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Owner: *Ronald Flatt: Director, Treasury Operations*
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Security of Cash and Cash Equivalents

Policy

The Chief Financial Officer (CFO) of each campus or designee shall ensure the physical security of cash and cash equivalents, maximize the use of funds, accurately record receipts, ensure the reliability of financial data, and authorize employees to handle incoming cash and cash equivalents.

DEFINITIONS

For purposes of this policy, terms are defined as follows.

- A. **Cash** - Currency and coin are the most liquid of assets and must immediately be protected against loss.
- B. **Cash Equivalents** -
 - 1. Cashier's Check - Any check which is drawn on a depository institution, signed by an officer or employee of such depository institution; and is a direct obligation of the depository institution.
 - 2. Certified Check - Any check certified by a depository institution as to; the signature on the check being genuine; and the depository institution having set aside funds which are equal to the amount of the check; and will be used only to pay that check.
 - 3. Checks - Negotiable demand draft drawn on or payable through an office of a depository institution that is a qualified member of the Federal Reserve System.
 - 4. Money Order - Financial instruments issued by a bank or other financial institution allowing the individual named on the order to receive a specified amount of cash on demand.
 - 5. Traveler's Check - Preprinted, fixed-amount checks designed to allow the person signing to make an unconditional payment to someone else as a result of having paid the issuer (usually a bank) for that privilege.
- C. **Cash Handling Unit** -
 - 1. Main Cashier/Bursar's Office - The primary cash handling unit has the responsibility to collect, control, and maintain records for campus funds. Collections are deposited directly to an approved depository bank account.
 - 2. Satellite Cashier - Cashiering unit which generally performs cashiering activities as a primary function. Typically, collections are deposited with Main Cashier or directly to an approved depository bank account.

3. Campus Cashier Department - Department which performs minimal cashiering activities. For example, petty cash fund intended for minor departmental business expenses. Collections are deposited with Main Cashier.
- D. **Excess Cash** - Currency and coin in surplus of the authorized cash limit amount in the cash register or lockable receptacle/vault/safe.
- E. **Cash Receipt** - A written acknowledgment for a sum of cash equivalent has been received; the paper that provides the audit trail (e.g., canceled check, electronic receipt, or pre-numbered cash receipt).
- F. **Sensitive Position** - Positions designated by the CSU as requiring heightened scrutiny of individuals holding the position based on a heightened risk of financial loss to CSU.
- G. **Security Systems** - Control/prevent unauthorized access and physical protection for employees, cash, and cash equivalents (e.g., alarms, panic buttons, motion detectors, security cameras, and software).

100 Procedures

A. **Accountability**

The campus's CFO or his/her designee is responsible for campus cash and cash equivalents handling activities in accordance with policies outlined in this document and for developing written procedures. Treasury Operations, a unit of the Office of the Chancellor, is available for consultation and review of handling procedures.

Campuses are responsible for training designated employees in cash and cash equivalents handling policies and procedures. To ensure employee accountability, the manager of each Cash Handling Unit must know who has authorization to cash and cash equivalents, why he/she has access, where cash and cash equivalents are, and what has occurred from beginning to the end of the handling transaction cycle.

B. **Segregation of Duties**

The campus is responsible for establishing procedures that ensures that no single individual is responsible for the collection, handling, depositing and accounting for cash and cash equivalents received by the unit. At least two authorized individuals must be assigned to carry out key duties of the handling process.

C. **Physical Security and Data Transmission Security**

The campus is responsible for establishing procedures ensuring that:

1. Cash and cash equivalents in the custody of the Cash Handling Unit are protected from theft or loss.
2. Technology resources involved in processing cash and cash equivalents (i.e. hardware and confidential personal information) are protected from loss, corruption, cyber threat, or compromise to confidentiality.

D. **Reconciliation of Accounts**

Campuses are responsible for establishing procedures to ensure that:

1. Cash and cash equivalents collected and reported as deposited are deposited to an approved depository bank account.
2. General ledger recordings/transactions are accurate.

E. **Safekeeping of Funds**

Cash and cash equivalents should be physically protected through the use of security systems, lockable receptacles, vaults, or safes. It is the responsibility of each campus to make whatever provisions are

necessary to properly safeguard cash and employees in their area.

200 HANDLING

A. **Managing Bank Accounts**

The use of personal banking accounts or any other non-authorized bank accounts by CSU employees for the depositing of and/or safekeeping of CSU funds is strictly prohibited. Treasury Operations establishes all stateside CSU banking arrangements with the CSU's banking partner. Additional sub-depository bank accounts may be requested by campuses with the approval of Treasury Operations.

B. **Cash Handling Location**

The establishment of any Cash Handling Unit or activity must be approved by the campus's CFO or his/her designee.

C. **Cash Handling Employees**

Each Cash Handling Unit head must determine that all authorized employees with direct cash and cash equivalents handling duties, including temporary, casual, and student employees, have characteristics to accept responsibility/accountability. If electronic systems are used, a unique user ID, login, and password must be provided to each employee.

D. **Handling Cash & Cash Equivalents**

Cash and cash equivalents must be protected against loss upon receipt and at all points thereafter. It is important that cash and cash equivalent employees immediately establish a record of receipt. An official CSU cash receipt shall be recorded for each transaction and a copy be provided to payers. Excess cash must be removed from the cash register drawer during the business day and transferred to a secure lockable receptacle or vault.

Excess cash limit is defined by the each Cash Handling Unit head. At the close of business, all cash must be secured per the physical security section. Cash equivalents (i.e. checks drawn on U.S. banks and issued in U.S. dollar values) 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.

Cash equivalents not written to a payee per this policy must be appropriately safeguarded and returned to the presenter no later than 30 days after receipt.

Cash Handling Unit may only accept and record cash equivalents under the following criteria:

- a. Dating no earlier than 180 days prior to the date of acceptance (unless a shorter time period is clearly marked on the face of the instrument) and no later than the date of acceptance.
- b. Legible and consistent amount, both numeric and written.
- c. Proper account holder signature.
- d. Cash equivalents stamped or otherwise identified as "Payable/Paid in Full" are not to be accepted and must be appropriately safeguarded, and returned to the presenter no later than 30 days after receipt.
- e. Payee cannot be blank.
- f. Post-dated cash equivalents are not to be accepted.

Reductions of cash and cash equivalents must have supporting documentation. Approval in writing by the Cash Handling Unit head is required at the time of occurrence when practical, but no later than close of business on the day of occurrence. Voided receipts must be retained.

E. Depositing Cash and Checks

Cash Handling Units that accept cash equivalents must be provided with an official campus endorsement stamp, or its mechanical equivalent, that identifies the Cash Handling Unit. Immediately upon receipt, cash equivalents must be restrictively endorsed (endorsement stamp or its mechanical equivalent) with the phrase "for deposit only".

The Main Cashier shall deposit at the bank no later than the next business day of receipt. Cash and/or cash equivalents are to be deposited, either physically and/or electronically. All other Cash Handling Units must deposit to the Main Cashier or bank in a timely manner, and at least within five (5) business days of receipt. Certain Cash Handling Units may require a more restrictive policy based on security, and cash/cash equivalents composition.

Cash Handling Units shall deposit to the Main Cashier and/or bank, whenever excess cash exceeds \$1,000. Deposits meeting or exceeding these thresholds require a campus police escort or armored car.

Receipt of cash and cash equivalents should be verified, processed, and document conjointly by at least two (2) employees before a bank deposit is finalized or change in custodian.

F. Counterfeit Currency

Cash Handling Units are responsible for exercising reasonable care in screening cash transactions for counterfeit currency. If a questionable bill is received, the unit should retain possession of the bill and contact campus police immediately.

G. Foreign Cash

Campuses shall accept only U.S. currency. No campus shall accept foreign currency.

H. Foreign Checks

Any check not drawn on a U.S. bank or which does not have a U.S. clearing bank listed on the face of the check shall be considered a foreign check, even if the check is payable in U.S. funds. Checks drawn on foreign bank accounts are not acceptable at their face value and must be sent to the depository bank for collection. Foreign checks must be sent to the depository bank for collection within 30 days after receipt.

I. Lost Cash Receipts

If the original receipt is lost, destroyed or otherwise unavailable, campus procedures may authorize substitution of a duplicate receipt that contains all of the elements of the original receipt and is clearly marked "duplicate", "copy" or some other designation that indicating that this item is not the original document.

300 Operational Controls

- A. These controls are intended to provide a framework and the major control points. The campus procedures must ensure that proper internal controls are established to safeguard their employees and assets, or define mitigating controls as approved by the campus's CFO or his/her designee.
- a. Employees assigned cash and cash equivalent related duties shall be trained and must accept their responsibilities.
 - b. Supervision of cash and cash equivalent activities shall be strictly and continually administered.

- c. Access to the Main Cashier and Satellite Cashier Units should be limited to those authorized employees.
- d. The accessibility to funds and fund records shall be restricted to only authorized employees and shall be administratively controlled.
- e. Payments should be input into an electronic device, such as a cash register or computer terminal, or tracked manually to ensure that all payments are fully documented, and there is an indisputable audit trail, which include employee identifiers.
- f. Sequential numbered forms shall be used to document cash related transactions to enhance reconciliation and accountability.
- g. Cash and cash equivalent related transactions shall be recorded promptly during each step of the cash handling function.
- h. Change in custody of cash must be documented (e.g. a receipt acknowledging the transfer that is signed and dated by both parties) when the responsibility transfers from one individual to another.
- i. Documents used in cash related transactions shall be safeguarded against reuse, tampering, or unauthorized disposal.
- j. A record of overages and shortages is maintained.
- k. The approval of adjustments to cash and cash equivalent related transactions shall be administratively controlled.
- l. Cash and cash equivalent related accounts shall be frequently reviewed and reconciled with subsidiary records.
- m. Cash equivalents received either in person or by mail shall be endorsed upon receipt and safeguarded until deposit is accomplished.
- n. Cash held outside the Cash Handling Unit shall be maintained at the minimum amount.
- o. Safe and/or vault combinations and keys to cash registers and receptacles is given to authorized employees.
- p. Current documentation must be maintained showing authorized employees who have access to combinations and/or keys.
- q. Combinations must be changed when an employee leaves the Cash Handling Unit or on a three year cycle and documented.
- r. Unidentified Checks shall be immediately deposited and recorded as 'un-cleared'. The Cash Handling Unit should put forth a reasonable effort to verify whether or not the check relates to their campus or shall return funds to the payee.

400 Physical Security

A. Security and Transportation

Campuses must establish procedures to ensure the physical safety, security of campus employees, cash, and cash equivalents. Cash and cash equivalents shall be physically secured through the use of Security Systems, lockable receptacles, vaults, or safes. Generally, any amount of cash that exceeds \$1,000 must be maintained in a vault or safe. Amounts under \$1,000 should be maintained in a lockable receptacle.

B. Physical Security Standards

- a. Up to \$1,000 in a lockable receptacle.

- b. \$1,001 to \$2,500 in a safe.
- c. \$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.
- d. \$25,001 to \$250,000 in a class TL-15 composite safe or better.
- e. Over \$250,000 in a class TL-30 steel or better safe.

If more than \$2,500 in cash and cash equivalents are regularly on hand, a manual robbery Security 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 cash equivalents are stored overnight, an automated security system is required to alert campus police or local law enforcement if the storage area is entered after business hours.

C. Transportation Standards

Transportation of deposits must always be a high priority and should not conform to any regular schedule. Transporting deposits between Cash Handling Units or to the bank will be accomplished in a secure manner to protect the individuals, cash, and cash equivalents involved. Cash deposits must be hand-carried by authorized campus employee to the Main Cashier, or in special circumstances, campus police or armored car may be contacted to escort large cash and cash equivalents deposits. If a large portion of cumulative receipts is comprised of cash, deposits should be made more frequently. Endorsed checks may be routed to the Main Cashier via campus inter-office mail, provided that the unit sending the endorsed checks has retained copies of the item(s) for their records. The bank account number on the check of the remitting party should be blocked on the copy retained by the unit that originally received it.

500 Gifts and Donations

When possible, cash and cash equivalents should be delivered to the Main Cashier along with any related correspondence within five business days for deposit.

600 IRS Reporting Over \$10,000

Please refer to Systemwide Financial Standards & Reporting's Tax Administration site for guidance on IRS Form 8300 reporting. <https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/sfsr/tax-administration/Pages/default.aspx>

Authority

This policy is issued pursuant to California Education Code Section [California Education Code Section 89760](#), [Section II of the Standing Orders of the Board of Trustees of the California State University](#), and as further delegated by the [Standing Delegations of Administrative Authority](#).

All revision dates:

10/6/2020, 8/30/2017

Attachments

No Attachments

Approval Signatures

Approver	Date
Steven Relyea: Executive Vice Chan & CFO	10/6/2020
Ronald Flatt: Director, Treasury Operations	10/1/2020
Bradley Wells: Assoc VC, Business & Finance	10/1/2020

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