

 <b>The University of British Columbia Board of Governors</b>	<b>Policy No.:</b>  <b>FM3</b>
<b>Long Title:</b>  <p style="text-align: center;">Cash Handling</p>	
<b>Short Title:</b>  <p style="text-align: center;"><b>Cash Handling Policy</b></p>	

**Background & Purposes:**

The purpose of this Policy is to establish responsibility and describe the minimum requirements for cash handling.

**1. General**

**1.1 Responsibility**

- 1.1.1 It is the responsibility of the Department of Financial Services to ensure that the policy requirements for cash handling are clearly documented and current.
- 1.1.2 It is the responsibility of faculty and staff who handle University funds to implement adequate procedures to ensure adherence to the policy requirements.

**1.2 Requirements**

- 1.2.1 University funds must be deposited into a University account administered by the Department of Financial Services.
- 1.2.2 Despite anything to the contrary in this Policy or its Procedures, no UBC faculty or staff member may receive or process on behalf of UBC any single cash payment in excess of CDN\$5,000 from any individual, company, or entity.
- 1.2.3 The full amount of cash received should be deposited directly into the appropriate bank account using a Cash Receipt Direct Bank Deposit form (see schedule A for Specific instructions including donations deposits and deposits for Contract and Grant accounts). Cash receipts shall not be used for personal loans, cashing of cheques, making purchases, or for salaries, wages or honoraria.
- 1.2.4 All cheques must be restrictively endorsed, i.e. "For Deposit Only to The University of British Columbia", immediately upon receipt. The ten digit FRS account number to be credited shall also be entered on the reverse side of the cheque. Cash and cheques must

be safeguarded at all times in a locked safe or other secure location. Cash must not be sent by mail.

- 1.2.5 Cash and cheques should be deposited on a daily basis. Where this is not possible and providing amounts are minimal, funds must not be held for longer than one week.
- 1.2.6 Departments must ensure that cash receipts are correctly coded to departmental accounts.
- 1.2.7 Cash receipts must be reviewed and reconciled to ledger accounts on a timely basis to ensure they have been correctly recorded. Accounting adjustments to ledgers must also be made on a timely basis.
- 1.2.8 Adequate segregation of duties and restricted access to cash handling areas must be implemented, to the extent possible, to ensure the safeguarding of cash. As a minimum this should include the separation of the cash handling from the control and reconciliation of the 3-part receipts, and cash register operation from approval of the cash deposit.
- 1.2.9 There are several specific cash related activities at the University. These activities are identified below:

<b><u>Activity</u></b>	<b><u>Section</u></b>
Use of cash registers	A
Collection of cash from coin-operated machines	B
Sale of course material and tickets	C
Use of petty cash	D
Use of change floats	E
Use of 3-part receipt books	F
Receipt of cheques by mail	G

- 1.2.10 Departments with a significant volume of cash receipts should use a cash register.
- 1.2.11 Departments that handle cash must review and understand the policies applicable to them and implement procedures to comply with these policies, e.g. departments that receive cash from time to time, must review and understand the use of the 3-Part Receipt books.
- 1.2.12 Cash shortages or other discrepancies should be reported immediately to the Internal Audit department.

## **2. Section A: Use of Cash Registers**

### **2.1 Purpose**

- 2.1.1 To identify those departments that should be using cash registers and to outline the requirements for specific features of the cash register and the balancing and control procedures needed to operate a cash register.

## **2.2 Responsibility**

- 2.2.1 It is the responsibility of the Department of Financial Services to ensure that the policy requirements for the use of cash registers are clearly documented and current.
- 2.2.2 It is the responsibility of faculty and staff who use cash registers to implement adequate procedures to ensure adherence to the policy requirements.

## **2.3 Requirements**

- 2.3.1 Where cash is received in a variety of small and large amounts, frequently and directly from the customers, as in the Bookstore or Food Services, a cash register should be used.
- 2.3.2 The following procedural steps should be performed for all transactions:
  - (a) Sales should be rung up in the presence of the customer.
  - (b) The amounts being rung up should be clearly visible to the customer.
  - (c) The customer should be provided with a printed receipt showing the amount. The name of The University of British Columbia should be clearly imprinted on the receipt.
  - (d) Strict supervisory approval should be required for all voids, cancellations or other alterations to cash register tapes.
- 2.3.3 The cash register should produce a detail tape locked in the register which is a continuous record of the amounts recorded that day, with a total (X total).
- 2.3.4 The cash register should also provide, under a separate key control, the accumulated total amount of sales (Z total) which is carried forward for a longer time period, until authorized to be reset at zero.
- 2.3.5 The detail tape (X total) should not be accessible to the person using the register, and the reset key (Z total) should not be accessible to the supervisor of the activity involved.
- 2.3.6 In order to obtain effective control, the cash register tape should be accessible only to a supervisor, who does not operate the cash register. The reset key (Z total) should be in the custody of management senior to the supervisor.
- 2.3.7 At the close of the business day, the supervisor should unlock the register and read the X total. The supervisor should then clear the cash register for the following day, thus automatically recording on the tape the transaction total (X total) of the current day's cash receipts. The detail tape should then be removed from the register and retained for subsequent comparison with the total cash turned in from the register.

- 2.3.8 The cash should be counted by the cashier and the bank deposit prepared for all receipts. All differences between cash receipts and registered tapes must be reconciled and a record kept of cash overages and shortages. This reconciliation should be checked by the supervisor.

### **3. Section B: Collection of Cash From Coin-Operated Machines**

#### **3.1 Purpose**

- 3.1.1 To outline the policy requirements for controlling cash collected from coin-operated machines, including vending machines and photocopiers.

#### **3.2 Responsibility**

- 3.2.1 It is the responsibility of the Department of Financial Services to ensure that the policy requirements for cash handling related to coin-operated machines are clearly documented and current.
- 3.2.2 It is the responsibility of faculty and staff who handle funds collected from coin operated machines to implement adequate procedures to ensure adherence to the policy requirements.

#### **3.3 Requirements**

- 3.3.1 All departments that collect cash from coin-operated machines must maintain a control log of machine usage by recording the reading of the machine meter, e.g. photocopy meter, at regular intervals (e.g. weekly).
- 3.3.2 The control logs of meter readings must be reconciled to the cash deposit for each machine. The reconciliation should be performed by someone who does not handle cash.
- 3.3.3 A copy of the reconciliation should be attached to the copy of the Cash Receipt Direct Bank Deposit form sent to Financial Services - Cashiers. (See schedule A for specific deposit instructions.)

### **4. Section C: Sale of Course Material and Tickets**

#### **4.1 Purpose**

- 4.1.1 To outline the policy requirements for controlling cash collected from sales of course material and tickets.

#### **4.2 Responsibility**

- 4.2.1 It is the responsibility of the Department of Financial Services to ensure that the policy requirements for the sale of course material and tickets are clearly documented and current.

- 4.2.2 It is the responsibility of faculty and staff who handle funds from the sale of course material and tickets to implement adequate procedures to ensure adherence to the policy requirements.

### **4.3 Requirements**

- 4.3.1 A detailed inventory must be maintained of all course material and/or tickets being sold.
- 4.3.2 Tickets should be pre-numbered and unsold tickets should be voided or recorded in inventory.
- 4.3.3 All course material and ticket inventories must be kept in a secure, locked place under the control of a responsible person.
- 4.3.4 A reconciliation of inventory to the cash receipts by someone who does not handle cash must be done for every deposit.
- 4.3.5 A copy of this reconciliation should be attached to the copy of the Cash Receipt Direct Bank Deposit form sent to Financial Services - Cashiers. (See schedule A for specific deposit instructions.)

## **5. Section D: Use of Petty Cash**

### **5.1 Purpose**

- 5.1.1 To identify the nature of Petty Cash Funds and to provide guidelines for the use of these funds.

### **5.2 Responsibility**

- 5.2.1 It is the responsibility of the Department of Financial Services to ensure that the policy requirements for the use of Petty cash funds are clearly documented and current.
- 5.2.2 It is the responsibility of faculty and staff who maintain petty cash funds to implement adequate procedures to ensure adherence to the policy requirements.

### **5.3 Requirements**

- 5.3.1 Only one Petty Cash Fund may be maintained in a department. In addition to general office purchases, the department's Petty Cash Fund may also be used for appropriate purchases by research grants or other trust funds within the department.
- 5.3.2 An exception may be made when the location of the activity is a considerable distance away from the department. All exceptions are subject to the approval of the Department of Financial Services.

- 5.3.3 A Petty Cash Fund may be applied for or increased by completing a Requisition for Payment form, giving reasons for the request, and forwarding it to the Department of Financial Services.
- 5.3.4 This form must designate the name of the person who will be responsible for the Petty Cash Fund and be authorized by the Department Head.
- 5.3.5 The amount of the Petty Cash Fund should normally not exceed \$200. Where there is need of a Fund that is greater than \$200, a written request giving reasons must be submitted to the Department of Financial Services for approval.
- 5.3.6 The Petty Cash Fund must be kept in a secure, locked place under the control of the responsible person, as authorized by the Department Head. Only the responsible person should have access to the Fund.
- 5.3.7 Reimbursements made from the Petty Cash Fund must be supported by original receipts.
- 5.3.8 The receipt or petty cash voucher should be signed in ink by both the person being reimbursed and the person responsible for the Petty Cash Fund.
- 5.3.9 The Petty Cash Fund must at all times contain the authorized amount in cash and/or receipt vouchers only. The fund shall not be used for any other purpose such as personal loans, cashing cheques, or for salaries, wages or honoraria.
- 5.3.10 To replenish the Petty Cash Fund, a Requisition for Payment must be completed. The account numbers to be charged with the expenses must be recorded on the form and all receipts must be attached.
- 5.3.11 If the expenditure was made on behalf of an employee (such as a mileage claim) the name of the employee and the employee number must be recorded. The purpose of the expenditure should be clearly indicated.
- 5.3.12 Each petty cash purchase normally should not exceed \$50.00 in value.
- 5.3.13 Purchases from the Petty Cash Fund should not involve items which are needed frequently. A Blanket Purchase Order issued by the Supply Management Department is more appropriate for repetitive purchases.
- 5.3.14 Funds derived from any other source shall not be added to the Petty Cash Fund.

## **6. Section E: Use of Change Floats**

### **6.1 Purpose**

- 6.1.1 To identify the nature of Change Floats and to provide guidelines for the use of these floats.

## **6.2 Responsibility**

- 6.2.1 It is the responsibility of the Department of Financial Services to ensure that the policy requirements for the use of Change Floats are clearly documented and current.
- 6.2.2 It is the responsibility of faculty and staff who maintain Change Floats to implement adequate procedures to ensure adherence to the policy requirements.

## **6.3 Requirements**

- 6.3.1 A Change Float may only be used to provide change as a result of a cash transaction.
- 6.3.2 A Change Float may be applied for or increased by completing a Requisition for Payment form, giving reasons for the request, and forwarding it to the Department of Financial Services.
- 6.3.3 This form must designate the name of the person who will be responsible for the Change Float and be authorized by the Department Head.
- 6.3.4 The amount of Change Float should normally not exceed \$200.
- 6.3.5 The Change Float must be kept in a secure, locked place under the control of the responsible person, as authorized by the Department Head. Only the responsible person should have access to the float.
- 6.3.6 Change Floats must at all time contain the authorized amount in cash (only the currency denomination will change). The float shall not be used for any other purpose such as personal loans, cashing cheques, making purchases, or for salaries, wages or honoraria.
- 6.3.7 Funds derived from any other source shall not be added to the Change Floats.

## **7. Section F: Use of 3-Part Receipt Books**

### **7.1 Purpose**

- 7.1.1 To outline the policy requirements for the use of official UBC 3-Part Receipt Books.
- 7.1.2 To ensure that all cash receipts issued by departments are controlled and recorded by Financial Services.

### **7.2 Responsibility**

- 7.2.1 It is the responsibility of the Department of Financial services to ensure that the policy requirements for the use of 3-Part Receipt Books are clearly documented and current.
- 7.2.2 It is the responsibility of faculty and staff who handle University funds to implement adequate procedures to ensure adherence to the 3-Part Receipt Book policy requirements.

### **7.3 Requirements**

- 7.3.1 3-Part Receipt Books must be used by those departments that do not use a cash register to record cash receipts. If a department has a need for a unique type of receipt, then approval is required from the Department of Internal Audit prior to its use. Specific procedures for the use of Receipt Books are printed on the cover.
- 7.3.2 Authorized personnel from Departments may purchase 3-part receipt books from the Bookstore.
- 7.3.3 A receipt must be completed for any cash amount received. If a customer requests a receipt for payment by cheque or money order, a receipt can be issued. The receipt should note that it is in respect of a cheque or money order and not cash.
- 7.3.4 All cash received must be deposited. To ensure that all cash received is deposited, a supervisor in the department must review the cash deposits and reconcile the total cash to the total of copy 2 of the 3-part receipt forms.
- 7.3.5 The numerical continuity of copy 2 of the 3-part receipt forms must be controlled by the supervisor who reviews and approves cash deposits for accuracy and completeness.
- 7.3.6 A suggested procedure for controlling the numerical continuity of 3-part receipts is as follows:
  - (a) Record the FRS cash receipt form number on both copy 2 and copy 3 of the 3-part receipt form.
  - (b) Copy 2 of the 3-part cash receipt form is to be retained in the department and attached to the department's copy of the FRS Cash Receipt form. Copy 3 is to be kept in the receipt book intact in order to account for the numerical sequence of receipts issued.
  - (c) All void receipts should be accounted for and retained in the Receipt Book.
  - (d) Verify that the deposit total agrees to the copy 2 totals attached to the department's copy of the FRS Cash Receipt form.
  - (e) Follow up immediately on any copy 2 receipts which are not submitted in sequence.
  - (f) Completed receipt books will be kept by the department to be made available to Financial Services or Internal Audit when requested.

## **8. Section G: Receipt of Cheques By Mail**

### **8.1 Purpose**

- 8.1.1 To outline the policy requirements for controlling cheques received in the mail.



## **8.2 Responsibility**

- 8.2.1 It is the responsibility of the Department of Financial Services to ensure that the policy requirements for controlling cheques received in the mail are clearly documented and current.
- 8.2.2 It is the responsibility of faculty and staff who handle University funds to implement adequate procedures to ensure adherence to the policy requirements.

## **8.3 Requirements**

- 8.3.1 All cheques received in the mail must be restrictively endorsed "For deposit only - The University of British Columbia", at the time the mail is opened. The ten digit FRS account number to be credited shall also be entered on the reverse side of the cheque.
- 8.3.2 The same person should not open the mail and prepare the deposit.

## **9. Schedule A: Procedures for Processing Cash Receipts Including Donations**

### **9.1 Canadian Funds**

#### **9.1.1 Donations Cash Receipts**

- (a) Receive a donation.
- (b) Prepare a Donations Remittance Form (FG1 101).
- (c) Endorse cheques "For Deposit to The University of British Columbia". The ten digit account code number to be credited shall also be entered on the reverse side of the cheque.
- (d) Complete Cash Receipt Direct Bank Deposit form and forward with the Donation Remittance to the Development Office.

#### **9.1.2 Contracts & Grants**

##### **(a) Cash Receipts**

- (i) If a deposit is made to a Contracts & Grants account, prepare a Cash Receipts Direct Bank Deposit form. Send your entire deposit (cash and cheques) and copies 1, 2 & 3 of the Cash Receipt form to the Contracts & Grants Section in Financial Services. Retain the remaining copies for your records.
- (ii) If a deposit to a Contract & Grants account requires a donations receipt, then the entire deposit should be forwarded to the Development Office instead of Financial Services.

## **(b) Other Cash Receipts**

- (i) Receive payment for goods or services.
- (ii) Prepare a receipt as required.
- (iii) Endorse cheques "For Deposit to The University of British Columbia". The ten digit account code number to be credited shall also be entered on the reverse side of the cheque.
- (iv) Prepare a Cash Receipt Direct Bank Deposit form (UBC 10122 AF). Distribution of copies of the form should be as follows:
  - (A) Attach copies 1 and 2 with the cheques/cash and deliver it to HSBC.
  - (B) Forward Copy 3 to Financial Services, addressed to the cashiers. This copy should be forwarded on the same day the deposit was delivered to the bank to ensure timely processing.
  - (C) Retain the remaining copy(s) of the Cash Receipt Direct Bank Deposit form for follow-up (i.e. agree deposit to your FRS ledgers).

## **9.2. U.S. Currency & Visa**

### **9.2.1 Mastercard Transactions**

- (a) Sort the funds into the following groups:
  - Group A: U.S. Coins
  - Group B: U.S. Dollars and Cheques
  - Group C: Visa transactions
  - Group D: Mastercard transactions
- (b) Complete the correct cash receipt form for each group as follows:
  - (i) Group A: Cash Receipt- Direct Bank Deposit form. (see Schedule 1 for sample form)
  - (ii) Group B: Complete Cash Receipts- Direct Bank Deposit form for U.S. Funds. (see Schedule 2 for sample form)
  - (iii) Group C: Complete Cash Receipt form for all Visa transactions. (see Schedule 3 for sample form). Ensure that words "VISA- memo bank 18" is written or stamped on the Cash Receipt form.
  - (iv) Group D: Complete Cash Receipt form for all Mastercard transaction. (see Schedule 3 for sample form). Ensure that the words "MASTERCARD- memo bank 17" is written or stamped on the Cash Receipt form.

- (c) Distribute the copies as follows:
- (i) Group A: Forward the coins and copies 1 and 2 of the Cash Receipts- Direct Bank Deposit form directly to HSBC. Forward copy 3 to Financial Services. Retain the remaining copies for your records.
  - (ii) Group B: Forward the Cash/Cheques directly to HSBC together with copies 1 and 2 of the Cash Receipts Direct Bank deposit for U.S. funds to the bank. Forward copy 3 to Financial Services. Retain the remaining copy for your records.
  - (iii) Group C and D: Forward white copy of Cash Receipts form to Financial Services. Retain the remaining copies for your records. Each unit accepting Visa/Mastercard will have specific procedures for depositing these funds. The procedures are provided by Financial Services at the time Visa/Mastercard facilities are implemented. Please refer to those procedures or contact Financial Services for more information.