remittance data from the lockbox, deposits the payments into the University’s bank account, and processes the remittance data in accordance with University instructions. Departments may only obtain a new lockbox by contacting the Office of the Treasurer and complying with specific requirements.

Remote Image Deposit
Remote image deposit is the ability to deposit checks into a bank account from the office without having to physically deliver the actual check to the bank. The check is converted to a paperless transaction by electronically moving funds from the customer's bank account to the University’s bank account. Departments may only obtain a remote image deposit machine by contacting the Office of the Treasurer and complying with specific requirements.

Electronic Funds Transfers (EFTs)
EFT is the transfer of funds electronically from one financial institution account to another. The US Federal Reserve's Fedwire (wire transfer), automated clearinghouse (ACH) and CHIPS network are examples of EFT systems. International EFTs can be initiated via a SWIFT payment order message which is settled between financial institutions. For information and instructions on how to receive an EFT, contact the Office of the Treasurer.

Contacts
The Office of the Treasurer
Associate Treasurer, Cash Management and Operations 212-854-9685
cashteam@columbia.edu

The Office of the Controller
Manager, Cash Operations 212-851-2084

Cross References to Related Policies
Petty Cash Policy
http://policylibrary.columbia.edu/petty-cash-policy

Credit Card Acceptance and Processing Policy

The Records Retention Policy:
http://policylibrary.columbia.edu/records-retention-policy