

CASH HANDLING INTERNAL CONTROLS

Description of Risk: Cash is the most liquid asset and the most susceptible to loss if not properly controlled.

Overview: The Office of Student Accounts is the department primarily responsible for collecting and depositing cash, checks and credit card receipts. Due to certain operations, there are locations that collect and deposit cash as part of their normal duties. However, situations where faculty and/or other academic units collect cash should be non-existent or kept at a strict minimum and only upon approval from the Treasurer/Chief Financial Officer or designee. All locations responsible for collecting cash should ensure timely deposits, safeguarding of cash prior to deposit, and proper segregation of duties in the cash handling process. Any cash or checks received in the mail should be forwarded to the Office of Student Accounts for deposit in a timely manner.

Internal Controls Best Practices:

1. A review should be conducted annually to determine the nature and extent of the College's cash handling activities.
2. Assign one person the responsibility and authority (normally Chief Financial Officer) of administering the College's cash collection procedures.
3. Prepare and document internal controls over this function, administering to all personnel responsible for cash handling. A signature should be obtained from all applicable personnel as documentation of receipt and understanding of these controls and procedures.
4. Ensure that proper segregation of duties exists in the cash handling procedures. **NOTE:** This should be set forth in the internal controls mentioned in #3 above.
5. Deposit all cash in a timely manner. As a rule, a deposit should be made daily when at least \$250 in cash and/or checks has been received. **NOTE:** All other cash collection points should adhere to this as well, thus remitting cash collected at their site to the Office of Student Accounts for processing and deposit in a timely manner.
6. Ensure that all cash is properly safeguarded from the time of receipt until the time of deposit.
7. Regular reconciliation should be performed on a monthly basis. These monthly reconciliations should be reviewed by someone other than the preparer, namely the Office of Finance and Business Services.

Annual Review: Annually, the College should determine how cash is coming into the college and why. (i.e. What types of funds are we collecting and what methods are being used?) All

departments within the College may possibly receive cash, even if delivered by mail in error. An annual review should identify all sources of funds so that management can determine if current processes and procedures to control these funds are reasonable and necessary. This is also the time to remind personnel of their responsibilities for cash handling, introducing any new procedures and providing any refreshers that may be deemed necessary.

Cash Handling Procedures: Accountability in cash collection processes is paramount. It is a disservice to employees if the College's poor processes make them suspect for theft or shortages by others. Cash receipts must be officially recorded using the cashiering function in PeopleSoft when applicable (i.e. payments on student accounts), and official pre-numbered receipt for all non-tuition payments at auxiliary cash collection points (i.e. transcript requests, library fines, etc.). All checks in payment of amounts due must be made payable to the College of New Jersey and immediately stamped For Deposit Only to TCNJ.

All applicable personnel should make certain that proper safekeeping facilities are available and that proper safeguards are taken to protect college funds until they are appropriately remitted to the Office of Student Accounts. This may be accomplished by such means as a fireproof safe, a locked desk drawer, or other locked device. The monetary cost should be a consideration when choosing the actual locking device. Further, more than one member of the department should have access to the device in the event that the primary person responsible is absent. However, employees with access to these locked devices should be kept at a minimum. Funds accepted by any department exceeding \$250 should be remitted to the Office of Student Account by the next business day. Following these policies reduces the risk of loss and ensures accurate college financial records.