

**LAMAR UNIVERSITY**  
**MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES**

**SECTION: Financial Services**

**AREA: Student Business Services & Treasury**

**SUBJECT: Cash Handling**

**MAPP 05.06.03**

**I. POLICY**

- A. All cash transactions involving Lamar University (LU) or any college or department within the University are subject to all applicable laws, statutes, rules, and regulations of the State of Texas and the Texas State University System (TSUS).
- B. This policy establishes standards related to the handling and processing of payments made to the University and defines the personnel and areas on campus authorized to collect these payments.

**II. PURPOSE AND SCOPE**

- A. This policy falls under the authority of applicable laws, statutes, rules, and regulations of the State of Texas and TSUS, including, but not limited to, the Texas Education Code, Chapter 51, and the TSUS Rules and Regulations, Chapter III, Paragraph 6, and Chapter VIII.
- B. By defining standards for cash handling practices, this policy seeks to ensure secure, efficient, and ethical cash handling practices at the University.
- C. This policy affects all LU employees, who are expected to comply with these standards for handling and processing payments made to the University.

**III. DEFINITIONS**

- A. **Business Administrator.** Also known as a **Custodian.** Individual entrusted with the responsibility of safeguarding assigned University funds.
- B. **Cash.** U.S. currency and coin.
- C. **Cash Equivalents.** Money orders, traveler's checks, cashier's checks, certified checks, credit cards.
- D. **Cash Handling.** Encompasses the processes and procedures for collecting, receipting, recording, depositing, and securing University funds.

- E. **Cash Handling Department.** Campus operating unit authorized to collect University funds; deposits all funds collected to the Cashier's Office.
- F. **Cashier's Office.** Campus operating unit from which collections are deposited directly to the University's bank account.
- G. **Change Fund.** Fund exclusively restricted for the use of providing change when processing authorized collections of cash in the department. A change fund shall NOT be used for cash purchases, making loans to employees or students, or cashing checks.
- H. **Petty Cash Fund.** A fund established at the decentralized departmental level for the purpose of expediting small dollar purchases where unforeseen circumstances preclude following regular payment or reimbursement processes.
- I. **University Funds.** Includes cash, checks, cashier's checks, money orders, traveler's checks, and credit cards.

#### IV. CASH HANDLING – GENERAL

- A. University positions with cash handling or custodial responsibilities must be designated as security sensitive and require a background check when employees are hired into or assigned to these positions.
- B. University personnel who handle cash are expected to adhere to the highest ethical standards. Employees who mishandle cash, whether intentionally or unintentionally, are subject to disciplinary action, up to and including termination. Depending on the circumstances, employees may be subject to criminal investigation or legal action.
- C. Commingling of a petty cash fund and a change fund is prohibited. These are two separate cash funds to be used for separate purposes and should be accounted for and reconciled separately.
- D. University departments accepting cash must follow the policies of the Office of Financial Services for cash handling. Departments must use the appropriate forms and follow appropriate procedures for cash handling activities, including, but not limited to, authorization to accept cash, balancing funds, reporting theft or overages/shortages, allowable transactions, forms of receipt, forms of payment, deposit routing, reconciliation, and record keeping and retention. Personnel with questions about these activities should contact the Student Business Services Office.
- E. **Student Business Services (SBS).** This office is the primary LU department responsible for revenue collection of approved tuition, fees, and other centrally billed charges through the student billing system. In addition to their primary responsibilities, SBS will accept all cash deposits prepared by University departments and will use an armored transport service to deliver University deposits to the bank in tamper evident bank bags. SBS will provide tamper evident bank bags and related instructions and information, as required.

## V. CASH HANDLING LOCATIONS

### A. Cashier's Office

1. All payments to the University should be made, ideally, at the Cashier's Office. The Cashier's Office is the University's primary location for cash handling. As such, it offers a secure, centralized location for collecting University funds and depositing these funds directly to the University's bank account.

### B. Cash Handling Department

1. **Authorization.** If a University department provides a documented reason as to why payments cannot appropriately be made at the Cashier's Office, the Student Business Services Office may authorize the department to collect these payments. To receive authorization, the department must submit a written request to the Student Business Services Office. The request must explain why the department needs to collect payments and provide any documentation that could support the request. Departments cannot begin handling cash until they receive written authorization from the Student Business Services Office.
2. **Documentation File.** Each department authorized to accept payments must maintain a documentation file containing the following:
  - Comprehensive written funds handling procedures individualized for the department and approved by the Student Business Services Office. Internal Audit may review the procedures periodically to ensure that an effective system of internal controls has been developed and implemented.
  - A copy of this institutional funds cash handling policy.
  - A record of training provided by the Cashier's Office to employees designated to accept payments.
3. **Establishing a Cash Handling Department.**
  - **Cash Handling Department Location.** Adequate working space should be provided for each cashier in order to maintain control of the cash handling process and allow space for the processing of deposits and cash. Adequate and secure areas should be designated for balancing operations. All cashiering areas should provide for security and separation between cash handlers and customers.
  - **Cashiers.** Before performing any cash handling functions, the cashier(s) must receive cashiering training, which should include at a minimum a discussion of:
    - types of negotiable instruments that can be accepted;
    - proper receipting;
    - proper handling of checks;
    - proper handling of coin/currency;
    - reporting loss/theft of funds.

- **Change Fund.** The change fund is to be established only when authorized by the Cashier's Office. The use of the change fund is exclusively restricted for the provision of change in the normal course of carrying out the authorized business activity of the department. It is NOT to be utilized for making cash purchases, making loans to employees or students or cashing checks. Cash receipts may not be used to increase the change fund. No petty cash funds are to be established from cash receipts collected by any department.

## VI. CASH HANDLING PROCEDURES

- Every cashier shall be assigned an individual cash drawer. No cash drawers are to be shared. Only the assigned cashier and custodian of the fund should be allowed access to the drawer.
- Cashier's Office Only** - All checks are to be endorsed with the institution name and a cashier identifier upon receipt. If immediate endorsing is not operationally possible, all checks must be endorsed before the cash drawer is closed and balanced.
- Each cashier drawer is to be established for an amount of funds dependent upon the use of the drawer. An annual review shall be made of each cash drawer's assigned cash balance.
- Sequentially numbered receipts must be used for all transactions and daily audits and balancing of the receipts (or system reports) to the drawer is required in the closing process.
- Cash drawers are to be balanced and closed out at the close of each cash handler's work period.
- All overages/shortages are to be reported to the custodian of the fund at daily closing and must be documented as an overage/shortage in the balance process.

**NOTE.** Shortages over \$50 must be reported to the LU Police Department (LUPD) by the end of the business day or, if not feasible, by the end of the next business day. (At LU, business days are Monday-Friday 8am-5pm CST.)

- In certain circumstances, a deposit may require verification by two individuals.
- All computer and credit card terminals are to be closed out at the end of a cashier's shift or at the end of the day.
- Documentation in the form of a summary sheet for each deposit shall be prepared before deposit to Cashier's Office or the bank (in the case of the Cashier's Office), indicating the amount of funds, the breakdown of funds, the accounts to be credited, and identification of the depositor.
- All deposits must be made or prepared for next day deposit, within one business day. Exception: those departments or locations whose deposit is not cost effective for daily deposits must make deposits at least twice weekly (this exception must be requested by the department on the original cash handling request form and approved by the Student Business Services Office).
- Police escorts may be utilized when transporting deposits to the Cashier's Office.
- Cashier's Office Only** - All deposits of physical checks and cash are to be made to the bank in secure bags with identifying deposit slips indicating the amount and location of collection and tracking. All cash, physical checks and receipts should be transported in tamper proof bags.
- All deposits must be balanced to receipts, or electronic downloads from the bank, daily.

**VII. PHYSICAL SECURITY**

- A. Cash and assets shall never be left unsecured or unattended. All assets shall be physically protected in safes, locked cash drawers, locking cash registers, cashier cages, locked metal boxes or locked drawers at all times. Safes and drop safes should be bolted in place and small receptacles secured in locked areas. Combinations or keys for cash receptacles shall be maintained only by designated custodians and supervisors.

**VIII. OVERAGES AND SHORTAGES**

- A. Overages and shortages are handled as follows:
1. Individual overages/shortages of less than \$50 are charged against or credited to a departmental fund using the cash over/short account.
  2. Individual overages/shortages of \$50 or more, or cumulative annual overages/shortages of \$50 or more, must be reported to the Student Business Services Office. The Student Business Services Office then determines the best course of action within its purview (i.e., managing cash handling). These actions may include, but are not limited to, charging against/crediting to a departmental fund using the cash over/short account and initiating disciplinary action with the Office of Human Resources. [**NOTE.** Shortages over \$50 must be reported to the LUPD by the end of the business day or, if not feasible, by the end of the next business day.] (At LU, business days are Monday-Friday 8am-5pm CST.)
  3. Each cash handling location must keep a log of all overages/shortages. In addition, each location must report all overages/shortages of \$50 or more (individual or cumulative annual) to the Student Business Services Office, which will maintain a campus-wide overages/shortages log. Department logs and the campus-wide log are subject to periodic, unannounced audits by management and/or Internal Audit. Police reports filed with the LUPD for shortages over \$50 must be kept with their respective department log and the campus-wide log.

**IX. RETURNED PAYMENT POLICY**

- A. A returned payment is one returned to the University rightfully unpaid due to no fault of the bank or the University. The payment may have been made by the student or on his/her behalf by a spouse, guardian, friend, sponsor, or other individual. The University reserves the right to refuse to accept personal checks of any student who previously had a check or checks returned.
- B. A \$25 processing fee is charged for each returned payment.

**X. PAYMENT CARD INDUSTRY DATA SECURITY STANDARD (PCI DSS)**

- A. Payment Card Industry Data Security Standard (PCI DSS) compliance is required of all departments that accept payment by credit card, and each department is responsible for completing a self-assessment questionnaire upon request. The PCI DSS is a set of security standards designed to ensure that ALL companies that accept, process, store, or transmit credit card information maintain a secure environment.

**XI. THEFT**

- A. Any incident of cash theft or suspected theft must be reported to the Student Business Services Office in writing within 24 hours of discovery. The Student Business Services Office will then alert the LUPD immediately upon discovery. The LUPD will investigate theft or suspected theft as a criminal matter.

**XII. PENALTIES FOR LOSS**

- A. Penalties for cash loss (including deliberate theft and negligence contributing to a loss or theft) may result in disciplinary action, criminal action, legal action, the requirement to reimburse the University, or any combination of these or other actions. Repeated losses through negligence (even if reimbursed) may subject the person responsible to disciplinary, criminal, or legal action.

**XIII. AUDIT**

- A. All change funds, and other cash on hand, are subject to periodic, unannounced cash counts by management and/or Internal Audit.

**XIV. REFERENCES**

Texas Education Code, Chapter 51

TSUS Rules and Regulations, Chapter III, Paragraph 6, and Chapter VIII

**XV. REVIEW AND RESPONSIBILITIES**

Responsible Parties: Vice President for Finance and Operations

Review: Every three years on or before September 1  
(**Note.** Changes in legislation may require earlier or off-cycle review of this policy.)

**XVI. APPROVAL**

Jeremy C. Alltop	07/28/2021
Vice President for Finance and Operations	Date
Dr. Jaime R. Taylor	07/29/2021
President	Date

## REVISION LOG

Revision Number	Date	Description of Changes
1	04/25/2017	Initial version of policy.
2	03/09/2020 05/05/2021 06/11/2021 06/30/2021	Policy revised to reflect current practices in Cash Handling. Changes include, but are not limited to, adding petty cash, "general" policies for cash handling, a section on overages and shortages, returned payment policy, and PCI section (03/09/2020). Final SME & Policy Coordinator review & revision before VPFO review (05/05/2021). VPFO Review: Add requirements that shortages over \$50 be reported to LUPD and police report be kept with department and campus-wide logs of overages/shortages (06/11/2021). General Counsel Review: Clarify TSUS references, definition of business day, and disciplinary action (06/30/2021).
	07/29/2021	Version approved by President.