



**CSU**



**ICSUAM**

**Section 6000**

**Financing, Treasury, and  
Risk Management**

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## **6320.00 | Petty Cash Funds and Change Funds**

**Effective Date:** 5/22/2015 | **Revised Date:** 5/22/2015

### **POLICY OBJECTIVE**

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) shall be protected from loss. Each campus shall prepare written procedures to implement this policy.

### **POLICY STATEMENT**

#### **100 PURPOSE AND ESTABLISHMENT**

Petty Cash Funds and Change Funds (PCC Fund) are provided as a service to operating units that require such operating funds. PCC Funds are established by the campus CFO or his/her delegate at approved locations with requests and authorization of PCC Funds documented in writing. Each PCC Fund shall be used strictly in accordance with the purpose for which it was authorized.

#### **200 PCC FUND CUSTODIAN**

Custody of a PCC Fund shall be assigned to a single individual and cannot be independently transferred to another individual. That individual is the PCC Fund Custodian.

The PCC Fund Custodian is responsible for the amount advanced and shall be appropriately trained for the role of PCC Fund Custodian before fulfilling it. Evidence that the PCC Fund Custodian has received appropriate training shall be documented.

#### **300 PCC FUND REPLENISHMENT**

To replenish a PCC Fund, a disbursement voucher shall be submitted to Accounts Payable where the appropriate original transaction receipts are verified.

#### **400 PCC FUND UNANNOUNCED AND REGULARLY SCHEDULED AUDITS AND RECONCILIATIONS**

Unannounced audits of a PCC Fund shall be documented and done by someone other than the PCC Fund Custodian and the PCC Fund Custodian's supervisor. Unannounced audits shall be done conjointly by at least two CSU personnel at a minimum frequency as shown below. Results of unannounced audits are reported to the PCC Fund Custodian's supervisor or someone determined by the campus CFO or his designee.

Regularly scheduled audits and reconciliations of a PCC Fund shall be documented and done conjointly by the PCC Fund Custodian and at least one other CSU personnel who is not the PCC Fund Custodian's supervisor. The minimum frequency of regularly scheduled audits and reconciliations are shown below. Results of regularly scheduled audits and reconciliations are reported to the PCC Fund Custodian's supervisor or someone determined by the campus CFO or his designee.

The following table shows the minimum frequency for audits (regularly scheduled and unannounced) and reconciliations. An unannounced audit will satisfy the requirement of a regularly scheduled audit for that specific timeframe.

<b>PCC Fund Size</b>	<b>Frequency</b>
\$200.00 or less	Annually
\$200.01 to \$500.00	Quarterly
\$500.01 and more	Monthly

## **500 PCC FUND SECURITY**

When not in use, a PCC Fund's cash shall be placed in a safe or locked receptacle in a properly secured area with access by only authorized personnel.

Petty Cash Funds and Change Funds shall be separately maintained and not commingled. The integrity of a PCC Fund shall be maintained at all times.

When a PCC Fund is no longer needed or upon separation or transfer of its PCC Fund Custodian, the PCC Fund shall be closed out, reconciled, and its cash re-deposited at the cashiering office. Transfer of a PCC Fund to another person is not authorized. A new documented request is required to re-establish a closed PCC Fund.

## **600 PCC FUND TRANSACTION RESTRICTIONS**

### **601 Petty Cash Fund Transaction Restrictions**

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
- travel expenses (Except for mileage and/or parking expenses less than \$50.00 with no overnight stay.)

Petty cash purchases, per payee per day, may not exceed a documented amount determined appropriate by the campus CFO or his/her delegate. Splitting a transaction into multiple purchases so that each purchase amount is less than or equal to the documented maximum amount is not allowed. When a petty cash purchase is made, a receipt shall 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

### **602 Change Fund Transaction Restrictions**

Cash handlers shall not exchange checks for currency to make change for each other's Change Fund. All change-making shall be done by a PCC Fund Custodian from the Change Fund's reserve.

## **700 PCC FUND THEFT**

In the event of theft, Campus Police shall be notified immediately. A request should be submitted requesting reimbursement of a PCC Fund including at minimum the following:

- Date and time of theft;
- Amount of theft;
- Circumstances involved;
- Copy of police report; and
- Prevention measures taken to mitigate future occurrences of theft.

**Office of the Executive Vice Chancellor  
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## **6330.00 | Incoming Cash and Checks**

**Effective Date:** 5/22/2015 | **Revised Date:** 5/22/2015

### **POLICY OBJECTIVE**

It is the policy of the CSU that incoming Cash and Checks are accounted for, collected and documented in a timely, internally controlled, and cost-effective manner and the physical security of Cash and Checks are ensured at all times. Each campus must prepare written procedures to implement this policy.

### **POLICY STATEMENT**

The Chief Financial Officer (CFO) of each campus or his/her designee will designate: (1) authorized CSU personnel, Cashiers, who will function as the only employees authorized to handle incoming Cash and Checks, and (2) Cash and Check collection locations that will function as the only authorized locations for incoming Cash and Checks.

#### **100 ACCOUNTABILITY**

To ensure CSU employee accountability, managers must know who has authorized access to Cash and Checks, why an employee has access to Cash and Checks, where Cash and Checks are at all times, and what has occurred to Cash and Checks from receipt to deposit.

Individual accountability shall be maintained and documented for all incoming Cash and Check handling processes. Each Cashier must be assigned a unique identifier not accessible by or shared with other individuals. Documentation of variances between Cash and Check total deposits and total receipts must be maintained for each Cashier.

Separation of duties must be maintained when incoming Cash or Checks are received. No single person shall have complete control of incoming Cash or Checks.

#### **200 CASH**

Currency and coin (Cash) is the most liquid form of Money and therefore is the most easily misappropriated. Incoming Cash must be protected against loss upon receipt and at all points thereafter. Physical security is the most important aspect of Cash handling.

#### **201 Foreign Cash**

Campuses shall accept only U.S. denominated Cash. No campus shall accept non-U.S. denominated Cash.

#### **202 Deposit**

Cash must be deposited at the Bank as soon as possible and no later than the next business day from the date of receipt.

#### **203 Record and Receipts**

Cashiers must immediately establish a record of Cash at the point of receipt. An official CSU cash receipt shall be recorded for each Cash transaction. A copy of the cash receipt should be provided to Payors who make an in-person or mailed Cash payment.

A collection that is not recorded on cash register or point of sale equipment (POS) must be recorded on an official pre-numbered, multiple-part Cash receipt. Cash receipts must be used sequentially.

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

## **204 Voids and Refunds**

Reductions of recorded Cash, such as voids and refunds, must have supporting documentation, including explanation of transaction. Approval in writing by the Cashier's supervisor is required at the time of occurrence when practical, but no later than close of business on the day of occurrence. All voided receipts must be retained (e.g., not given to the customer) and have signed approval by a supervisor.

## **205 IRS Reporting**

Campuses shall report to the IRS all cash transactions exceeding \$10,000 (single transaction or accumulated by multiple transactions) received in the course of a trade or business from the same person (individual, company, corporation, partnership, association, trust, estate) within a 12-month period as per IRS Publication 1544.

## **300 CHECKS**

Checks include checks, money orders, traveler's checks, and certified checks. Cashiers may only accept and record checks that meet the following criteria:

- Be dated no earlier than 180 days prior to the date of acceptance (unless a shorter time period is clearly marked on the face of the check) and no later than the date of acceptance.
- Have legible and consistent amounts in both the numeric and text fields.
- Have a valid signature by the account holder.
- Not be marked 'Paid In Full'.

All Checks must have a Payee that is: "California State University", "The Trustees of California State University", a campus name (e.g., San Diego State University), or a bank acceptable variation. Checks not written to a Payee per this policy must be listed and returned to the Payor no later than 30 days from receipt.

### **301 Foreign Checks**

Checks drawn on foreign bank accounts that are not acceptable at face value by the Bank (i.e., drawn in a foreign currency) must not be recorded, but must be sent to and approved by the Check's depository bank for collection within 30 days of receipt.

### **302 Deposit**

Each Cashier must be provided an official CSU endorsement stamp, or its mechanical equivalent, that allows the Cashier and the Cashier's department to be documented.

Immediately upon receipt, Checks must be restrictively endorsed (endorsement stamp or its mechanical equivalent) with the phrase "for deposit only" and physically or electronically deposited to the Bank as soon as possible, no later than the next business day from the date of receipt.

Receipt of Checks must be verified and processed conjointly by at least 2 (two) employees before a daily Bank deposit is finalized.

### **303 Record and Receipts**

A campus' main cashiering location shall record each Check deposit from each Cash handling department or sub-cashiering station. A record of any overages or shortages shall be reported daily to a campus' designated cash reconciliation unit. Supporting documentation shall be maintained (e.g., cash register audit tapes).

An incoming Check not recorded on a Point of Sale (POS) equipment, including mailed payments, shall be recorded on a valid pre-numbered, multiple-part Check receipt or mailed check receipt log. The Check receipts must be used sequentially. Check receipt stock shall be kept secured, inventoried, and regularly reviewed to prevent and detect alteration. A mailed check receipt log shall be reviewed and reconciled periodically, but no less frequently than annually.

Although Check receipts can be produced for check payments received through the mail, the mailing of a receipt to the Payor is only required when the Payor has requested a receipt.

## **304 Voids and Refunds**

Reductions of recorded Checks, e.g., voids and refunds, must be supported by all copies of the document involved, explained, and approved in writing by the Cashier's supervisor at the time of occurrence where practical, but no later than the end of the day of occurrence. All voided receipts must be retained (e.g., not given to the customer) and have signed approval by a supervisor.

### **305 Unidentifiable Recording Information**

When the proper account to which a check should be credited cannot be readily determined, it will be deposited and recorded as "un-cleared collections". A copy of the check will be made and used to research correct recording instructions. The "un-cleared collections" account shall be reconciled and approved on a monthly basis.

## **400 SECURITY AND OPERATIONAL STANDARDS/CONTROLS**

### **401 Electronic Based Cashier Point of Sale Equipment (POS)**

In order to meet the CSU's security and operational standards, a POS must:

- Produce a cash receipt with campus and Cashier identifiers.
- Be controlled by unique consecutive numbers generated automatically and recorded with each transaction, as well as imprinted on the customer receipt.
- Have a numbering mechanism that has a consecutive transaction number control only accessible to the manufacturer's service representative.
- Accept a unique user ID, login, and password for each Cashier not accessible by or shared with other individuals.
- Produce session closeout audit totals for verification to receipts.
- Require a supervisor's approval in order to process refunds or voids after a completed sale.

If a POS is not in use, a report of each day's deposits must be sent daily to a campus' cash reconciliation unit.

### **402 Remittance Processor**

In order to meet the CSU's security and operational standards, a Remittance Processor must:

- Provide a statement of activity, report, or electronic notification of activity to individual or department customers (e.g., post to student accounts).
- Have a numbering validation system that provides consecutive transaction number control that is accessible only to the manufacturer's service representative, or appropriate personnel independent of that cashiering station.
- Provide a unique identifier for each operator that is not accessible to others.
- Endorse checks and verify individual cashier transactions.
- Document all voided transactions.
- Have security in place so that previous day's transactions cannot be altered.

### **403 Operational Controls**

The campus procedures must incorporate the following operational controls, or define mitigating controls if campus circumstances do not allow for all of these distinct steps.

- Collections made by main cashiering locations depositing directly to the bank are deposited the same day as they are received, or at a minimum, on the following business day.
- Collections at other cashiering locations and departments are deposited at the designated main cashiering station at least weekly or whenever collections exceed \$500 (1).
- The depositing location is able to reconstruct transmitted deposits if necessary. Hard or electronic scans of checks and other cash equivalents will facilitate this.
- All bank deposits are accompanied by appropriate documentation, such as a numbered deposit slip, system generated counts, or other bank requirements.
- Deposits are validated and prepared under dual custody so that all cash counts are confirmed by a second count performed by a different employee. The validation and preparation of cash deposits is conducted discretely in a safe and secure area.
- Before a daily bank deposit is finalized, cashiers reconcile receipts to deposits.
- Documentation signed by the preparer and recipient is maintained for each deposit to a main cashiering station from a cash-handling department or sub-cashiering station.

- If cash transfers after business hours are necessary, a secure, locked receptacle is provided by the main cashiering station to allow for passive acceptance of deposits. Documentation is provided back to satellite stations confirming the amount of the deposit received after a count under dual control is conducted.
- The main cashiering station records each deposit from a cash handling department or sub-cashiering station. A record of cash recorded and any overages or shortages is reported daily to the campus designated cash reconciliation unit (2). Supporting documentation is maintained (i.e., cash register audit tapes).
- If electronic-mechanical or electronic cash registers are not in use, a report of account distribution of cash collections is sent daily to the campus' cash reconciliation unit.

#### **404 Physical Security**

To ensure the safety of Cash and Checks, and CSU employees, access to and storage of Cash and Checks must be reviewed on a regular basis, with the review frequency set by the campus. Reviews shall be conducted by Campus Risk Management personnel and must be documented.

##### Access

A business unit must provide a cash register drawer, a cash drawer insert or another secure cash receptacle (Drawer) to which only 1 (one) Cashier has access. Cashiers must lock all Cash and Checks in their assigned Drawer whenever leaving their immediate area.

Cash and Checks must be locked in a safe at all times except for amounts signed out by a Cashier for working cash in their assigned drawer.

##### Storage

Excess Cash and Checks must be removed from a Drawer during the business day and transferred to a secure area or safe. Excess Cash and Checks amounts are defined by each campus. Duplicate keys to safes must be securely stored away from the safe and retrieved only under dual control.

At the close of business, all Cash and Checks must be secured in lockable receptacles or burglarproof / fire resistant safes. Whichever Safe Requirement is more restrictive, CSU policy or the CSU insurance carrier for liability coverage, the more restrictive requirement prevails.

##### Safe Requirements

- Up to \$1,000 in a lockable receptacle.
- From \$1,001 to \$2,500 in a safe.
- From \$2,501 to \$25,000 in a steel-door safe, with a door thickness of not less than 1 inch and wall thickness of not less than ½ inch.
- From \$25,001 to \$250,000 in a class TL-15 composite safe or better.
- Over \$250,000 in a class TL-30 steel or better safe.

Campuses must develop written procedures to ensure the safe's combination is given only to authorized CSU employees and records maintained are as to who is authorized to have access to the safe's combination. A safe's combination must be changed whenever a person who knows the combination leaves the employ of a cash handling unit. Documentation must be maintained showing the date and the reason for the combination changes.

##### Transporting

The campus CFO must establish campus-wide procedures to ensure the safety and security of Cash and Checks and CSU employees while transiting Cash and Checks. At a minimum, transport of checks and cash must be accomplished jointly by at least 2 (two) CSU employees.

When a deposit exceeds \$2,500, CSU employees shall be escorted by campus police. When deemed necessary by campus policy, armored car service shall be used.

When a Cash transfer after business hours is necessary, a secure, locked receptacle must be used to allow for passive acceptance of deposits. Documentation is required to confirm the Cash transfer amount received after the daily count was conducted under dual control.



## Security Systems

At Cash and Check collection locations, campuses must implement physical security systems (e.g., alarms, panic buttons, motion detectors, or security cameras) to ensure the safety of Cash, Checks and CSU employees..

If more than \$2,500 in Cash and Checks are regularly on hand, a manual robbery alarm system or other appropriate measure must be installed for use during business hours to alert campus police or local law enforcement in the event of a robbery or other irregularity.

If more than \$25,000 in Cash and Checks are stored overnight, an automated alarm system is required to alert campus police or local law enforcement if the storage area is entered after business hours.

**Office of the Executive Vice Chancellor  
Business and Finance**

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