



RUTGERS POLICY

UNIVERSITY POLICY

Section: 40.2.8

Section Title: Financial Management (Budget, Fiscal, Risk, Travel & Internal Audit: Fiscal Management

Policy Name: Cash Handling

Formerly Book: 6.1.9

Approval Authority: ~~Senior Vice President for Finance and Treasurer~~Executive Vice President – Chief Financial Officer and University Treasurer

Responsible Executive: Associate Vice President for Finance and Associate Treasurer

Responsible Office: Office of University Treasury Operations and University Accounting

Originally Issued/Adopted: 01/1971

Revisions/Reviewed: 04/08/2022

Revised: 09/29/2000; 07/29/2011; 07/01/2013; 10/10/2013 (Updated title); 08/29/2018; 04/08/2022

Errors of changes? Contact: Office of Treasury Operations at 848-445-2788(848) 445-3500 and (848) 445-2133

1. Policy Statement

This policy defines the responsibilities of offices and departments receiving and handling cash on behalf of the University. The establishment of strong internal controls for cash collection/handling is necessary to prevent mishandling of funds and to safeguard against loss. Included in the definition of "cash" (hereinafter referred to as cash) are the following: coin, currency, checks, money orders, credit cards, accounts receivable charges, electronic funds transfers, gift cards and other cash equivalents. Offices and departments that receiving cash on behalf of the University must have appropriate internal controls and follow documented procedures to ensure the good stewardship of these University are required to properly control the receipt assets. Appropriate internal controls include the segregation of duties, prompt deposit of all cash receipts, accurate recording of revenue into the University Financial Accounting System, and the safekeeping deposit of the cash through the development and application of a system of effective internal accounting controls. In addition to preventing financial loss, these controls promote security and accurate financial reporting.

All regulations and procedures are subject to amendment.

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2. Reason for Policy

It is essential to establish strong internal controls for cash collection/handling to prevent mishandling of funds and to safeguard against loss. Strong internal controls are also designed to protect employees from inappropriate charges of mishandling funds by defining his/her responsibilities in the cash handling process. Strong internal controls help secure the assets of the University and reduce the risk of mishandling of cash by the employee. To provide offices and departments with the necessary guidelines to ensure the appropriate internal controls and related procedures are being followed by all individuals responsible for handling cash. These controls and procedures are designed to assist and protect both the individuals handling the funds and the University.

3. Who Should Read This Policy

- All employees of Rutgers University (including student employees) that receive and handle /collect funds/cash on behalf of Rutgers, The State University of New Jersey
- University administrators including, but not limited to:
 - Chancellors and vice presidents
 - Deans, directors, chairs, and department heads
 - Administrators, managers, and supervisors

4. ~~Related Documents~~Resources

4.

- ~~Cash Transmittals~~ <http://rias.rutgers.edu/forms.htm>
- Cash Handling Procedures
- Cash Journal Templates
- Merchant Accounts and Credit Card Acceptance
- ~~Notification of Incoming Electronic Funds Transfer (NIEFT) web Form:~~
http://ua.rutgers.edu/unrestricted/incoming_funds_notification.php
- Cash Handling Policy:
 - ~~University Office of Treasury Operations~~ — (848)- 445-27883500
 - Email: treasury@finance.rutgers.edu
- ~~Cash Transmittals~~University Cashier's Offices:
— Respective Cashier's Office
 - Rutgers–New Brunswick & Rutgers Biomedical and Health Sciences (“RBHS”) (Busch Campus): —(848) -445-4636932-2254
 - Rutgers–Newark: —(973) -353-5423
 - Rutgers–Camden: - (856)- 225-6021
- Cash Journals:
 - University Accounting
 - Financial Management Help Desk – (848) 445-2100
 - Email: cashjournal@sa.rutgers.edu
- Cash Management Automation:

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- i. **Endorsed** – To write or stamp, usually upon the back of a check or other negotiable instrument, by which the funds or the property therein are assigned or transferred.
- j. **Merchant Account** – Point of Sale (“POS”) and/or Internet Merchant account that can be requested through University Treasury to accept credit card payments.
- k. **Notification of Incoming Electronic Funds Transfer (“NIEFT”)** – Web form to notify University Accounting that your department is expecting incoming funds via EFT or wire transfer.
- l. **Safe** – A receptacle for the protected storage of currency, cash equivalents, or checks that has a combination or dual lock.
- m. **Segregation of Duties** – The separation of critical functions within a single task to inhibit one individual from being in control of the entire end-to-end process.

6. The Policy

I. ~~Policy Details~~

A. ~~Effective System of Internal Accounting Controls~~

~~In general, an~~ Anyone who handles University cash, as defined above, has the responsibility to receive and process it according to this policy and its related cash handling procedures. An effective ~~system standard of appropriate internal accounting controls~~ includes the following ~~factor~~elements:

a. Acceptance of Cash

~~The overall objective of this policy is an appropriate to~~ safeguard the University’s operating funds by receiving and depositing cash payments via the most secure method possible. The University faces multiple risks related to cash received by departments and units, the greatest of which is loss or theft of funds. Therefore, with the above objective in mind ***the University will seek to limit the acceptance of cash by departments and strongly encourage the use of electronic payment methods instead. Cash may only be accepted when selling or offering for sale goods or services at retail.*** All other transactions must utilize an electronic form of payment such as credit card, E-Check, Wire transfer, or EFT.

b. Segregation of Duties

To mitigate the potential for mistakes or misappropriation of cash, segregation of duties is required by all departments handling cash. Duties should be separated between ~~those~~ individuals who bill, invoice, or credit customer accounts and those responsible for handling, recording, and depositing these receipts. In departments where segregation of duties is not feasible, alternative and compensating controls may be implemented to achieve the desired objectives. Please reach out to *Audit and Advisory Services* (<https://internalaudit.rutgers.edu/>) if guidance is needed on how to establish appropriate controls for your area.

c. Deposit of Cash

All cash received on behalf of the University must be deposited in a University bank account through processes established and approved by *University Treasury*. Cash must be deposited as

promptly as possible, preferably on the same business day as receipt, but no later than the minimum frequency in the following table. Cash collected at the department level must never be used to pay vendors, student workers, consultants, etc. or for personal/employee loans. Cash collected on behalf of the University must never be deposited into a personal bank account.

<u>Cumulative Receipts</u>	<u>Minimum Frequency of Deposit</u>
<u>\$50,000 or more</u>	<u>Same Day</u>
<u>\$10,000 - \$50,000</u>	<u>Next Business Day</u>
<u>\$50 - \$10,000</u>	<u>Within 5 Business Days or once a week</u>
<u>Less than \$50</u>	<u>Within 10 Business Days or once every 2 weeks</u>

*If a department uses an armored car service for transport of deposits, the prearranged pick-up schedule may occasionally conflict with the above guidelines without creating a policy exception, provided that the schedule is reviewed regularly and adjusted to an appropriate frequency when necessary.

d. Recording of Cash Receipts

Cash, check, and credit card deposits are recorded automatically through the University Financial Accounting System (Oracle). Departments remain responsible for reconciling their merchant accounts and their cash and check deposits, ensuring that all transactions have been properly recorded. The reconciliation should be performed at a minimum on a monthly basis.

e. Reporting and Recording of Wire, EFT and ACH Payments

Electronic funds transfers (EFT) and direct deposit shall be used where feasible and advantageous. It is the responsibility of the department that receives payments by wire, EFT, or ACH to ensure the payments are properly recorded in the University Financial Accounting System. Cash Receipts Journals or Notification of Incoming Electronic Funds Transfers ("NIEFT") are to be submitted no later than one week after receipt of EFT or Wire Transfer funds. It is strongly recommended that NIEFT forms are submitted to *University Accounting* ahead of the anticipated receipt of electronic funds.

f. Safekeeping of Cash

Departments handling cash are responsible for the safekeeping of these University assets. Physical security of cash is critical and should be emphasized to every employee handling cash.

The following measures promote a safe work environment and ensure secure handling of cash:

1. ~~There is an appropriate segregation of duties between those individuals who bill, invoice or credit customer accounts and those responsible for recording and depositing these receipts.~~
2. ~~The receiving function is controlled through the use of using cash registers, pre-numbered cash receipt forms, dual participation of individuals handling cash, security cameras, or other control methods. In this regard, checks made payable to the University should be promptly~~

and restrictively endorsed "For deposit only Rutgers, The State University, Bank Name and Account Number".

1. _____

_____2. _____

3. ~~Cash should is always be counted in front of the person from whom it was received.~~

4. ~~3. There is a daily cash closeout and reconciliation process between receipts and deposits.~~

5. ~~Under no circumstances, should funds collected at the department level be used to pay vendors, student workers, consultants, etc. or be used for personal / employee loans. To discuss disbursement options, contact your business manager, the Office of the Controller or the Office of Treasury Operations.~~

6. ~~Under no circumstances should cash collected on behalf of University be deposited into a personal / employee bank account.~~

7. ~~Cash is promptly delivered to the Cashiers Office within one business day of receipt (see cash escort service below). If deposits are delayed in delivery to the Cashiers Office, please provide a written explanation for the delay so as to establish an audit trail. Cash held within the department overnight must be locked in a fireproof safe (see section F.1)~~

The internal accounting control procedures governing the department's cash receipts process are clearly documented in writing, and the job descriptions of those individuals handling cash include a clear statement of their duties and responsibilities in that regard.

4. ~~There is a daily cash closeout and reconciliation process between receipts and deposits. Job descriptions of those individuals handling cash include a clear statement of their duties and responsibilities in that regard.~~

5. _____

8. ~~Upon receipt/ reviewing the Cash Handling memo/document, each employee handling cash must sign the "Signature Page" and return the signed page to the Office of Treasury of Operations. Any employee refusing to sign this page should not handle cash.~~

Questions concerning proper internal accounting controls can be directed to the Office of Treasury Operations.

B. ~~Cash Transmittal Report~~

1. ~~The Cash Transmittal Report (CTR) is used to record and properly credit cash receipts in the University's Financial Accounting System. Instructions for the form may be obtained from any Cashier's Office.~~

2. ~~Departments should deposit cash and submit the cash transmittal on a daily basis no later~~

than the day after receipt of cash (please see limits and security requirements outlined below if deposits are not made on the day of receipt of cash). There are limited exceptions to the requirement to make daily deposits.

3. Departments authorized to make deposits directly into University bank accounts must promptly complete the CTR and forward a copy of it along with the supporting deposit ticket to the Cashier's Office for recording. All other departments receiving cash must promptly complete the CTR and send it along with the cash (see Cash Escort Service below) to the Cashier's Office for recording and deposit.
4. In instances where a department receives a check that belongs to another department, the receiving department must record the check in a log and note the date received, the amount, the payee, the maker, the department and the individual in the department that the check was forwarded to before sending the check to the proper department for recording and deposit. If the check is made payable to the University, it should also be restrictively endorsed "For deposit only in the accounts of Rutgers, The State University" before sending to the proper recipient.

C. Recording Wire Transfers to the University Bank

As soon as a department is aware that funds are to be wired to the University for their benefit, they must complete the "Notification of Incoming Funds" screen on the University Accounting's Unrestricted Funds website. On the first business day after confirming receipt of the transfer in the University's account (after identifying the intended recipient of the transfer), University Accounting will record the deposit as directed by the information supplied by the department.

1. Failure to submit the completed NIEFT may result in a 1% handling fee being charged to the receiving department.

D. Cashier's Office and Bank Deposits

1. Cashier's Office deposits should be made daily by the University Police Cash Escort Service (See Cash Escort Service below). Receipts received after business hours that exceed authorized storage limits should be deposited in the bank's night depository after necessary arrangements have been made with the bank. If such service is unavailable, the most secure University safe accessible should be used.
2. Cash deposits of less than \$2,000 cash may be transported by a member of the department conducting the transaction so long as security measures are taken so as not to place employee at risk.
3. Bank deposits and withdrawals involving cash in excess of \$2,000 must be transported by a uniformed member of the University Police Department. Departments not regularly scheduled to receive cash escort service are to make prior arrangements with the University Police Department for those occasions when this service is needed.
4. When preparing deposits of cash or coin, it must be counted by two individuals in front of each other (preferably under camera monitor) and immediately placed in the tamperproof bag in front of both individuals. The bag should immediately be verified, signed and sealed by both individuals.
5. Patterns of time and route to the Cashier's Offices or the bank should be varied as much as possible.

E. Security of Cash on Hand

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- ~~1. All offices of the University handling currency or checks are responsible for prompt deposit or other secure disposition of money. When overnight retention of receipts is necessary, the following limitations will apply:~~
 - ~~a. Amounts of less than \$1,000 may be stored in a suitably rated fire resistant safe which is also rated tamper proof.~~
 - ~~b. Currency must be stored in the secured compartment of the safe. Checks may be stored outside the security compartment of the safe.~~
 - ~~c. Deposits of amounts greater than \$1,000 but less than \$7,500 must be stored in a locked, fully fire resistant safe which is rated to resist specialized burglars' tools and torches. The deposits must be delivered to the Cashiers Office no later than the following business day.~~
 - ~~d. With approval of the Office of the Controller or the Office of Treasury Operations, deposits of \$7,500 or greater may be stored overnight in a locked, fully fire resistant safe which is rated to resist specialized burglar tools and torches **ONLY IF** the office has an actively working secure alarm system connected to the University Police Department with motion detectors and a secure key system. If the office is not so equipped, the deposits of \$7,500 or greater must be made on the day the funds are received.~~

~~For purposes of determining the limitations on storage of money, checks shall not be included in the total provided that all checks are stamped "For deposit only Rutgers, The State University" as soon as received.~~

~~F. Safes~~

- ~~1. The selection of a safe shall be made through the Division of Purchasing after consultation with the representative of the University Police Department. The degree of risk for both theft and fire at the location are to be analyzed.~~
- ~~2. Safes being used to store cash or checks must be closed and locked immediately upon depositing the cash into the safe. Safes should never be left unlocked once the employee walks away from the safe.~~
- ~~3. Departments must maintain segregation of duties between those with knowledge of the combinations to safes and the accessibility to keys to the money drawers within the safes.~~
- ~~4. Combinations / keys to the safe must be changed bi-annually or immediately upon the separation from the department (whether voluntary or involuntary) of any employees to which the combinations are known / or the keys are accessible. The new combination shall be made known to authorized personnel who must commit it to memory; written record of the combination shall not be maintained within the office.~~
- ~~5. All safes shall be hidden and physically situated so as not to be visible to patrons or passersby to the degree possible. Cash being held overnight must be placed in a sealed tamperproof deposit bag and stored in a fire resistant safe. Safes that can be moved without rigging equipment must be bolted to a floor or wall.~~
7. Cash deposits in excess of \$2,000 must be transported by a uniformed member of the Rutgers University Police Department or picked up by an armored carrier.

8. All checks should be properly endorsed immediately upon receipt with "For deposit only – Rutgers, The State University of New Jersey". For purposes of determining the frequency of deposit per the above table, endorsed checks need not be included in the total.

9. ~~6.~~ Offices handling large amounts of cash and checks in excess of \$7,500 on a daily basis ~~must~~ **MUST** have additional security of that includes a full alarm system. Alarms are to be installed in accordance with the specifications outlined by the Rutgers University Police Department as determined by a site inspection. The office must be locked at all times with limited access to personnel. Business conducted with outsiders or non-departmental staff should be transacted ~~over~~ through a cashier's window.

G. ~~Cash Escort Service~~

Departments should follow the guidelines listed below when using a safe to store cash:

1. The selection of a safe shall be made through University Procurement Services (<https://procurementservices.rutgers.edu/>) after consultation with the representative of the Rutgers University Police Department. The degree of risk for both theft and fire at the location are to be analyzed.

2. Segregation of duties should exist between those with knowledge of the safe combination code and the accessibility to keys for the money drawers within the safe. It is recommended that at least two (2), but not more than three (3), individuals know the safe combination code and at least (2), but not more than three (3), **DIFFERENT** individuals have access to the money drawer keys.

3. Safe combinations and/or keys must be changed upon an employee's separation from the department (whether voluntary or involuntary) of which the combinations are known to and/or keys are accessible to. It is recommended that safe combinations and keys are changed at least annually.

4. All safes must be hidden and physically situated so as not to be visible to patrons or passersby. Safes that can be moved without rigging equipment must be bolted to a floor or wall.

All individuals handling cash on behalf of the University must review and follow this policy. It is the responsibility of each department to ensure that the policy is made available to each new employee and trainee and that the procedures set forth herein are adhered to by all individuals.

Non-compliance with this policy and its related procedures may result in weak controls that can lead to fraudulent or erroneous activity. Each department is responsible for monitoring compliance with this policy and will determine if disciplinary actions will be taken for individuals who demonstrate non-compliance.

Any questions or concerns regarding appropriate internal controls can be directed to University Treasury.

1. ~~The University Police Department provides an armed police escort officer on a daily basis to departments requiring deposits to University Banks. All deposits must be secured in the appropriate tamper proof cash bags (available through the Office of Treasury Operations) before the officer will accept them.~~

~~2. The University Police escort officer will log all bags on the University Police Escort Log and upon receipt of a signature from an appropriate department employee, will sign for the bags, present the department with a receipt and accept custody of the bags for transit to the Cashier's Offices or the bank.~~

~~3. When the University Police escort officer delivers the bags to the appropriate bank, the officer will obtain the signature of the appropriate bank employee on the University Police Escort Log before turning over the bags to the bank.~~

~~4. All bags picked up at the bank containing cash will be secured and the University police officer will deliver the bags to the appropriate office.~~

5. Each department must maintain a deposit log, indicating the date, CT number, bag number and the amount of the deposit, at a minimum. Lost, stolen or damaged / voided bags should be noted on the log. This log sheet must be signed by two people. Log sheets are subject to random / periodic audits.