



BROWN UNIVERSITY

Cash and Check Handling Policy

Initiated April 2004, Last Updated June 2013

Policy and Purpose

Brown University is dedicated to ensuring the proper handling of cash and checks it receives as part of its business activities, and promoting appropriate security and stewardship of funds and accurate financial reporting. The purpose of this policy is to establish and promote awareness of the minimum requirements for proper cash and check handling by departments.

Following the policies described in this document will accomplish many best business practices. To further develop best practices, department administrators should understand internal control concepts, including:

- Consistency, efficiency and effectiveness
- Safeguarding assets
- Authorization
- Segregation of duties: Duties within the department should be segregated so that one person does not perform processing from beginning to the end of the process. One person should not be in the position to authorize a transaction, execute a transaction, record the transaction, and provide the sole review of the transaction. Reconciliations should be performed by a person independent of the basic process.
- Review and approval: When a process is performed within a department, there should be a second level of review performed to identify errors and omissions. The approval should be documented to verify there has been a review completed.
- Reconciliation
- Written department policies and procedures

Scope

This policy applies to any department associated with the University that conducts business through currency (such as cash and cash equivalents), cash or check transactions. Departments include all University units including all areas of the University, student groups, and affiliate and quasi-Brown groups.

Minimal Department Policy and Procedure Requirements

The following minimum policy requirements have been developed to ensure that adequate internal controls are in place. Each department must adhere to the minimum requirements outlined in this policy.

Departments must also develop written procedures for their department's cash handling and accounting functions. These procedures should specify business processes, personnel responsibilities and be reviewed annually and updated as needed. Department procedures must meet the minimum requirements of this policy; however, departments must impose more specific and/or restrictive department policies and procedures based on the nature of their cash and check handling activities. When used effectively, procedures will help reduce errors and inaccuracies.

Cash and Check Receipts

Written authorization from the Cashier Office is required before a department can accept cash or check payments. The Cashiers Office will work individually with departments to ensure proper cash controls.

Upon receipt of funds departments will:

- Verify the cash and/or check amounts
- Provide a receipt to the payer whenever possible. Pre-numbered receipts should be used for cash.
- Examine the check to ensure the following:
 - The check has not been altered, and if any changes did occur, the initials of the maker are next to each modification
 - The check is signed and the signature agrees with the pre-printed name
 - There is a maker address on the check
 - The check is made payable to Brown University. Third-party checks are not accepted. (A third-party check is made payable to someone other than Brown University, but presented to Brown in lieu of payment.)
 - The numerical amount agrees with the written amount (also known as the legal amount)
 - The check is not posted dated.
 - The check is valid (personal checks are normally valid for up to six months and business checks up to a year – unless otherwise noted)
- Restrictively endorse all checks immediately. Proper endorsement should state “For Deposit Only for Brown University”. If a department handles a large volume of checks, it may want to consider ordering an endorsement stamp.

If a department is in receipt of a check they do not know how to handle, the check should be delivered to the Cashiers Office immediately for research and proper credit. The check should not be delivered to any other department.

All invoicing requires use of the University Miscellaneous Accounts Receivable system. Payments must be made directly to the Cashier Office. Departments can contact the Cashier Office for further information.

Cash and Check Deposits

All deposits are to be made at the University Cashier’s Office according to these policies. Deposits must be made immediately. If checks or cash need to be held in the department overnight, it must be kept in a secured area, such as a safe. **Cash and checks must not be held in the department beyond 48 hours.** For large deposits, armored car service should be arranged by departments through Financial Services. If other deposit arrangements are warranted, Financial Services should be consulted in advance, and approve the arrangement.

All cash receipts must be deposited intact without any portion being retained and used for departmental expenditures.

For deposits handled through the Cashier’s Office, departments must:

- Complete the appropriate Departmental Deposit Form (found on the Cashier’s Office website)
- Attach two adding machine tapes showing equal totals for deposits of three or more checks
- Separate cash deposits by denominations and ensure all bills are facing the same direction
- Ensure all checks are endorsed

- Deliver the funds, along with the completed Deposit Form to the Cashier's Office within 48 hours of receipt

A drop box is available outside the Brown Office Building for nightly deposits or on the second floor of the Brown Office Building for deposits outside of Cashier's Office hours.

Documentation and Reconciliation

The department should maintain adequate documentation for each deposit. **Note: Copies of checks should never be made.** The Cashier's Office maintains appropriate documentation accordingly for each deposit. Departments may attach the receipt generated by the Cashiers Office to their documentation. The transaction number on the receipt will be the same as the reference number in the department ledger. This number will be requested by the Cashier's Office if research is required by the department.

Each department is responsible to reconcile receipts to their general ledger.

A procedure to promptly identify and address any discrepancies in receipts must be part of departmental policies.

Training

Training on cash and check handling policy and procedures is available, upon request, by contacting Financial Services.

Policy Enforcement

Violations of this policy may result in disciplinary action, up to and including termination of employment.