Cash Handling

Collecting, Depositing and Reconciling Cash Receipts
Objectives

• To present State and University policies
• To provide guidelines on handling cash receipts
• To highlight internal control procedures
• Overview of Revenue and Expenditure Refunds
Overview

• Policy Requirements
• Cash Collection Procedures
• Preparing Deposits
• Practical Exercise
• Deposit Process
• Accepting Credit Card Payments
Policy

• University Policy 2105
• Defining “Cash Receipt”
• Responsibilities
  – Controller
  – Cashier’s Office
  – Departments

Image source: http://www.iconarchive.com/show/old-school-icons-by-babasse.2.html
Cashier’s Office Mission

- Collect money due the University
- Provide Customer Service

Resources on the web

http://fiscal.gmu.edu
Departments

• Advance approval to collect
• Procedures
  – Comply with internal control objectives
  – Submit to Controller for approval
  – Review periodically, update & resubmit if changed
  – Must be reviewed at least annually
• Permit Audits
Sponsored Programs

Office of Sponsored Programs 3-2988

- Grants and Contracts
  - Funds beginning with “2”
- Pool Organizations
  - Funds beginning with “16”
- Indirect Organizations
  - Fund “15111”
Policy Requirements

• Timely Deposits

• Cash Controls
  – Cash register, log, or pre-numbered receipt
  – Receipts to customers
  – Check Endorsement (State Guidelines)
  – Mail opened with co-worker
  – Secure until deposited
Cash Collection Procedures

• Cash collected in person
• Accepting Checks
  – Legal amount
  – Signatures
Cash Collection Procedures

• Accepting Checks (continued)
  – Checks received by mail
  – Required endorsement:

  “For Deposit Only
  George Mason University
  Fund/org number and account code
  Date ”
Preparing Deposit

• Count all receipts
  – 2 people count & initial documentation
• Reconcile to collection point
  – Cash register, journal tape, check log
  – Pre-numbered manual cash receipt books
• Note discrepancies and attempt to resolve
Preparing Deposit (continued)

- Checks:
  - Endorse immediately
  - Adding machine tape listing each check
  - Match tape sum to total check amount
- Currency/Coin
  - Sort bills and coins
  - Adding machine tape on bundle of bills
  - Coins in envelope or bag - not rolled
- Prepare *Cash Receipt Form*
  - Separate forms for currency/coins and checks
Transporting the Deposit

• Frequency of deposits
  – Collections of $500 or more
  – Less than $500
  – End of Fiscal Year

• Deposits of checks only
  – Place in drop box at Cashier’s Office
  – Validated receipt mailed to Department
**Prepare *Cash Receipt* Form**

### Bank Numbers

<table>
<thead>
<tr>
<th>Bank #</th>
<th>Type Fund</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>State</td>
<td>All funds except some beginning with “8”</td>
</tr>
<tr>
<td>02</td>
<td>Local</td>
<td>Only funds beginning with “8”</td>
</tr>
</tbody>
</table>
Prepare Cash Receipt Form

• Checks: enter total on one line
• Cash count must match total deposit
• Shortage and Overage
  – Recorded receipts do not match cash
  – Enter recorded receipts on first line
  – Overage (+) or Shortage (-) on separate line
**Cash Receipt**

**Cash Office Use Only**

Deposit Received By: ____________________________ Date Received: ____________

Department: Telecommunication

**Total Deposit**

Cash Receipt Total: ____________________________

**Remarks:** For equipment rental

Prepared By: John Mason Date: 8-1-2006

Telephone: 3-2411 MSN: MS2Q5

CHM
Cash Receipt

Bank No. 01 X Cash □ Checks □ Credit Cards

<table>
<thead>
<tr>
<th>Fund/Org</th>
<th>Account No.</th>
<th>Activity (Optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>713006</td>
<td>06145</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Description (35 characters)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verizon</td>
<td>105.50</td>
</tr>
<tr>
<td>Short</td>
<td>(1.00)</td>
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</table>

<table>
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</table>

Remarks

Prepared By: John Mason Date: 8-1-2006

Department: Telecommunication

Telephone: 3-2411 MSN: MS2Q5

E-mail: jmason@gmu.edu

Cash Office Use Only

Deposit Received By: ____________________

Date Received: ____________________

Total Deposit: ____________

Cash Receipt Total: ____________

Totals Must Agree

No. of records of this Cash Receipt

Total this page: ____________

Amount

Total from attachments(s): ____________

Amount

Cash Office 104 SUB I Tel: 3-2496
Cash Receipt

Date: 8-01-2006

Bank No. 01  X Cash  [ ] Checks  [ ] Credit Cards

<table>
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Verizon
Description (35 characters)  105.50
Amount

Over
Description (35 characters)  1.00
Amount

Total this page: 106.50

Cash Office Use Only
Deposit Received By: 
Date Received: 
Total Deposit
Totals Must Agree

Cash Receipt Total: 106.50

No. of records of this Cash Receipt
Deposit Process

- Department delivers cash to Cashier’s Office

- Cashier’s Office deposits into bank
- Cash receipt form sent to Accounting Operations
- Deposit recorded in Banner
- Departments reconcile
Deposit Process Cont.

• Importance of Timely Deposits
  – $500 or more: Next banking day (State Requirement)
  – Less than $500: deposit weekly

• Late deposit notices
Special Handling

• Returned checks
  – Amount of the check backed out of the Fund or Org
  – Department is responsible for collection plus returned check fee

• Collection of delinquent funds
  – Prepare new *Cash Receipt* form using original Bank, Fund or Org and amount
  – Record returned check fee on separate line
  – Accounts and Loan Management
Practical Exercise

Use case facts handout, cash manual and notes

Cash: $ 55
Checks: $150
Sales: $200

Org Code: 713006
Account: 07801

Prepare *Cash Receipt* forms
Credit Card Payments

- Approval from the Controller
- Accounting Operations sets up merchant number
- Equipment
  - Greater than 35 transactions or $5,000/year
- On-line Transactions
  - Virtual Merchant is payment gateway through Elavon, GMU’s credit card processor
  - Additional approval, procedures and set-up required- Contact Diane Saunders (3-7010)
- Payment Card Industry (PCI) Data Security Standards
Credit Card Payments Cont.

• Transmitting Transactions
• Daily Credit Card Sales Report
  – Instead of Cash Receipt Form
  – VISA and MC on one form
  – Faxed Daily by 10 a.m.
• Credit Card Refunds
**Daily Credit Card Sales Report**

**Instructions**: Prepare a report for each business day (weekend sales dates may be combined). American Express transactions may not be combined with Visa and MasterCard transactions. Prepare a separate report for American Express transactions only. The total amount of sales reported must equal net credit card transactions. Fax the report and the batch settlement report printed from the credit card terminal to General Accounting by close of business on the date the report is prepared.

**Important**: All original documents must be kept on file in a secure location in the department for three years.

<table>
<thead>
<tr>
<th>Number</th>
<th>Transaction Date</th>
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<table>
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Total Amount __________

**Reconciliation of Daily Credit Card Sales**

Gross Sales ______________

Less: Revenue Refunds ______________

Add (Subtract): Adjustments ______________

Net Credit Card Transactions ____________

Prepared by ___________________________  Phone: ___________  Date: ___________  

May 2006
**Additional Guidance**

- **Credit Card Sales Report**
  - Print clearly
  - Print and Sign name of preparer
  - Can be exported to Excel

- **Transaction rates (p. 26)**

- **End of Fiscal Year**
  - Last day for credit transactions is 2 business days prior to June 30th
Credit Card Security

- University Policy #2110
  Credit and Debit Card Security
- Payment Card Industry Data Security Standard (PCI DSS)– VISA/MC
- Procedures – Paper & Electronic
- Collect, Process, Transmit, Store & Dispose
Credit Card Processing

Protected Cardholder Data (PCD)

- PCD = Anything more than the last 4 digits of the card number

- DO’s and DON’T
  - Acceptance
  - Storage
  - Disposal
  - Archiving the Transaction Record (No PCD present)
Acceptance:

- **DO** accept PCD through an online process approved by Fiscal Services and IT Security
- **DO** accept PCD on a credit card reader issued by Fiscal Services
- **DO** accept PCD on an authorization form sent through a stand-alone fax machine in a secure location or U.S. Mail
- **DO** accept PCD on the phone, *only* by staff who have completed a background check & PCI-DSS training
- **DO** permit access to PCD *only* for employees with legitimate need-to-know
Acceptance:

- DON’T accept PCD by email
- DON’T accept PCD as an attachment to an email
- DON’T type PCD on a computer keyboard or laptop
- DON’T accept PCD on a fax machine located in an unsecure area or connected to the network
Credit Card Processing (continued)

Acceptance:

- **DON’T** send PCD through campus mail
- **DON’T** accept PCD on voice mail; direct callers not to leave card info on recorded message
- **DON’T** accept security code from the back of the card (CVC2, CVV2, CIS)
- **DON’T** direct customer to a *specific* computer or location to pay (can say “choose any internet-enabled device”)

Where Innovation Is Tradition
Credit Card Processing (continued)

Storage:

- **DO** keep paper PCD locked in a *safe* or secured filing cabinet only until processed

- **DON’T** store PCD using any electronic method, including database, secure file or spreadsheet

- **DON’T** leave unprocessed PCD in an unsecure location
Disposal:

- **DO** properly destroy PCD; immediately after processing, use a cross-cut shredder or small hole punch

- **DON’T** dispose of PCD in any other way
Archiving the transaction record – No PCD present:

- **DO** store the last 4 digits of the card number, signature, transaction ID and dollar amount for the record retention period (3 years after fiscal year for Banner orgs and 10 years for funds)
Revenue Refunds

- Offset revenue account
- Supporting documentation
- Approving official signature
- Originals – no faxed requests
Expenditure Refunds

• Funds received from an earlier expenditure
  *Example*: merchandise returned to vendor after payment processed

• Offset Fund/org and expenditure account

• Deposit to same fund/org and account code
Expenditure Refunds (continued)

• In “Remarks” section of Cash Receipt explain reason for refund

• Attach documentation to Cash Receipt copy of Self Service or e-print report showing the original charge to fund/org number and account code being refunded

• Prior fiscal year refunds deposited to prior year organization # 713007, account 09184
Merchant Debit Adjustments

- Refund initiated
- Ten day delay
- Merchant Debit Adjustment
- Debit receipt adjustment to bank card account
- Revenue Refund Voucher

Image source: http://www.designcontest.com
Review and Reconciliation

• University Policy 2114
  – Transactions for all University financial units must be reconciled at least every other month

• Review of financial activity
  – Proper posting
  – Accurate budget execution
  – Correct errors

• Correcting errors
  – Journal Voucher to Transfer Charges form
Resources

Fiscal Policy and Communication
Lucy Brown, Training Manager: 3-2089
Maureen Strauch, Director: 3-2620

Internal Controls
Diane Saunders, Director: 3-7010

Cashier’s Office (Main): 3-2484
Landrum, Manager: 3-2498

Additional Contacts on Page 28