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# **BUSINESS FINANCE**

**Accounting Procedures-Cash Handling**



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## Introduction

The District receives cash and checks from many sources. These procedures are designed to ensure that all cash received by the District and its employees are deposited and tracked for the benefit of the District and its students. Adherence to these procedures is essential to mitigate fraud.

## General Cash Handling Guidelines

1. Money collected should not be kept overnight in a desk or file cabinet, nor should it be taken home by any employee. If, for some reason, all records cannot be completed and recorded before the end of the day, the funds should be locked in a locking bank bag and stored in the campus safe or vault.
2. **No cash purchases are allowed to be made with any cash on hand.**
3. Borrowing district funds is strictly prohibited and not allowed under any circumstances. Any violations constitute theft of public property and employees may be terminated and/or criminally prosecuted for these actions.
4. Personal check cashing by employees or anyone is strictly prohibited by District policy (i.e., cash should not be removed from collections and replaced with a personal check).
5. Checks received **MUST**:
  - a. Be made out to Gregory-Portland ISD or your campus name.
  - b. Be given to the secretary/bookkeeper daily for deposit.
  - c. NOT be post-dated.
  - d. Campus Secretary must endorse all checks received with a campus endorsement stamp upon receipt and make a copy for the deposit file. The endorsement stamp should have the campus name and account number.
6. Sponsor must deliver **ALL** deposits to the secretary/bookkeeper **ON A DAILY BASIS.**
7. All cash and checks received from campuses and departments should be counted, receipted, and prepared for bank deposit by the secretary/bookkeeper **ON A DAILY BASIS.**
8. In no instance should cash or checks be turned in to someone else without a proper cash receipt being issued to document custody of funds transferred. If the monies transferred are not in a tamper sealed bag, the funds must be counted in front of the person remitting the funds and both persons must be witness to the total amount remitted. Any discrepancies should be clearly documented and acknowledged with initials and date by both persons.
9. Cash or checks should never be left unattended and must be secured at all times until deposited.
10. The secretary/bookkeeper must issue a receipt to the sponsor for the funds collected at the time of delivery.
11. If the deposit is delivered to the Business Office:
  - a. The deposit bag should be sealed and ready to be taken to the bank.
  - b. The deposit reports should accompany every deposit remitted.



## General Receipt Issuance Guidelines

The flow of money and the receipts must support all money collected and deposited. All receipts issued shall follow the following guidelines:

- An official receipt book with pre-numbered, bound receipts in duplicate.
- Both parties of the money exchange should be present when the money is counted & receipted.
- A copy of the receipt must be given to the person paying (sponsor) – **Original Copy**
- A copy of the receipt must remain in the receipt book and another copy move with the funds
- Receipts should not be altered.
- Voided receipts (original copy) must be re-attached to the receipt book.
- Receipts are not to be pre-dated or pre-signed.
- Receipts cannot be issued in blank form (i.e. to be filled out later).
- Receipt numbers must be used consecutively.

The following items must be completed on a pre-numbered receipt:

1. Date: the date the money was received from the Payee.
2. Name of Payee: The full name of the person paying the money.
  - a. Student or Parent
  - b. Sponsor (when turning in money to the secretary/bookkeeper)
3. Amount: the actual amount collected in dollars and cents.
4. Description: reason for the payment (Note. This is essential to ensure that the correct campus, department, student organization, etc. receives credit for the funds.)
5. Form of Payment: the type of funds received is essential to track cash and checks on the bank statement.
  - a. Cash
  - b. Checks
  - c. Money Order
  - d. Credit Card
6. Signature: (original – no stamps) of the person receiving the money.

## Cash Management

The district's campuses shall use prenumbered cash receipts to record the collection of activity funds at the time of the transaction. The receipts shall be made out in triplicate form, with a copy distributed to each paying customer, person, or organization, a copy remitted to the campus secretary/bookkeeper with the deposit, and a copy retained by the campus in the original receipt books/records. There may be a few exceptions to issuing a receipt when it is



not practical to issue one. However, best practices call for requiring a receipt for every transaction.

### **Cash Receipt Procedures**

All cash collections received by the campus or various student organizations for fees, dues, fund raising, etc. must be deposited on a daily basis and no later than next business banking day. All funds must be supported by some type of record documenting the source and amount of funds (tabulation of monies, collections form, cash receipt form, ticket sales record, etc.)

The accuracy of the records and money must be immediately verified by counting all currency and coins and running an adding machine tape of list of any checks submitted. The totals should be compared to the totals reflected on the supporting documentation and any differences reconciled.

In order to maintain effective cash controls, the district shall follow the FASRG cash receipting procedures when it is possible to do so:

- At least two persons involved in the functions of collecting cash and issuing cash receipts.
- The person who collects the cash should not be responsible for issuing cash receipts.
  - An official receipt should be prepared immediately for any cash and/or checks received when the amount is greater than \$10.00 or upon request for any amount.
  - Receipts should be issued in prenumbered sequence and should be prepared in permanent ink.
  - The school district should not accept postdated checks.
  - The payer's personal name, address, and phone number should be listed on the check or handwritten upon receipt and verified for large transaction items.
- Receipts, at a minimum, shall list the campus name, date, name of the payer, a description of the transaction, a place for the written and numerical amount of the transaction, and indicate separate amounts for cash and checks.
  - An actual cash count by the person signing the receipt should be made in the presence of the person (payer) turning in the money.
  - The total amount of cash and checks should be listed separately on the cash receipt.
  - The maker of the check must be listed on the receipt when the person turning in the money is someone other than the maker. (Example: the receipt for a student who is turning in a check from their parent should also list the parent's name on the receipt.)
  - Checks should be endorsed on the back with the district's "For Deposit Only" stamp immediately upon issuing a receipt or remitting the checks for deposit.



- A copy of the receipt is issued to the person paying the money.
- An original receipt must be retained in the activity fund cash receipt book.
- Under no circumstances should a receipt amount or signature be altered. If either of these errors occurs in preparing the receipt, void the receipt and issue a new receipt.
- Voided original receipts must remain attached in the cash receipt book. The principal should approve the voiding of a receipt by signing the original receipt.
- The receipts are prenumbered and therefore a record of ALL receipts must be kept in sequential order and accounted for. Under no circumstances should any original receipt be discarded.
- Deposit slips should document the receipt number or range of receipt numbers of the money being deposited to allow for a proper audit trail and disposition of all prenumbered receipts.
- Other district and campus cash receipt procedures
  - Checks shall be accepted for the total amount of the transaction ONLY (i.e. no cashing of check or change allowed).
  - Refunds for check paying customers will only be issued after verification of deposit is conducted and 10 business days have lapsed from the date the check cleared the school's bank account. This waiting period is to ensure that the check is not returned by the bank for any reason.
  - Sponsors should maintain a record of sales using a tabulation of monies form or other suitable document which includes items sold, student's name, and amount of sale.

### **Online Collections**

Online platforms for collecting payments shall be approved at the district level prior to engaging in any activity. Electronic payments are a great fraud deterrence and provide innovative ways to solicit and collect donated funds. The district shall approve all contracts for online payment services and establish procedures for managing and reconciling online payments at the district and level.

### **Segregation of Duties**

The district requires the following procedures for segregation of duties, including collecting, receipting, depositing, and recording transactions whenever it is cost effective and practical to do so.

- The same employee shall not count, receipt and deposit funds.
- At least two employees shall be involved in counting funds in the presence of each other
- A sponsor should collect and issue a receipt for all funds.



- On a daily basis, but no later than the next business banking day after collection, receipts and funds shall be remitted to the campus secretary/bookkeeper.
- Campus secretary/bookkeeper shall count the money in the presence of the sponsor and issue a receipt to the sponsor or document on the fundraiser report the total amount of cash and checks received including date of remittance.
- Campus secretary/bookkeeper shall deposit the funds no later than the next business day in the depository bank and obtain a validated bank deposit slip as proof of the deposit.
- A receipt should always move (i.e., be issued) with the money to maintain the proper chain of custody until the funds are deposited.
- Any funds that are found to be unsecured or in the open for any reason should be secured and reported immediately and two people should count the funds, initial a report, and remit the funds to the campus secretary/bookkeeper for deposit. Once the proper sponsor is identified a credit to their account will be issued. If the funds are not claimed and the sponsor/source cannot be determined, the district shall follow the lost and found procedures.

### **Safekeeping & Custody of Funds**

- During collection times, cash and checks should be maintained in a locked money box. Collections should be properly secured at all times and never left unattended. The box should be returned to the safe/vault overnight or when not in use.
- Each lock box should be assigned to an employee.
- Funds should never be commingled among different boxes.
- Employees assigned to collect funds must provide an accounting of all funds collected prior to transferring funds to someone else.
- Employees receiving funds should keep the chain of custody of funds intact by issuing receipts whenever the money exchanges hands.
  - The chain of custody of funds requires that the person turning in the funds is present and witnesses the counting of funds by the person taking custody of the funds and obtains a receipt from them.
  - If there are any discrepancies after counting the funds, a second count is conducted for verification. If there are still discrepancies in counting the funds, both the person remitting the funds and the person taking custody will document and acknowledge the discrepancies with their initials and date of the transfer.
  - The chain of custody including issuing receipts should be followed each time funds exchange hands until the funds are finally deposited into the school's bank account.



- Discrepancies of funds shall be immediately reported to the principal by the parties who documented the discrepancies whenever the amount of the discrepancies are material (i.e. differences of a few cents or a few dollars are not material and do not require reporting to the principal).

### **Recording Cash Receipts**

All cash receipts must be posted to the appropriate campus or student activity account. The campus secretary/bookkeeper responsible for posting cash receipts to the district's accounting system must ensure the transactions are posted accurately and in a timely manner.

### **Bank Deposits and Reconciliations**

Deposits must be made daily and no later than next business banking day from the date of collection. All money must be deposited prior to holidays and weekends. Money must be secured and stored in a safe until the deposit is delivered by an employee to the district's bank. At all times, money should be secured at the district's facility until the deposit is taken directly to the bank. Employees are strictly prohibited from taking money home overnight to deposit later.

- At the end of each day, a reconciliation process is necessary to ensure that the amount of funds collected is consistent with documentation. To accomplish this, calculate the total amount collected as denoted on completed forms (whether for parking, lockers, etc.) or manually prepared cash receipts. This figure should balance to the total amount of money deposited.
- Funds should be prepared for deposit on a daily basis.
- All collections daily and no later than next business banking day from the date of collection to the depository bank.
- All funds must be supported by some type of record documentation, as appropriate, the source and amount of funds (tabulation of monies collected form, cash receipt form, ticket sales record, etc.)
- Money collected should not be kept overnight in a desk or file cabinet, nor should it be taken home by any employee. If, for some reason, all records cannot be completed and recorded before the end of the day, the funds should be locked in a locking bank bag or tamper sealed bag and stored in the campus safe or vault.
- Funds should remain secured until the next banking day when the sponsor can complete the deposit records and transport the funds to the secretary/bookkeeper for deposit.
- The chain of custody of funds shall remain intact and receipts (or documentation of receipt of funds) shall be issued every time money exchanges hands.
- Prompt depositing of funds helps prevent loss of funds and are critical to ensure sponsors and/or students initiating purchases or payments from activity funds have their collected funds available to them.



- Under no circumstances should personal checks be held back for deposit and post-dated checks shall not be accepted.
- Personal check cashing by employees or anyone is strictly prohibited (i.e., cash should not be removed from collections and replaced with a personal check).
- Cash collections may not be used to purchase supplies, refreshments or for any other purpose.
- Collections must be deposited in full, in the same manner in which they were received.
- Borrowing district funds is strictly prohibited and not allowed under any circumstances. Any violations constitute theft of public property and employees may be terminated and/or criminally prosecuted for these actions.
- Monthly bank reconciliations of activity funds will be completed by the district's accountant. Campus secretaries/bookkeepers, and all sponsors should make themselves available to answer any questions that may arise such as the disposition of any discrepancies. Any errors or omissions in recording transactions should be addressed accordingly and in a timely manner to avoid delays in completing the bank reconciliations.

## Collection Procedures

### 1 Collected by Teachers

1. Cash and checks collected by teachers for student field trips or fees shall be reported on a receipt. The receipt shall include the date received, amount received, student name, and purpose of funds collected. **Daily Collections Report** can be used for amounts \$10 or less.
2. By the end of each day, teachers shall submit the funds collected with the copy of the receipt book or the **Daily Collections Report** to the secretary/bookkeeper.
3. Both the teacher and the secretary/bookkeeper shall count the funds to ensure that the amount is verified prior to the issuance of a receipt from the secretary/bookkeeper to the teacher.
4. Teachers shall maintain a copy of all documentation turned in and the receipt received from the secretary/bookkeeper for their own records.

### 2 Collected by Activity Account Sponsors (Including Fundraising)

1. Cash and checks collected by activity account sponsors for student trips, club fees and fundraising shall be reported on a receipt. The receipt shall include the date received, amount received, student name, and purpose of funds collected.
2. Prior to collecting cash from fundraising activities, the sponsor shall have an approved Activity Fundraiser Application (approved by the Campus Principal/Athletic Coordinator, Athletic Director (if applicable) and Coordinator of Compliance) on file with the secretary/bookkeeper.





3. The activity account sponsor shall issue a receipt for all collections that exceed \$10.00 per payment. Payments for \$10.00 or less shall be recorded on a **Daily Collections Report**. The **Daily Collections Report** shall include the date received, amount received, student name, and purpose of funds collected.
4. By the end of each day, activity account sponsors shall submit the funds collected with a copy of the receipt or **Daily Collections Report** to the secretary/bookkeeper. The receipts and/or **Daily Collections Report** shall indicate the purpose of the funds, i.e. club fees, fundraising, etc. A list of members paid should be turned in for the collection of membership dues. The **Daily Collections Report** may be used for the membership list.
5. Both the activity account sponsor and secretary/bookkeeper shall count the funds to ensure that the amount is verified prior to the issuance of a receipt from the secretary/bookkeeper to the sponsor.
6. Activity account sponsors shall maintain a copy of documentation turned in and the receipt received from the secretary/bookkeeper for their own records.

### **3 Collected by Activity Account Sponsors (Concessions)**

1. At the end of the game or event, all cash must be submitted to the bookkeeper or campus secretary for deposit with all required backup documentation.
2. If the concession sales are after hours, all cash must be accounted for and prepared for deposit, sealed in a tamper proof bag and secured overnight in a locked safe.
  - a. On following day, turn in deposit to the bookkeeper or campus secretary for deposit along with required backup documentation.
3. For all athletic events, all deposits must be deposited at the bank via deposit night drop or secured in a campus safe/vault for deposit on the next business day. All backup documentation must be submitted to the business office the next business day.
4. Please review more detailed guidelines for concession stands under the *Activity Funds Procedures*.

### **4 Collected by Athletic or Other Ticketed Events**

1. Cash collected for athletic or other ticketed events [plays, concerts, dances, etc.) shall be reported on an **Athletic Game Report**, or individual receipts, as appropriate for the event. The forms shall include the starting and ending ticket numbers for adults and students. **Another method of collection may be via online ticket sales.**
2. The ticket taker shall complete the **Athletic Game Report**, or individual receipts, as appropriate for the event and submit to the secretary/bookkeeper with the cash collected on the same day of the event, as appropriate.
3. Both the ticket taker and secretary/bookkeeper shall count the funds to ensure that the amount is verified at the time the funds are submitted to the campus secretary/bookkeeper. The secretary/bookkeeper shall forward the **Athletic Gate Report**, or individual receipts, as appropriate for the event to the business office.



4. If the event is after hours, the ticket taker may submit the cash and appropriate form or receipts to the secretary/bookkeeper on the next business day. The cash must be prepared for deposit, sealed in a tamper proof bag and secured overnight in a locked safe.
5. For all varsity football games, all deposits must be deposited at the bank the night of the game. All supporting documentation must be submitted to the business office the next business day.

#### **5 Collected by the Secretary/Bookkeeper (Including Campus Fundraising)**

1. Cash and checks collected by the secretary/bookkeeper from teachers, sponsors, and coaches shall be reported on a receipt and logged into the deposit log with a control number. See exhibit for example.
2. Both the teacher/sponsor/coach and the secretary/bookkeeper shall count the funds to ensure that the amount is verified prior to the issuance of a receipt from the secretary/bookkeeper to the teacher/sponsor/coach.
3. When collecting for campus fundraising, there should always be two people verifying the funds collected.
4. Any deposits taken to the secretary/bookkeeper already sealed in a tamper proof bag with a deposit slip are not to be reopened by the secretary/bookkeeper.
5. The secretary/bookkeeper shall prepare the bank deposits on a daily basis.
6. All checks must be stamped and made out to or your campus name. Postdated checks shall not be accepted.
7. The deposit slip shall be prepared for every cash receipt received. All deposit slips must contain the control number of the cash receipt from the deposit log. See exhibits for example.
8. Seal the deposit slip with the cash, currency and/or checks in a tamper proof bank bag. Several deposits, if each deposit is identifiable, can go into one bag.
9. All information must be filled on the front of the tamper proof bank bag. See exhibits for example.
10. Elementary/department secretary will take sealed tamper proof bank bag(s) to bank for deposit. A copy of the deposit paperwork should be attached to the deposit record in Skyward SBAA accounting system.

#### **Collected by Food Service Department - Cashiers**

1. Cash and checks collected by a Food Service (FS) Department cashier may include the following:
  - (a) Student payments for daily meals, a la carte purchases and pre-paid meal account funds



- (b) Adult payments from District staff for daily meals, a la carte sales and pre-paid meal account funds
  - (c) Adult payments from non-employees for daily meals or a la carte purchases.
2. The Food Service cashier(s) post all cash collections to the automated system, Systems Design.
  3. By the end of each day, the Food Service Department cashiers shall reconcile the cash collected and prepare their deposits with the **System Design Daily Summary Report** and submit the collections report to the Food Service Director for approval. After approval, the Food Service cashier(s) shall forward the tamper sealed deposit bags and **System Design Daily Summary Report** to the Food Service Manager who logs the deposits and delivers to the bank.
  4. Deposits which cannot be made on the same day shall be stored in a food service department locked safe or cabinet until such time as the deposit can be made.
  5. The Food Service Manager shall maintain a copy of the receipts received from the cashiers with the campus records.
  6. The Food Service Department shall establish Change Fund Accounts as follows:

<b>Each manager shall be responsible for the campus change fund account.</b>		CHANGE FUND AMOUNT
CAMPUS		
High School		240.00
Middle School		185.00
Stephen F. Austin Elementary		30.00
T.M. Clark Elementary		30.00
East Cliff Elementary		20.00
W.C. Andrews Elementary		30.00

The Change Funds will be reconciled daily and a copy of the monthly Change Fund Reconciliations will be submitted to the Business Office.

The Food Service Administration Office shall maintain a Petty Cash Fund in the amount of \$320.00. The Petty Cash Fund will be secured at all times and a reconciliation will be prepared and submitted to the Business Office upon replenishing the fund.

### **Transport of Deposits to the Bank**

- All deposits must be prepared in a tamper proof sealed bags when delivering deposits to the bank.
- Teller discrepancies will be reported directly to the Director of Business Services who will request written documentation of the discrepancy from the bank and record in the district’s accounting system. A copy of the discrepancy will be sent to the FS Director.