



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: Executive Vice President – Chief Financial Officer and University Treasurer

Responsible Executive: Associate Vice President for Finance and Associate Treasurer

Responsible Office: University Treasury and University Accounting

Adopted: 01/1971

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

Contact: (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. Included in the definition of “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 receive cash must have appropriate internal controls and follow documented procedures to ensure the good stewardship of these University 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 of cash. In addition to preventing financial loss, these controls promote security and accurate financial reporting.

2. Reason for Policy

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 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. Resources

- [Cash Handling Procedures](#)
- [Cash Journal Templates](#)
- [Merchant Accounts and Credit Card Acceptance](#)
- [Notification of Incoming Electronic Funds Transfer \(NIEFT\) web form](#)
- Cash Handling Policy:
 - University Treasury – (848) 445-3500
 - Email: treasury@finance.rutgers.edu
- University Cashier's Offices:
 - Rutgers–New Brunswick & Rutgers Biomedical and Health Sciences (“RBHS”) (Busch Campus): (848) 445-4636
 - 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:
 - University Accounting
 - Email: cashautomation@finance.rutgers.edu
- Notification of Incoming Electronic Funds Transfer (“NIEFT”) web form – Unrestricted Funds:
 - University Accounting
 - Financial Management Help Desk – (848) 445-2100
 - Email: controller_eft@finance.rutgers.edu

5. Definitions

- Cash** – Money in the form of bills, coins, checks, gift cards, or any other physical item that can be readily exchanged for goods or services.
- Cash Equivalents** – Money in the form of a money order, traveler’s check, cashier’s check, or certified check.
- Cash Handling Procedures** – A documented cash handling plan that establishes, at a minimum, the internal controls named in this policy and its related procedures.
- Cash Receipts Journal** – The process to record wires or other electronic deposit revenues in the University Financial Accounting System.

- e. **Cash Management** – Enterprise solution for reconciling and recording of funds received in University bank accounts.
- f. **Deposit Bag** – A tamperproof plastic bag with seal used to contain cash, cash equivalents, or checks intended for deposit.
- g. **E-Check** – Digital version of a paper check and is also known as an electronic check, online check, internet check, and direct debit.
- h. **Electronic Funds Transfer (“EFT”)** – The electronic exchange or transfer of money from one account to another through a computerized network, either within a single financial institution or across multiple institutions.
- 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

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 standard of appropriate internal controls includes the following factors:

a. Acceptance of Cash

The overall objective of this policy is 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 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>
\$50,000 or more	Same Day
\$10,000 - \$50,000	Next Business Day
\$50 - \$10,000	Within 5 Business Days or once a week
Less than \$50	Within 10 Business Days or once every 2 weeks

*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. The receiving function is controlled using cash registers, dual participation of individuals handling cash, security cameras, or other control methods.
2. Cash is always counted in front of the person from whom it was received.
3. The internal accounting control procedures governing the department's cash receipts process are clearly documented in writing.
4. There is a daily cash closeout and reconciliation process between receipts and deposits.

5. Safes being used to store cash 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.
6. Cash being held overnight must be placed in a sealed tamperproof deposit bag and stored in a fire resistant safe.
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. Offices handling cash in excess of \$7,500 on a daily basis **MUST** have additional security 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 through a cashier's window.

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*.