

Policy Name: Cash and Check Handling Policy

Effective Date: October 2015

Office with Primary Responsibility: Cashier's Office

Offices with Secondary Responsibility: Controller's Office

Approval Authority: Controller

Policy Summary

Dartmouth College is dedicated to ensuring the proper handling of cash and checks it receives as part of its business activities, accurate financial reporting, and promotion of appropriate security and stewardship of funds. This policy establishes the minimum requirements for proper cash and check handling by departments.

Reason for Policy

The purpose of this policy is to establish and promote awareness of the minimum requirements and establish best practices for proper cash and check handling. This policy is not only for the protection of the College monies, but also for the employees charged with cash handling.

Scope: Who should know this policy?

Any individual who handles College cash, and any individual who has responsibility for receiving, depositing, or accounting for such cash and/or checks.

This policy also applies to any departments associated with Dartmouth College that conduct business through currency (such as cash and cash equivalents) and/or check transactions. Departments include all areas of Dartmouth including its professional schools and student groups.

For proper handling of credit card receipts through merchant accounts see policy <http://www.dartmouth.edu/~control/policies/mercha-credit-card-policy-processors.html>

Policy Statement

The policies described in this document are designed to implement best practices for cash management. The policies are aligned with internal control concepts, including the following:

Safeguarding Assets

Protect the people handling cash, the physical cash/assets and any related confidential information.

Segregation of Duties

Assets are safeguarded by assigning to different individuals responsibility for acceptance of cash and/or checks, recording, and reconciling of transactions. One person should not be in the position to authorize a transaction, execute a transaction, record the transaction, and provide the sole review of the transaction. Reconciliations should be performed on a regular basis, at least monthly by a person independent of the process. In a small department, it may not be feasible to fully segregate all of the cash-related duties. In these circumstances, the small department should have sufficient compensating controls to mitigate the risk that cash is misappropriated (e.g. increased monitoring or review of reconciliation by a supervisor). If the small department does not have sufficient compensating controls, it should not receive cash.

Reconciliations

A reconciliation is the process to verify the accuracy of an account balance. This requires knowledge of the opening and ending balance, and a determination that the activity in the account is reasonable, appropriate and accurate.

Department Policy and Procedure Requirements

Each department must adhere to the minimum requirements outlined in this policy.

Departments must also develop written procedures for their department's cash handling and accounting functions. These procedures should specify business processes, personnel responsibilities and be reviewed annually and updated as needed. Department procedures must meet the minimum requirements of this policy; however, departments may impose more specific and/or restrictive department policies and procedures based on the nature of their cash and check handling activities.

Policy

Cash and Check Receipts

Cash is typically received as a result of point of sale transactions or in connection with other miscellaneous events. Although the receipt of cash in certain cases is unavoidable, it is the least preferred method of collection due to the security and control risks associated with handling and transportation. Departments should not directly accept cash unless there is a strong business requirement.

Upon receipt of funds departments will:

- Verify the cash and/or check amounts

- Ensure cash is not comingled. Provide a receipt to the payer whenever possible. Pre-numbered receipts should be used for cash.
- Examine the check to ensure:
 - The check has not been altered, and if any changes did occur, the initials of the maker are next to each modification.
 - The check is signed and the signature agrees with the pre-printed name
 - The check is made payable to Trustees of Dartmouth College or Dartmouth College
 - Third party checks are not accepted. (A third-party check is made payable to someone other than Dartmouth College, but presented to Dartmouth in lieu of payment.)
 - In the event the check intended for payment to the College is made payable to an employee of the College, please have the individual endorse the check to the College by writing “Pay to the order of Dartmouth College” in the endorsement area of the back of the check and then signing just beneath.
 - If the check is for a specific purpose within Dartmouth College, the purpose should be written in the memo section and not as the payee.
- Match the numerical amount agrees with the written amount (also known as the legal amount)
- Ensure that the check date is valid and not post-dated. Personal checks are normally valid for up to six months and business checks are up to a year unless otherwise noted.
- Write the GL chart string on the back of each check.
- Immediately restrictively endorse the back of each check. i.e. Stamp with “Deposit Only to Trustees of Dartmouth College” on the back of each check.

If a department is in receipt of a check they do not know how to handle, the check should be delivered to the Cashiers Office immediately for research and proper credit.

Cash and Check Deposits

Unless the department has specific written authority given by the Cashier’s Office to make deposits directly to an authorized College bank (see section on direct deposit requirements below), deposits are to be made at the Cashier’s Office according to these policies.

- Departments must always deposit cash on a timely basis and checks preferably on the same business day as receipt, but no later than 2 business days after receipt.
- If checks or cash need to be held in the department overnight, it must be kept in a secured area in a locked, fireproof device until deposited.
- Cash and checks must not be held in the department beyond 2 business days. If business reasons require deposits later than 48 hours the Department must receive approval from the Controller’s Office.
- If receipts exceed \$500 per day on a frequent basis, the device should be immovable and other security measures should be taken, as suggested by the Cashier’s Office.
- Cash must never be left unattended and unsecured. This applied to cash registers, desk tops and cash drawers.
- Large sums of cash should be counted and handled out of sight of the general public.
- For large deposits, Safety and Security should be contacted by departments for transportation to the Cashier’s Office.

- All deposits should be secured in an appropriate deposit bank bag and transported within a non-descript carrier.
- Banking supplies can be ordered through the Cashier's Office.
- All cash receipts must be deposited intact without any portion being retained and used for departmental expenditures.
- Departments must not commingle cash. (i.e. Petty cash, individual personal cash, cash received in business transactions)

For deposits handled through the Cashier's Office, departments must:

- Complete a Miscellaneous Receipt Form.
<http://www.dartmouth.edu/~control/forms/misc-rcpt-dep.html>
- Attach an adding machine tape of the checks that are being deposited to the form.
- Write on the back of the each check the General Ledger Chart String(s) where the funds should be deposited
- Separate cash deposits by denominations and ensure all bills are facing the same direction

Guidelines for efficient processing of the deposit:

- Bills should be "faced" (all facing front and right-side up). This allows for more accurate recounts.
- Bills should be sorted by denomination, and if the number of denomination is enough, clipped or banded into the following bundle amounts:
 - Ones = 25 or \$25
 - Fives = 20 or \$100
 - Tens = 25 or \$250
 - Twenties = 25 or \$500
 - Fifties = 20 or \$1,000
 - Hundreds = 10 or \$1,000
- Coin should be wrapped when appropriate
- Deliver the funds, with completed Miscellaneous Receipt Form to the Cashier's Office within 2 business days of receipt.

Documentation and Reconciliation

The department should maintain adequate documentation for each deposit for use in reconciliation.

Note: Do not photocopy or scan checks. This practice will enhance the security of private banking information.

The Cashier's Office maintains appropriate documentation for each deposit and copies of checks can be obtained if needed. Departments should keep copies of the deposit for the responsible individual to reconcile receipts on a monthly basis to the general ledger.

A procedure to promptly identify and address any discrepancies in receipts must be part of departmental policies.

Departments must ensure the following reconciliations are performed and reviewed:

- Reconciliation of cash daily at the collection site to corresponding cash receipt. All receipts should be accounted for and validated for the proper amount and date.
- Reconciliation of cash receipts monthly to posted accounting entries in the General Ledger.

For the cash and checks deposited directly by departments:

- Complete the provided bank deposit slip by separating out cash and check amounts.
- Deposits should be made daily.

Electronic Remote Deposit Capture

Departments with significant deposit volume of checks may consider electronic remote deposit. Remote deposit allows direct depositors to scan checks and process deposits electronically.

Checks drawn on U.S. banks may be deposited through remote deposit capture. The Cashier's Office and designated departments on campus deposit checks in this manner. Processes must meet the required timelines stated as above.

After sending check images using remote deposit online, the endorsed deposited items must be safeguarded for a minimum of 14 calendar days from the date of transmission. After 14 days they must be destroyed or otherwise rendered incapable of transmission or presentment. Regularly scheduled check shredding timetables must be established and followed.

If reports are printed containing customer banking information they must be secured so that access to customer banking information limited to only those that have the fiscal business need. When using portable information devices, i.e. laptops, etc., encryption is required.

As with any username and password the employee responsible for remotely depositing checks should not share this information with others.

For more information or to establish remote deposit capability contact the Cashier's Office.

IRS Reporting Requirements and Form 8300

The IRS requires that the College report all cash receipts from a single individual greater than \$10,000, regardless of whether such receipts result from a single or multiple related transactions. Therefore, any department or other organization at the College that receives a cash payment in excess of \$10,000 must complete IRS Form 8300 and forward it to the Cashier's Office. Forms must be received by the Cashier's Office at the time of the receipt of funds.

Dartmouth Information Security Policy

All cash and check handling activity must be conducted consistent with Dartmouth Information Security Policy.

Training

Training on cash and check handling policy and procedures is available, upon request, by contacting the Cashier's Office.

Loss or Theft of Funds

Any suspected loss or theft of funds must be immediately reported to the Safety and Security Department and the Cashier's Office.

Ordinary operating errors should be reported as overages/shortages as long as the amount is deemed reasonable by an authorized individual.

Exclusions / Exceptions

Any exceptions to this policy must be approved in writing by the Cashier's Office.

Definitions

Cash

Currency, cash equivalents, or checks.

Cash Equivalent

Money taking the form of a money order, travelers' check, cashier check, or certified check.

Cash Handling Department

Any department that handles cash, cash equivalents, or checks.

Check

A negotiable demand draft on a bank to pay to the named party the indicated sum of money on a stated date or thereafter.

Currency

Ready money in the form of coin and bills.

Departmental Cash Handling Procedure

A documented cash handling plan that establishes, at a minimum, the internal controls named in this policy and its related procedures.

Deposit Bag

A bag with a lock or a tamper-proof plastic bag with seal used to contain cash, cash equivalents, or checks intended for deposit. Departments can order bags through the Cashier's Office.

Post-dated Check

A check written to specify disbursement on a future date.

Safe

A receptacle for the protected storage of currency, cash equivalents, or checks that has a combination or dual lock. In certain cases where large volume of cash is held, a safe should be located in a space that is secured by an alarm system monitored by College Safety and Security.

Segregation of Duties

Process of safeguarding assets by assigning the acceptance of Cash receipts, recording, and reconciling of transactions to different individuals.

Stale-dated Check

A check that is no longer valid because of the length of time that has passed since the date it was issued. For personal checks on which the payer is an individual, the bank is not obligated to pay after six months, but can choose to process this item. Corporate checks, on which the payer is an organization, are often dated “good until” and denote a specific date.

Third Party Check

A third party check is made payable to someone other than Dartmouth College, but presented to Dartmouth in lieu of payment.

Compliance with this policy

Failure to comply with this policy may result in disciplinary action, up to and including termination of employment. In addition, if cash receipts are lost, stolen or otherwise unaccounted for, failure to adhere to this policy may result in the Department having to cover a loss from the departmental budget.

Contacts / Responsibilities

Cashier’s Office:

Cashiers.office@dartmouth.edu

Kathryn.a.page@dartmouth.edu

Controller’s Office:

Controllers.office@dartmouth.edu

Related Policies/Procedures/Forms

Miscellaneous Receipt Deposits

<http://www.dartmouth.edu/~control/forms/misc-rcpt-dep.html>

Change Fund

<http://www.dartmouth.edu/~control/forms/changefund.html>

Petty Cash

<http://www.dartmouth.edu/~control/forms/pettycash.html>

Merchant Card

<http://www.dartmouth.edu/~control/policies/mercha-credit-card-policy-processors.html>

Dartmouth Information Security Policy

<http://tech.dartmouth.edu/its/services-support/help-yourself/knowledge-base/dartmouth-information-security-policy>