**SECTION**: Treasury

**SUBJECT**: Cash Handling Process – Cash and Checks Documented Procedures

**APPLIES** **TO**: Receiving, depositing and reconciling cash and checks

**NOTE: Changes for FY2018/FY2019 are identified in red text**

**Cash Handling (cash and checks) Overview**

The objective of the Cash Handling process is to ensure that all funds are received, deposited and reconciled in a timely, accurate and well controlled manner.

**Cash Handling Process**

| **Activity** | **Responsibility** | **Reference/Comments** |
| --- | --- | --- |
| **RECEIVING FUNDS** |  |  |
| The following positions are authorized to receive cash/checks for the [insert name of school/college/unit/department] as determined by [insert appropriate person/position] (Lead Budget Administrator, Director of Administration, etc). | [insert appropriate person(s)/position(s)] Admin. Accountant, A/R Clerk, etc. | Positions responsible for receiving funds should not be responsible for depositing funds and should not have any responsibilities related to billing. |
| All authorized cash handlers should receive proper cash handling training and certification prior to receiving cash/checks. |  | The [My LINC](https://its.umich.edu/enterprise/administrative-systems/training/my-linc-overview) course number for the Cash Handling Course is TME103.  NOTE: This course only needs to be completed once. |
| Review the *CMB TME103 Cash Handling Certification Management Report [FN03, HR01]* *~~CMB Treasurer's Office Certification Courses Report~~* in Business Objects to monitor individuals who have taken the TME103 Cash Handling course ~~and/or the TME101 courses.~~ | Approver, Unit Administrator, etc. | Report can be accessed through [Business Objects](https://weblogin.umich.edu/?factors=mtoken&cosign-businessintelligence.dsc&https://businessintelligence.dsc.umich.edu/BOE/BI) at:  UM-Maintained 🡪 Financials 🡪 FN03 Journal Detail  NOTE: Authorized depositors do not need to take the Cash Handling course [TME103](https://its.umich.edu/enterprise/administrative-systems/training/my-linc-overview) if the Depository Training course [TME101](https://its.umich.edu/enterprise/administrative-systems/training/my-linc-overview) has been completed. – See Business Objects Report CMB Treasurer’s Office Certification Courses [FN03 HR01] for additional documentation of individuals who have completed TME101 and/or TME103. |
| The [insert name of school/college/unit/ department] may receive funds for a variety of purposes including (but not limited to):   * [insert examples that may apply to your school/college/unit/dept.] * Goods/services provided * Employee reimbursements (i.e. P-Card, telephone, etc.) * Conference fees * Donor gifts |  |  |
| Count all funds received for each transaction. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | For all checks received that do not belong to your department deposit immediately to the University's unallocated account.  NOTE: For assistance contact the SSC at 5-2000 or email unallocatedssc@umich.edu. Checks should not be mailed using campus mail and therefore deposited by the unit in receipt of the check within [SPG 519.03](http://www.spg.umich.edu/policy/519.03) guidelines. |
| Obtain approval by a higher level of authority for all refunds. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Write-offs and adjustments must also be approved by a higher level of authority. |
| Review and approve refunds, write-offs and/or adjustments. | [insert appropriate person(s)/position(s)] Supervisor, Senior Manager, etc. |  |
| For transactions where amount is known, ensure the amount received or refunded equals the anticipated amount by comparing funds received to the invoice, conference fee, etc. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | When using a cash register or cash drawer, ensure only one person has access to it during a shift / business cycle.  To ensure single accountability, reconcile/balance the register/drawer between shifts and have an independent person confirm it by initialing and dating it. |
| Review funds received to ensure they are U.S. funds only – no foreign currency or checks drawn on foreign banks (exception: Canadian checks). | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Refer to [Preparing & Making Deposits Quick Reference – page 4](https://maislinc.umich.edu/mais/pdf/TR_DC_88_PreparingDeposits_QR.pdf) for tips on identifying foreign currency. |
| Review checks to ensure they are payable to the University and not to individual faculty or staff members. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | If check is not correctly written, contact the check issuer; make arrangements to return check, and ask them to issue new check payable to Regents of the University of Michigan.  In some cases, if check is made out to an individual (professor, doctor, etc.), the individual may endorse the check over to the University and write “payable to Regents of the University of Michigan.” For questions, contact [depositoryservices@umich.edu](mailto:depositoryservices@umich.edu) [~~Treasury@umich.edu~~](mailto:Treasury@umich.edu). |
| Review checks to ensure date is written, is not future dated, or is not dated older than six months. Ensure check is not missing payer signature. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. |  |
| Restrictively endorse all checks using the U of M Treasury-issued rubber endorsement stamp.  Step not applicable to departments utilizing Remote Deposit Capture –checks are virtually endorsed when they go through scanner. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Instructions and forms for ordering Treasury-issued deposit supplies are available on the [Treasurer’s Office](http://www.finance.umich.edu/treasury/deposit-services/depository-supplies) website. |
| If necessary, issue a pre-numbered receipt for funds received and retain a copy of the receipt for balancing purposes | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Receipts are encouraged for all transactions.  All receipts should be traceable to the individual who issued the receipt.  In the case of Development Funds, the Development Office will issue a receipt but a log of funds received should still be maintained by the unit. |
| Record funds received into a daily log detailing each transaction if a pre-numbered receipt is not given. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Entry should include: date, amount, payer, purpose, type of payment, individual who received the funds, etc. |
| Secure cash and checks by placing them in a locked [insert appropriate secure place (i.e. cash register, safe, cash box)].  The [safe, cash box, drawer etc.] is continually visible to authorized department employees.  *(where applicable)* The combination is changed [insert frequency (i.e. monthly, semi-annually, etc.) at a minimum when employees transfer or are terminated].  *(where applicable)* Keys to the [safe, cash box, drawer etc.] are kept in a secure, secret place. Only the following individuals have access to the keys: [insert appropriate person(s)/position(s)] | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Only department supervisors and authorized personnel have access to the secure place (i.e. safe or cash box).  Funds received should not be used to make purchases, cash personal checks, issue “IOU’s”, or retained for making change. |
| **DEPOSITING** |  |  |
| The following positions are authorized to deposit cash and checks for the [insert name of school/college/unit/department] as determined by [insert appropriate person/position] (Lead Budget Administrator, Director of Administration, etc).  ---*OR---(if applicable)*  The [insert name of school/college/unit/ department] makes deposits on behalf of the [insert name of your school/college/ unit/department] | [insert appropriate person(s)/position(s)] Admin. Accountant, A/R Clerk, etc. | Positions responsible for depositing funds should not be responsible for receiving funds or performing reconciliation. |
| Update list of authorized users, Primary and Secondary Contacts in MPathways for all depository locations. This should include any staff changes such as a new staff member who will be depositing funds/allocating or a staff member who is no longer depositing/allocating funds. | [insert appropriate person(s)/position(s)] Supervisor, Manager, etc. | NOTE: For step-by-step instructions see https://maislinc.umich.edu/mais/html/GL\_CR\_Deposit\_[Merchant](https://maislinc.umich.edu/mais/html/GL_CR_Deposit_Merchant.html).html (copy and paste link into web browser) |
| All authorized depositors should receive proper depository training and certification prior to depositing cash/checks.  *(not applicable to those units not making their own deposits)*  NOTE: Health System units not converted to the Treasury administered ~~new~~ depository process do not need to take depository training. |  | Information on web-based depository training classes is available on the [Treasurer’s Office](http://finance.umich.edu/treasury/deposit-services/training) website. Or contact them at: [depositoryservices@umich.edu](mailto:depositoryservices@umich.edu) [~~Treasury@umich.edu~~](mailto:Treasury@umich.edu)  The [My LINC](https://its.umich.edu/enterprise/administrative-systems/training/my-linc-overview) course number for the Depository Training Course is TME101.  NOTE: This course needs to be completed every two years. |
| Review the *FN03 JrnlDetail Deposit Management Report* in Business Objects to monitor items such as:   * All deposit activity by location * All depositors and their certification status * Discrepancy trends | Approver, Unit Administrator, etc. | Report can be accessed through [Business Objects](https://weblogin.umich.edu/?factors=mtoken&cosign-businessintelligence.dsc&https://businessintelligence.dsc.umich.edu/BOE/BI) at:  UM-Maintained 🡪 Financials 🡪 FN03 Journal Detail  Click [here](https://finance.umich.edu/system/files/CashHandlingBOReports.doc) for additional information regarding the report. |
| Obtain funds and pre-numbered receipts and/or daily receipt log from A/R Clerk, Cashier, etc. | Depositor |  |
| Verify that funds received balance to the pre-numbered receipts issued and/or the daily transaction log (as well as goods/services provided, A/R updates, cash register Z-tapes, etc. where possible) | Depositor | Balancing of funds received should not be performed by the individual(s) receiving funds unless supervised by a higher level authority.  When discrepancies are noted/identified, each transaction should be checked by date, payer/payee, payment/refund amount, and receipt number. |
| Verify that all pre-numbered receipts are accounted for. | Depositor |  |
| Record balances by retaining copies of deposits so they can later be reconciled with deposit amounts. | Depositor |  |
| Prepare the cash/checks for deposit. | Depositor | Refer to [Preparing & Making Deposits Quick Reference – page 1](https://maislinc.umich.edu/mais/pdf/TR_DC_88_PreparingDeposits_QR.pdf) or Section 2 in the [Depository Training Guide](https://finance.umich.edu/system/files/depository_training_guide_10-25-12.doc) for instructions on preparing cash & coin, checks, and bulk coin for deposit.  For Development Funds, follow the Development depository process. Any cash gifts should be deposited, checks are to be forwarded to the Development Office through a Development Office gift drop box. |
| Complete the currency/coin and/or checks portion of the deposit ticket(s) with the appropriate amounts – all funds received should be deposited. | Depositor | Refer to [Preparing & Making Deposits Quick Reference – page 5](https://maislinc.umich.edu/mais/pdf/TR_DC_88_PreparingDeposits_QR.pdf) or Section 2 in the [Depository Training Guide](https://finance.umich.edu/system/files/depository_training_guide_10-25-12.doc) for instructions on preparing the deposit ticket for cash & coin, checks, and bulk coin. |
| Place the total funds (consistent with the deposit ticket amount) into the proper deposit bag and insert the deposit ticket into the clear inner pouch of the bag.  For checks, be sure to include a calculator tape listing the amount of each check and a total.  Step not applicable to departments utilizing Remote Deposit Capture – checks are “scanned” through machine. | Depositor | Cash and/or checks should be placed in a Treasury Cash/Checks deposit bag. Coin over $25 is placed in a special CoinLok deposit bag. |
| Create a Cash Receipt Ticket (CRT) if necessary (i.e. need for additional Chartfields other than the default) to ensure all funds are being allocated to the proper accounts. | Depositor | Access online CRT application through [Wolverine Access](http://wolverineaccess.umich.edu/) 🡪 Faculty & Staff 🡪 Treasury Management 🡪 Cash Receipt Ticket  Refer to Section 3 of the [Depository Training Guide](https://finance.umich.edu/system/files/depository_training_guide_10-25-12.doc) for detailed instructions on how to create a CRT.  For further assistance, see the [Create an Online Cash Receipt Ticket](https://maislinc.umich.edu/mais/flash/TR_DC_88_CreateAnOnlineCRT.htm) simulation. |
| Ensure that the Default Chartfields for each depository location are active and appropriate. | [insert appropriate person(s)/position(s)] Supervisor, Manager, etc. | Questions as to whether or not existing Default Chartfields are accurate, contact Accounting Services at:  [ssc.ga.accounting@umich.edu](mailto:ssc.ga.accounting@umich.edu)  [~~accountingcustomerservice@umich.edu~~](mailto:accountingcustomerservice@umich.edu)  To change Default Chartfields, contact Treasurer’s Office at: [depositoryservices@umich.edu](mailto:depositoryservices@umich.edu) [~~Treasury@umich.edu~~](mailto:Treasury@umich.edu) |
| Ensure all funds are being deposited into the proper expense or revenue account. | Depositor | For assistance w/determining the appropriate G/L account, contact your unit’s FinOps Coordinator, [insert FinOps Coordinator name, phone number and/or email address]. |
| Review chartfield allocations to ensure each deposit is posted in the correct General Ledger account. Intial/sign. | Approver, Supervisor, etc. | Review and approval should be performed by someone who is not doing the deposit and who would be in the position of authority to confirm that chartfield allocations are accurate and appropriate. It should also not be performed by a direct report of the person preparing the deposit. |
| Ensure all funds are being deposited into a Treasury authorized University account. | Depositor | All bank accounts used for depository purposes must be established in a manner consistent with [SPG 519.01](http://www.spg.umich.edu/policy/519.01), and the University Treasurer must be an authorized signer on the account. |
| Maintain a record of all deposits and deposit information for reconciliation purposes.  ---*OR---(if applicable)*  Maintain a record of all deposits given to the [insert name of school/college/unit/ department] who makes deposits on behalf of the [insert name of your school/college/ unit/department] | Depositor | Record details such as “who” gave the deposit to “whom”, date, time, bag serial number (if applicable), amount, delivery method, etc.  NOTE: Making copies of checks is strongly discouraged. If there is a valid business purpose, all numbers on the bottom of the check (micr line) must be covered (i.e. placing paper over the numbers) before copying. |
| Secure the deposit so that funds are not lost or comingled with other funds. | Depositor |  |
| Store deposit in a locked [insert appropriate secure place (i.e. safe, cash box, drawer)] until deposit is made.  The [safe, cash box, drawer etc.] is continually visible to authorized department employees and the combination is changed on a regular basis. Keys to the [safe, cash box, drawer etc.] are kept in a secure, secret place. | Depositor | Only department supervisors and authorized personnel have access to the secure place (i.e. safe or cash box). |
| Deposit funds  [select Unit’s deposit method]   * At a University depository bank branch * By using a Treasury approved armored car service or Treasury approved courier * Through an automated deposit station * Through the Hospital Cashier’s Office * Via Remote Deposit Capture | Depositor | All funds collected by any unit or department of the University must be deposited into a University account on the date of collection. Where this is impractical and where the total deposit is less than $500, the deposit may be made within one business day of collection. The Treasurer’s Office must approve any exceptions to this policy.  While in transit to point of deposit, deposit contents and/or deposit bag should be concealed from the view by others.  Refer to Section 5 of the [Depository Training Guide](https://finance.umich.edu/system/files/depository_training_guide_10-25-12.doc) for detailed instructions and additional guidance on how deposits should be made.  For Development Funds, follow the Development depository process. Any cash gifts should be deposited, checks are to be forwarded to the Development Office through a Development Office gift drop box.  For more information on special depository situations, see Section 2.5 in the [Depository Training Guide](https://finance.umich.edu/system/files/depository_training_guide_10-25-12.doc). |
| Receive acknowledgment of deposit made: [select Unit’s method]   * Receipt detailing the amount, date and account from the bank teller when depositing at a University depository branch * A signed acknowledgment of receipt detailing the deposit bag serial number(s) from armored car/ courier/security personnel * Receipt detailing the deposit bag serial number and date of deposit is received via email from the automated deposit station (If you do not receive a receipt, please contact Treasury at depositoryservices@umich.edu) * Acknowledgement (i.e. receipt, email, etc.) detailing date, amount and recipient from the department making the deposits (where possible) * ~~Receipt of branch acceptance (deposit bag number) is available on the~~ [~~Treasury website~~](http://finance.umich.edu/treasury/deposit-services/branchdeposits) ~~a few business days later. (for departments that have deposits taken to Briarwood bank branch via courier).~~   Deposit Detail Report from Remote Deposit Capture | Depositor |  |
| **ACCOUNTING & RECONCILIATION** | |  |
| Verify weekly deposit activity using Business Objects report *FN03 JrnDetail Location Deposit Activity.rep* | SOA Reconciler | Refer to the [Run the FN03 JrnDetail Report in Business Objects Step-by-Step Procedure](https://maislinc.umich.edu/mais/pdf/TR_DC_88_FN03JrnDetailBusObjReport_SS.pdf) or Section 6.1 of the [Depository Training Guide](https://finance.umich.edu/system/files/depository_training_guide_10-25-12.doc) for detailed instructions on how to access this report. |
| Review the Cash Handling related Internal Control Management Oversight report in M-Reports and the Deposit Management report in Business Objects (FN03 Journal Detail) to monitor the following for reasonableness and appropriateness:   * All deposit locations in unit and their activity * Certified depositors in unit and unauthorized deposit activity * Discrepancy trends | Approver, Unit Administrator, etc. | Report can be found in [M-Reports](https://mreports.umich.edu/mReports/) under the Internal Controls menu within the Compliance tab 🡪 Internal Controls Other Reports/Tools 🡪 Cash Deposit Controls  Business Objects report can be found at UM-Maintained > Financial > FN03 Journal detail |
| Reconcile SOA to ensure all current period deposit activity is accurately reflected on the SOA and consistent with the receipt log/receipts issued by comparing it to CRT confirmation pages, ticket book copies, etc. Confirm significant deposits or high volume activity the next business day. Verify regular deposit activity weekly. Maintain proper evidence of reconciliation. | SOA Reconciler | Person performing reconciliation should not be the individual making the deposits.  For more information on reconciling deposits to the SOA, see Section 6.2 of the [Depository Training Guide](https://finance.umich.edu/system/files/depository_training_guide_10-25-12.doc). |
| Investigate and resolve all discrepancies on a timely basis.  Reallocate funds thru a JE if deposit is not allocated correctly and take appropriate steps to ensure future allocations are correct. | SOA Reconciler | If a discrepancy is detected and cannot be resolved contact Banking Services in Financial Operations at [banking-services@umich.edu](mailto:banking-services@umich.edu).  Note: FINPROD queries MGL04329\_LOCATION\_DEPOSIT\_ACTV and M\_GL\_CRT\_BY\_DEPOSIT\_TICKET can be used to investigate discrepancies. Instructions can be found on the Treasury Depository Services web page at  <http://finance.umich.edu/treasury/deposit-services/training>  [~~https://finance.umich.edu/system/files/depFINPRODqueryinstructions.pdf~~](https://finance.umich.edu/system/files/depFINPRODqueryinstructions.pdf) |

Other related information:

Key Contacts:

* [depositoryservices@umich.edu](mailto:depositoryservices@umich.edu) [~~Treasury@umich.edu~~](mailto:Treasury@umich.edu) or (734) 763-1299

Related Standard Practice Guides:

* See [SPG 519.01](http://www.spg.umich.edu/policy/519.01) for banking and treasury services related policies
* See [SPG 519.03](http://www.spg.umich.edu/policy/519.03) for cash management and deposit related policies

Record of Revisions:

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| --- | --- | --- | --- |
| **Date of Issue** | **Description of Change** | **Page(s) Affected** | **Approved By** |
| 6/10/2009 | Original template created | All | [insert name] |
| 10/19/2009 | Updates made for FY2010 Certification | 1,5,7,8 |  |
| 12/22/2010 | Minor updates made for FY2011 Certification (links to reflect revised training guide and new website; added management reports) | 2, 4-8 |  |
| 11/22/2011 | Minor updates made for FY2012 (new BofA phone number, cash handling training info now in BO reports, etc.) | 2,4,5,7,8 |  |
| 10/3/2012 | Minor updates made for FY2012 (new Remote Deposit Capture process, notifying Treasurer’s Office of authorized depositors, clarification of training requirements, note on copying checks, etc.) | 1-8 |  |
| 10/16/2013 | Updates made for FY14 including unit maintaining list of authorized depositors and note for clarification of Heath System training requirements. | 4,9 |  |
| 1/15/15 | Updates made for FY15 including change in contact for unallocated checks; verify deposit activity consistent with receipt log | 1,8 |  |
| 1/18/16 | Added Treasury contact information | 2 |  |
| 11/2016 | Updated links and added clarifying language, added info regarding default chartfields. | 4&6 |  |
| 1/2018 | Updated links and removed language regarding receipt of branch acceptance | 3, 6, 7, 9, 10 |  |
| 11/2018 | All Treasury email references changed to [depositoryservices@umich.edu](mailto:depositoryservices@umich.edu)  Layout of questions updated to reflect Gap Analysis | 1, 3, 5, 6, 9, & 10 |  |

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