

INTERNAL AUDIT CASH HANDLING FREQUENTLY ASKED QUESTIONS

University of North Alabama

ARE THERE PROCEDURES TO ESTABLISH ACCOUNTABILITY FOR REVENUES IMMEDIATELY UPON RECEIPT?

Ideal Answer: YES. A receipt from the cashier's office/journal/log, or other mechanism should be used to establish accountability immediately as monies are received. This will provide an audit trail of the funds received and support the recording of the transaction into the University records.

ARE ALL CHECKS PROPERLY ENDORSED "FOR DEPOSIT ONLY" TO THE UNIVERSITY?

Ideal Answer: YES. If a department is collecting checks for payment at their location, checks should be endorsed immediately upon receipt as follows: "For Deposit Only to the University of North Alabama" to prevent diversion and unauthorized cashing. It is acceptable to use a stamp or to hand-write on the check.

ARE CASH AND RELATED ITEMS (CHECKS, CREDIT CARD RECEIPTS) PHYSICALLY SAFEGUARDED AGAINST THEFT AND LOSS?

Ideal Answer: YES. Cash items are extremely vulnerable to theft and should be secured at all times with access limited to only authorized personnel. Ideally, a safe should be used for storage of cash items until deposited. Alternatively, a locking box could be used provided it is secured into a drawer that is also locked. Access to a safe or lock box should be limited to very few and should remain locked while not in use. Safe combinations should be changed periodically but most especially when employees with access to them are no longer employed with the University. Combinations and keys should be kept in a secure, secret place. Any substantial shortage or apparent theft must be reported immediately to University Police and to the Office of Business and Financial Affairs.

IS THERE PROPER SEPARATION OF DUTIES WITHIN IN THE CASH HANDLING FUNCTION (ONE PERSON SHOULD NOT HAVE RESPONSIBILITY FOR MORE THAN ONE COMPONENT: BILLING/COLLECTING/DEPOSITING/RECONCILING)?

Ideal Answer: YES. There should be proper separation of duties between the employees accepting money, making the deposit and the employees responsible for maintaining the accounting records applicable to the payments. Deposit records should be reconciled to the daily and monthly accounting reports to ensure deposits have been posted to the appropriate account for the appropriate amount. To ensure that differences are discovered, someone who does not handle cash should do this. Proper separation of duties promotes accountability and reduces the risk of possible wrongdoing.

ARE CASH SHORTAGES IDENTIFIED, ANALYZED, RECORDED, AND REPORTED?

Ideal Answer: YES. Operational cash shortages should be recorded to provide an audit trail of these occurrences. The reconciliation process should identify the amount of the cash shortage and management should investigate to determine the underlying cause. Appropriate corrective action should be taken to prevent further losses or errors. Any substantial shortage or apparent theft must be reported immediately to University Police and to the Office of Business and Financial Affairs.

ARE FUNDS COLLECTED AND DEPOSITED IN A TIMELY MANNER?

Ideal Answer: YES. In order to reduce the amount and risk of loss to the University, funds (no matter the amount collected) must be reconciled and deposited on the next business day at the cashier window following an event (example: athletic event, play or production, concert, etc.) or for cash collected in departments during the business day over \$100.00.

ARE ALL FUNDS THAT ARE COLLECTED DEPOSITED INTACT?

Ideal Answer: YES. In order to reduce the amount and risk of loss to the University, funds (no matter the amount collected) must be reconciled and deposited on the next business day at the cashier window following an event (example: athletic event, play or production, concert, etc.). The entire amount of receipts collected must be deposited. For example, your department may not use cash collected for an event to purchase office supplies and then reduce the amount of the deposit made. Also, cash collected for one event may not be used to fund another event on the next day.

ARE PETTY CASH FUNDS RECONCILED MONTHLY?

Ideal Answer: YES. In order to reduce the amount and risk of loss to the University, petty cash funds must be reconciled monthly with any receipts collected compiled on a Disbursement Requisition and taken to the cashier window for reimbursement to bring the petty cash fund back to its original amount. Near fiscal year end, all receipts should be submitted for reimbursement PRIOR to September 30th. No receipts should be included from a prior fiscal year.